

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672
1606 SCOMM 60: HOUSING FINANCE TASK FORCE, 1989

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such restructuring, the transfer of program and assets from AHFC may be a technical breach of outstanding bond indentures. Consent of bondholders should be sought to avoid the potential of such a challenge and would seem likely obtainable in the context of an economically viable plan of restructuring.

4. Can the legislature by appropriate legislative enactment exempt AHFC from the provisions of the Executive Budget Act?

The legislature by appropriate legislative enactment may exempt AHFC from the provisions of the Executive Budget Act.

Legislative enactment has previously exempted at least one public corporation from the provisions of the Executive Budget Act (AS 37.07.10-37.07.130). The Alaska Railroad Corporation is a public corporation, an instrumentality of the state within the Department of Development. It is stated to have a legal existence independent and separate from the state (AS 42.40.010). In AS 42.40.920 the legislature has specifically exempted the Alaska Railroad Corporation from the provisions of the Executive Budget Act.

The legislature appears to have indicated past legislative intent that it could include or exempt AHFC from the application of the Executive Budget Act. The Executive Budget Act was enacted in 1970 (Ch. 188, § 4, SLA 1970). However, it was not until 1980 that the legislature enacted AS 18.56.089 specifically making the operating budget of AHFC subject to the Executive Budget Act for fiscal years beginning after June 30, 1981 (Ch. 106, § 20, SLA 1980).

5. (a) Can the legislature by appropriate legislative enactment terminate the AHFC taxable bond program?

The legislature may by appropriate legislative enactment terminate the AHFC taxable bond program. This program is generally established under AS 18.56.098(a). While AHFC has the authority to adopt regulations implementing the taxable bond program, it cannot unilaterally terminate the program without appropriate legislative enactment.

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5. (b) Can the legislature by appropriate legislative enactment terminate the AHFC tax-exempt bond program?

The legislature may by appropriate legislative enactment terminate the tax-exempt bond program. The AHFC tax-exempt bond program is likewise referenced in AS 18.56.098 and it would likewise seem that AHFC is without the power to unilaterally terminate the program without appropriate legislative enactment.

5. (c) Can the legislature by appropriate legislative enactment terminate the tax-exempt veterans mortgage bond program?

The legislature may by appropriate legislative enactment terminate the tax-exempt veterans mortgage bond program.

We note that in 1982 article IX, section 8, of the Alaska Constitution was amended to permit the issuance of state debt (general obligations) authorized by law for housing loans for veterans. However, state statutes authorize and create the tax-exempt veterans mortgage bonds program (AS 18.56.098(g) and AS 18.56.101). Accordingly, the legislature by appropriate legislative enactment may terminate the tax-exempt veterans mortgage bond program. Since the program is referenced in the state statutes, it would seem AHFC unilaterally is without the power to terminate the program without appropriate legislative enactment.

6. Can specific AHFC programs be removed from AHFC and incorporated into a new entity?

Specific AHFC programs may be removed from AHFC and incorporated into a new entity by appropriate legislative enactment or executive order (see discussion under I.3. above). The governor is without power to transfer programs to a private entity and while the legislature may do so by proper legislative enactment, it must be for a valid public purpose (see discussion under IV. below).

Again, the rights of bondholders must be considered as to any such restructuring. (See discussion under I.3. above.)

It is relevant to note that in 1981 amendments changed CFAB's organic act. Ch. 109, §§ 2 and 3, SLA 1981. The legislature deleted from former AS 44.81.010(a) the language which stated:

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The bank is a public corporation and government instrumentality in the Department of Commerce and Economic Development, but also has a legal existence independent of and separate from the state.

Also deleted by the 1981 amendments was the language that the exercise by the bank of its powers is considered "an essential governmental function of the state." The 1981 amendments also stated that CFAB employees were not state employees and that CFAB directors were not to be reimbursed as though they were members of state boards. CFAB is owned by its members. The state owns non-voting stock which CFAB is obligated to repurchase. AS 44.81.010, 44.81.220. Thus, although CFAB was created by the state, it will ultimately be privately owned. However, the exercise by the bank of the powers conferred to it continue to be considered to be for a public purpose.

7. What legal constraints are there to modifying the public corporation status of AHFC so that it functions like a private corporation, but still is a state organization?

Generally, the state may not transfer the assets of AHFC other than for a valid public purpose.

It would seem that, subject to the rights of bondholders (see discussion under I.3. above), by proper legislative enactment a private corporation could be created and all of the stock of the private corporation held by the State of Alaska as the sole shareholder of the corporation. The assets of AHFC could then be transferred to the private corporation. This would seem to be a change in form rather than substance in that the new so-called "private" corporation would, in effect, still be a public corporation and state agency because it would continue to serve a public purpose, the directors of the corporation would continue to be appointed by the State of Alaska, an annual report would be due the State of Alaska as the sole shareholder of the corporation, and substantial assets of the corporation would seem to remain dedicated to the purposes for which AHFC was established and those assets would serve as collateral for outstanding bonds.

Any transfer of outstanding shares to a third party would have to be for a valid public purpose and the modification itself seemingly would have to also be for a valid public purpose. (See discussion under IV.1. below.)

AHFC presently has no responsibility to operate on a self-sustaining basis or to yield a profit. It would appear somewhat

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inconsistent with the purposes for which AHFC was organized and with the loan subsidy program. It would seem however, that the legislature could by proper legislative enactment, simply provide for an interest rate subsidy without unjust discrimination and otherwise require that AHFC seek to operate on a self-sustaining and profit-making basis.

II. TRANSFER OF ASSETS

1. Can the state legally expropriate funds from AHFC?

AHFC is a state agency (see discussion under I. 1. above) and is subject to the Executive Budget Act (AS 37.07.010-37.07.130). As such AHFC is subject to expropriation of its funds.

We have considered whether the holdings in DeArmond and Walker, supra, compel a conclusion that the state is without power to expropriate monies from the AHFC revolving loan fund (AS 18.56.82). We conclude that such cases do not so hold. In DeArmond, at 722, the court implicitly held that funds generated from the sale of bonds by the Alaska State Development Corporation (ASDC) were not public funds in the limited context of considering whether the issuance of bonds by ASDC constituted either a transfer of public funds in violation of article IX, section 6, of the Alaska Constitution or the use of public credit for other than a public purpose likewise in violation of such constitutional provision. The court held that the issuance of the bonds did not constitute the transfer of public funds stating that "it is clear enough that its (ASDC's) objective must be accomplished without the use of public funds and state credit." No statement is made by the court as to whether the proceeds of the ASDC bonds were either funds of the State of Alaska or were subject to expropriation. In DeArmond the court did not so state, but apparently was also considering article IX, section 8, of the Alaska Constitution. That is, whether the bonds of ASDC constituted debts of the state within the scope of such provision.

In Walker, the court again considered whether bonds issued by the Alaska State Mortgage Association were debts of the state within the scope of article IX, section 8, of the Alaska Constitution. The Walker court referred to DeArmond as concluding that funds realized through the sale of ASDC bonds did not constitute debts of the state and that the proceeds of the bonds were not public funds. Again, there is no ruling whether the funds were funds of the State of Alaska or whether the funds were subject to appropriation by the State of Alaska.

While the earlier cases of National Bridges v. Alaska Housing Authority, 375 P.2d 696 (Alaska 1962), Aircraft Leasing, Walker,

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DeArmond, and Dixon, supra, were arguably not completely definitive as to the status of AHFC as a state agency, (which arguably, but not necessarily might suggest that the funds of AHFC were or were not subject to expropriation), the recent CFAB case when compared to the earlier referenced rulings, seems to clearly indicate AHFC is a state agency. Such status serves to further support the conclusion that the funds of AHFC are subject to expropriation by the State of Alaska.

AHFC has entered into covenants to replace from its general funds any deficiencies in pledged mortgage loan funds, that is to draw from the revolving loan fund to maintain collateral at a given level to secure outstanding bonds. However, such covenants on the part of AHFC cannot impede or frustrate the power of the legislature and governor to appropriate such funds even though the appropriation of such funds may result in a technical violation of the covenants by AHFC if it is not otherwise able to maintain such levels of collateral.

Such conclusion is required by article IX, section 8, of the Alaska Constitution as well as other provisions of the Alaska Constitution.

The power to appropriate is vested in the governor and the legislature under article IX, section 12, of the Alaska Constitution. Section 13 of article IX would be violated if the provisions of AHFC covenants as to the potential use of the revolving loan fund are held to be paramount over the power of the governor and the legislature to appropriate. Section 13 provides that no obligation for the payment of money shall be incurred except as authorized by law.

Article IX, section 7, of the Alaska Constitution should also be considered in determining whether the legislature has the power to expropriate from the AHFC revolving loan fund. To hold that the legislature did not have such power and that the bond covenants of AHFC are paramount would in effect permit AHFC to dedicate funds in violation of such section to at least the extent that the source of the funds could be initially traced to state appropriations.

MK Engineering Co. v. Alaska Power Authority, 662 F.Supp. 303 (D. Alaska 1986), would also suggest the revolving loan fund was subject to expropriation by the state and that a contrary result would violate article IX, section 7, of the Alaska Constitution.

While our view is as set forth above, it is simply our view as legal technicians. We would recommend that appropriate consideration be given to the foreseeable impact or reaction in the

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market place to any expropriation of the AHFC funds and that in connection with any such expropriation, consideration also be given to adopting specific enabling legislation which might provide appropriate assurances to bondholders and protect the future marketability of AHFC obligations.

2. Does AHFC have any legal responsibility to provide a return on capital to the state?

AHFC has no legal responsibility to provide a return on capital to the State of Alaska. AHFC is charged with the public purpose of assisting in the provision of housing in certain areas and circumstances and is not required to operate on a self-sustaining basis. AHFC may not waste its assets, but must apply them to the purposes for which it was created.

3. Can the legislature direct AHFC to purchase specific assets?

The legislature may direct AHFC to purchase specific assets so long as there is a valid public purpose served by the purchase of such assets.

4. (a) Will an extraction of any, but not substantially all, unrestricted or unpledged assets from AHFC by the state give rise to a valid claim by bondholders against the state?

Bondholders would not have a valid claim against the state by virtue of an extraction by the state in the exercise of its powers of appropriation of any unrestricted assets from AHFC.

It is our understanding the only state guaranteed bonds which have been issued by AHFC are qualified veterans mortgage bonds which were authorized by constitutional amendment in 1982. With that exception, the bonds issued by AHFC are payable solely from the revenue or assets of AHFC and neither the faith and credit nor the taxing power of the state is pledged to the payment of such bonds (AS 18.56.170).

Some of the indenture covenants and related documents of obligation and security may well require AHFC to maintain given levels of certain unpledged assets. Accordingly, while bondholders may have a valid claim against AHFC due to such extraction, depending upon the specific language of the various trust indenture

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covenants, bondholders would not have a claim for such breach of covenant against the state.

4. (b) Will an extraction of any, but not substantially all, restricted or pledged assets from AHFC by the state give rise to a valid claim by bondholders against the state?

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.

The analysis under II.4.(a) above applies. The state has the power to appropriate the funds and assets of AHFC despite the fact that the assets may have been specifically pledged by AHFC. The extraction of a pledged asset by the state from AHFC would give rise to a valid claim against AHFC by bondholders to whom the asset had been pledged. It would seem, however, that this claim can be satisfied only to the extent of the unrestricted assets of AHFC and does not constitute a valid claim against the state. This is not to suggest that such an extraction would necessarily be a prudent endeavor or without significant negative impact on the future sale of bonds by the state, its political subdivisions or AHFC.

4. (c) Will an extraction of substantially all the assets from AHFC by the state give rise to a valid claim by bondholders against the state?

The extraction of all or substantially all the pledged and unpledged assets of AHFC away from AHFC by the State of Alaska would give rise to substantial claims by bondholders against the State of Alaska which would likely be upheld.

The AHFC bonding statute specifically provides that the credit of the state is not pledged as to AHFC bonds except as to state guaranteed bonds which presently would only include the VA bonds described above (AS 18.56.170). However, the financial statements of AHFC indicate that a substantial portion of its assets have been pledged as collateral for issuance of outstanding bonds. Further, stringent covenants have been undertaken by AHFC as to the maintenance of certain asset levels. It would likely be held that there have been at least implicit, if not express, continuing promises, representations, covenants, contracts, and undertakings by the State of Alaska that the bulk of the assets of AHFC would remain available for recourse by bondholders and that bondholders have relied on same to their detriment. Thus, in the context of an extraction of all or substantially all of the assets of AHFC by the State of Alaska, it would seem that bondholders

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would prevail in their claims against the state at least to the extent of the assets extracted.

5. Are there any legal grounds for AHFC to compel the state to appropriate or transfer funds to AHFC?

There are no legal grounds for AHFC to compel the state to appropriate or transfer funds to AHFC. AHFC is a state agency (see discussion under I.1. above). It is not a branch of government such as the judiciary which might in appropriate circumstances compel the appropriation to it of funds.

6. If AHFC, pursuant to legislative enactment, purchases loans from the HAD program, is the application of payments of principal and interest received on such loans restricted to making future HAD loans?

AHFC could not unilaterally apply payment of principal and interest on Housing Assistance Loan Fund (HAD) loans to other than the purposes set forth in AS 18.56.210(10). Such purposes are to make further HAD loans in accordance with HAD loan criteria as they existed on June 10, 1988.

The legislature and governor could appropriate such payments of principal and income to other purposes. Further legislative enactment could remove the restriction on AHFC to make such applications of payments of principal and interest on HAD loans.

III. SUBSIDY

1. If the interest reduction subsidy is legislatively eliminated as of June 30, 1990, can the proceeds of bonds sold prior to this date be used to finance loans under the new legislation?

The proceeds of bonds issued prior to June 30, 1990 may by appropriate legislative enactment be directed to be applied to finance loans under the new legislation. Such application, however, may be a technical breach of outstanding bond indentures. Consent of bondholders should be sought to avoid such a challenge and would seem likely obtainable as the elimination of the subsidy would appear to further enhance the economic viability of AHFC and the bond programs involved.

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2. Can AHFC change the eligibility requirements for loans made from bond proceeds, if the bonds are already sold?

Whether AHFC can subsequently change the eligibility requirements for loans made from bond proceeds would depend on the bond covenants set forth within each particular indenture. Changing an eligibility requirement subsequent to the sale of a particular issue of bonds may be a technical breach of the particular bond indenture. Consent of bondholders should be sought and again would seem likely obtainable if the eligibility requirements were made more financially stringent.

3. Are there legal constraints to discontinuing or diminishing the interest rate subsidy by appropriate legislative enactment?

It is unlikely any successful constitutional challenge could be made to legislation prospectively discontinuing or diminishing the interest rate subsidy on new loans. Such legislation could possibly result in a constitutional challenge being brought on the basis that such legislation violated either the equal protection or due process clauses of the United States and Alaska Constitutions.

Equal Protection.

The guarantee of equality of treatment prohibits legislation which denies to one group of persons the enjoyment of certain rights which are afforded to another group, if when considering the purpose of the legislation, there is no reasonable basis for the disparity. Leege v. Martin, 379 P.2d 447, 452 (Alaska 1963).

It does not appear that changing the interest rate subsidy would result in any classification of persons into separate groups.

Equal protection claims under the Alaska Constitution are measured by a different test than equal protection claims under the United States Constitution. State v. Erickson, 574 P.2d 1 (Alaska 1978). In the course of our research we have examined possible equal protection claims under both the United States and Alaska Constitutions. However, as it is our view that discontinuing or diminishing the interest rate subsidy will not result in a classification of persons, we are not in this opinion providing further analysis of equal protection rulings.

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Due Process.

Procedural due process (notice and an opportunity to be heard) may be due to individuals who have loan applications pending with AHFC at the time of the effective date of any legislation discontinuing or diminishing the interest rate subsidy. This issue can be avoided by making the new legislation applicable only to loan applications received after a given date.

Assuming the issue is not avoided, in order for procedural due process protection to apply, there must be state action and the deprivation of an individual interest of sufficient importance to warrant constitutional protection. Nichols v. Eckert, 504 P.2d 1359, 1362 (Alaska 1973). It is highly questionable whether the interest of one who has a loan application pending is sufficient to require procedural due process.

A property interest invokes due process safeguards whereas a "mere expectancy" has been held not entitled to due process protection. Estate of Miner v. Commercial Fisheries Entry Commission, 635 P.2d 827, 829-30 (Alaska 1981).

In Estate of Miner, the Alaska Supreme Court determined the applicant's interest under the scheme of the Limited Entry Act (AS 16.43.010-16.43.990) represented a property interest entitled to due process protection. In so holding the court clearly stated that not every application for a state benefit represents a property interest entitled to due process protection. Id. at 831.

In State, Department of Natural Resources v. Universal Education Society, 583 P.2d 806, 809 (Alaska 1978), the Alaska Supreme Court determined that an application for a mining lease was not a property interest entitled to due process safeguards.

Seemingly, a loan application would be more accurately characterized as a "mere expectancy" as opposed to a vested property right and a loan applicant would not therefore be entitled to due process safeguards with respect to a loan application.

Procedural due process requires notice and an opportunity to be heard. Notice must be reasonably calculated under all circumstances to apprise the individual of the pendency of the deprivation and to afford an opportunity to present objections. Aguchak v. Montgomery Ward Co., 520 P.2d 1352, 1356 (Alaska 1974).

In determining what procedural due process, if any, should be afforded concerning change in the interest rate subsidy, considerations should include legislative notice and hearings as

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to the legislation changing the subsidy, whether, and to what extent, AHFC has in the past undertaken to inform the public of the statute and its requirements and past changes in interest rate subsidies.

4. What legally needs to be done to implement a change in the interest rate subsidy?

The interest rate subsidy change would need to be implemented by appropriate enactment by the legislature.

5. Is AHFC an unlawful monopoly in restraint of trade because of its market position?

AHFC is an agency of the State of Alaska. (See discussion under I.1.) Accordingly, its acts and conduct must be viewed as acts of the State of Alaska. The Sherman Antitrust Act was not intended to restrain a state or its officers from activities directed by the state legislature. See Parker v. Brown, 317 U.S. 341, 63 S.Ct. 307, 87 L.Ed 315 (1943). The acts of AHFC in purchasing home mortgages and in assisting in the provision of housing for residents of the State of Alaska is an act of government and accordingly the market position resulting from such acts is not an unlawful monopoly in restraint of trade.

IV. CHANGE OF OWNERSHIP

1. Are there any legal constraints to:

- (a) AHFC issuing and selling common stock in AHFC, thereby transferring 100% of ownership and control of AHFC to a private party?
- (b) AHFC selling all assets?
- (c) AHFC selling its REO disposition operation to a private party?

If there is no valid public purpose served in selling AHFC in its entirety or selling all of the assets of AHFC, then such transfer could be subject to constitutional challenge on the basis that it violates the Alaska constitutional prohibition against transferring public property.

A constitutional challenge might be brought against legislation transferring AHFC to the private sector through either

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a direct transfer of assets or through a spinoff of AHFC to a third party as a private corporation. Such action arguably constitutes a transfer of public property in violation of article IX, section 6, of the Alaska Constitution. This provision of the Alaska Constitution prohibits transferring public property except for a public purpose.

The Alaska Supreme Court has stated that the term "public purpose" is a concept which will change as changing conditions create changing public needs. DeArmond v. Alaska State Development Corporation, 376 P.2d 717, 721 (Alaska 1962). Whether a public purpose is being served must be decided in the light of the particular facts and circumstances of each case. Id. Most courts look to the entire factual and governmental context to determine whether a plan of action serves a public purpose. The Alaska Supreme Court generally defers to the legislature's judgment as to what constitutes a public purpose. Comtec, Inc. v. Municipality of Anchorage, 710 P.2d 1004, 1005 (Alaska 1985). The Alaska Supreme Court has stated it is not likely to strike down a plan because it does not serve a public purpose unless the plan is plainly foolhardy, or if it amounted to the pledging of credit or the giving away of assets without any corresponding discernible benefit. Wright v. City of Palmer, 468 P.2d 326, 331 (Alaska 1970). In Lien v. City of Ketchikan, 383 P.2d 721 (Alaska 1963), the Alaska Supreme Court determined that the purpose of a hospital did not become non-public simply because the city leased it to a private organization. The court found that the use of the public hospital would not be changed by the lease and the public purpose would therefore continue to be served.

In the present situation, there is arguably a public purpose served in selling any AHFC assets which are causing either a negative cash flow to AHFC and/or an undue financial burden on AHFC. It would seem a public purpose may be served in selling the REO disposition operation in order to allow AHFC to eliminate the financial burden of holding and maintaining the REOs.

Under outstanding bond indentures the REOs will be found to be collateral for outstanding bonds. Accordingly, consent of bondholders should be sought as to AHFC selling the REO disposition.

A sale of the REO disposition operation might be structured in terms of either substitution of collateral for outstanding bonds or transfer of REOs to a third party for administration and servicing with the collateral rights of the bondholders in the REOs continuing. In either of such forms the transfer may further

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enhance the economic viability of AHFC thus suggesting the consent of bondholders may be obtainable.

If, however, a sale of the REO disposition together with a change in the interest subsidy allowed AHFC to operate profitably, then a sale of AHFC to the private sector could be considered to be in violation of article IX, section 6, on the basis that there is no valid public purpose served in selling a profitable public asset.

Affordable housing being available to lower income citizens of the state is a legislative objective of AHFC. There is a question of whether this public purpose of AHFC would continue to be served if AHFC was privately owned. Relief and support of the poor has been recognized as an obligation and a public purpose of the government. Suber, supra, at 552. Seemingly there would be no obligation by a private entity to maintain such a public purpose unless terms and conditions of a transfer were imposed which required the private owner to continue the public purpose objectives of AHFC. Such terms and conditions would seem to significantly impact the value of the assets thus transferred from AHFC.

1. Are there any legal constraints to:

- (d) AHFC selling loans within a bond program, i.e., where loans have been pledged as collateral, or
- (e) AHFC selling a loan not used as collateral for a specific loan program?

A sample review of outstanding bond indentures indicates loans within a bond program have been pledged as collateral for payment of the outstanding bonds. Accordingly, such loans may not be sold without a violation of the indenture covenants. To avoid a breach of the covenants the consent of the bondholders for which the loan is collateral should be obtained.

The state has the power to sell such a loan, subject to constitutional issues as to the public purpose (see discussion under IV.1.(a), (b) and (c) above) but the sale may constitute a breach of the related indenture covenants.

If a loan has not been used as collateral, the legal constraints as to its sale are the issues of the transfer of public property only for a public purpose (see discussion under IV.1.(a), (b) and (c) above) and the possible violation of indenture

**STATE OF ALASKA
LEGISLATURE**

**HOUSING FINANCE
TASK FORCE**

**Response to Ernst &
Young Report:
Evaluation of Policy Options
Concerning the Future of the
Alaska Housing Finance
Corporation**

February 1, 1990

**ALASKA HOUSING
FINANCE CORPORATION**



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Anchorage, AK 99510

February 1, 1990

Representative C. E. Swackhammer
Chair, Housing Finance Task Force
Room 521, Capitol
P.O. Box V
Juneau, Alaska 99811

Dear Representative Swackhammer:

The Alaska Housing Finance Corporation respectfully submits to you our Response to Ernst & Young's Draft Final Report which analyzes AHFC's programs and future role.

Overall, we are impressed with the report. Ernst & Young did an excellent job of distilling historical information regarding AHFC and its programs with current housing economics to come up with credible options for AHFC's future role. The quality of their product is particularly pleasing given their diligent adherence to the original timing schedule.

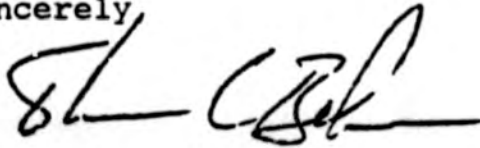
Of particular appreciation was Ernst & Young's observations that certain operational restrictions imposed on AHFC need to be removed or relaxed if the Corporation's existing resources are to be effectively managed. These limitations were put in place during periods when substantial legislative appropriations and program mandates were bestowed on AHFC. They are now unnecessary and serve to prevent the Corporation from mitigating its losses, implementing programs, and taking advantage of revenue enhancement opportunities.

In the course of our review we noted certain minor inaccuracies which should be corrected in the final report. The most obvious of these concern the recommendations for establishment of investment policies and internal audit functions. These suggestions had appeared in previous operational reviews and were implemented last year.

Representative Swackhammer
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We look forward to continuing the process of developing a direction for AHFC's future role and are available at your convenience to discuss our accompanying comments.

Sincerely,

A handwritten signature in dark ink, appearing to read 'T. Behan', written over a horizontal line.

Thomas C. Behan
Chief Executive Officer/
Executive Director

cc: Dr. James A. Gibson, Project Director
Ernst & Young
Housing Task Force Members
Legislators
AHFC Board Members

Alaska Housing Finance Corporation

Response to Ernst & Young
Draft Final Report

AHFC's Financial Position and Availability of Funds

Page ES-2 and ES-3

The Report states that "extraction of Corporation assets, in any form, may have a serious impact on Corporate financial health". The Report continues that "if funds were withdrawn, the State could conceivably run the risk of being held responsible for any resultant future losses in the bond programs". Based upon the financial analysis performed by Ernst & Young "after deducting from the \$519 million equity balance those assets considered non-liquid, and adjusting for current borrowing arrangements, we estimated AHFC had only \$10 million in unrestricted net liquid assets as of June 30, 1989. Virtually all of AHFC's \$519 million equity balance is thus restricted".

E&Y further comments that "currently, the Corporation is experiencing liquidity problems as reflected in the most recent year's net loss of income".

The Corporation concurs that its ability to continue to access capital markets for continuation of its various programs could be seriously jeopardized were any of its assets removed. We also believe that insensitivity to the separate legal status of AHFC in the handling of its assets could expose the State to the risk that, in the unlikely event that AHFC were to default on its debt, the State could be held liable for the deficiency.

AHFC financial staff has initiated a detailed analysis of projected activity. This update will assist in determining the reasonableness of the results obtained by Ernst & Young. Initial reviews of the E&Y report raised concerns that the forecasting model developed was too simplistic. Mortgage loan demand, prevailing interest rates as they apply both to the assets of the Corporation and debt that it issues, capital needs for loan subsidization and credit enhancement, and federal laws dealing with the ability to issue tax-exempt debt are difficult to project on their own. An accurate forecasting model, however, must take into consideration the dynamics of each of these major assumptions and the possible effects on the various other components.

The Corporation is not experiencing liquidity problems. The loss posted last year of \$124 million was attributable to adjustments to the carrying values of REO's and increases in the reserve for potential loan losses on its existing portfolio of mortgage loans. The report comment is misleading and just not true.

Policy Option to Change AHFC Subsidy

Pages ES-3 through ES-5

The Report comments that the "subsidy program is presently not desirable because it presents a major drain on increasingly scarce AHFC assets and it prevents the re-entry of outside capital into the Alaska market". The report further states that "a unique window of opportunity exists now to eliminate the subsidy because AHFC's cost of funds is generally below the ten percent threshold rates (although

some slight subsidy is in effect for the taxable program), demand for mortgages is low as compared to the last couple of years, the price of housing appears to be at or near the bottom, and market interest rates are expected to remain stable in the short-term." Recognizing that the window may not always be open, E&Y recommends that, as a "backstop", consideration be given to a more gradual reduction in the subsidy.

The Report states that "only in a worst case scenario (interest rates increasing during the transition period) would any negative effects likely occur" to the housing market from adjustments to the subsidized interest rates. The Report warns that with only \$10 million in available unrestricted net liquid assets, the Corporation cannot continue its subsidized taxable program without causing a default under financing agreements and jeopardizing AHFC's short-term borrowing arrangements for working capital. Eliminating the subsidy will have a net effect over a five period of from \$43 to \$91 million, according to the report.

The Corporation agrees that reductions in the amount of borrower assistance provided through subsidized interest rates is necessary to protect AHFC's future viability. We also agree that interest rates and housing values are at levels which minimize the impact of withdrawing subsidy benefits. Several considerations, however, require a cautious approach to changes in this area.

AHFC is the largest holder of institutionally owned residential real estate in Alaska. In Anchorage, the Corporation maintains from one-half to two-thirds of the available inventory of units at any given point in time.

After considering expected sales prices and holding costs for both its existing inventory and anticipated additions, the Corporation posted a loss for its last fiscal year in excess of \$124 million. Changes which could affect the marketing periods or ultimate sales prices of these units must be approached with care. Cut-backs in or phase outs of existing AHFC programs can affect market psychology. While a detailed economic review of the proposed changes may indicate that there should not be any effect on the value of the existing housing stock, if the public views the change as introducing a risk in the buying decision which had previously not existed, the result could be fewer buyers.

Additionally, care must be taken for any changes not to be perceived by other secondary mortgage market participants as a response to perceived additional risk in originating new loan product. With private mortgage insurance (PMI) currently being written by only one mortgage insuror, were the wrong signals received, the conventional mortgage market could disappear entirely.

It is difficult from the Report to analyze the projected savings attributable to eliminating the subsidy. Several different numbers appear throughout the report, and sufficient detail is lacking to determine the actual changes which were made to the forecasting model. Rather than verifying the assumptions and calculations intrinsic to the report, as mentioned above, AHFC will be preparing a separate financial analysis detailing expected activity and resultant net liquid asset balances.

Policy Option to Return AHFC to Original Legislative Intent
Pages ES-6 and ES-7

The Report projects an increase in AHFC's net unrestricted assets over the next five years as a result of eliminating the taxable program of \$45 million. A phase-out should be done "over an extended period of time". The E&Y Report suggests that a careful phase-out "will avoid market disruption because if any disruption does become evident, mechanisms will then be in place to slow the phase-out and stabilize the situation". The Report recommends the taxable program be eliminated because it "competes directly with private sector sources of financing" and that "in the absence of the subsidy, adds no unique value... over and above the private sector". E&Y does, however, recommend that the program remain intact and "accessible to AHFC, but only on an "as needed" basis".

Removal of the subsidy mechanism from the taxable program will likely result in the elimination of the program. It is difficult for AHFC to compete with other secondary mortgage market sources for quality loans. The national mortgage markets are large with economies of scale such that from an interest rate standpoint, were the subsidy eliminated, AHFC would no longer issue bonds to fund the taxable program.

Policy Option to Change Ownership of AHFC
Page ES-7

The E&Y Report concludes that the sale of AHFC assets to a third party in an effort to "privatize the Corporation" was not feasible. Their stated reasons were that (i) there is little or no interest in the purchase, (ii) the price paid

could be far below the State's investment in AHFC, and (iii) legal problems may exist with respect to the State constitution and various bond covenants. The Report recommends that consideration be given to "contracting out the REO disposition process" as a potential cost-savings option. Flexibility in procurement practices and adjustments to the level of staffing were cited as primary benefits to shifting these responsibilities to a private sector entity.

Currently the foreclosed properties are owned by AHFC. In most cases, the units are still pledged to outstanding bond issues. AHFC attempted to leave the responsibility for protecting these assets with those it had contractual relationships with. Unfortunately, as circumstances changed, most of these private sector institutions ceased providing the level of services necessary to protect the Corporation's properties and rights under various mortgage loan insurance and guaranty agreements. The ultimate responsibility for the care and sale of foreclosed properties lies with AHFC. The responsibility cannot be contracted out.

Under the current procurement and contracting systems, the Corporation incurs substantial risk by moving responsibilities to third parties. The primary reason for this is the lack of direct control which exists when the process does not permit timely corrective action to be taken when circumstances warrant. AHFC's experience with expansion of its property marketing efforts is an excellent example of this. Over two years ago, the need to increase the number of brokers managing and marketing AHFC properties was identified. A determination was made that changes to

existing relationships and additions of new property brokers would need to follow the procedures specified in the procurement code. It is only now that we are finally at the stage of reviewing proposals and making awards in certain areas of the state. With a little luck and a lot of work, we should be able to increase the number of brokers to the levels warranted within the next two months.

While we may be able to be contracted out some of the work, AHFC would still have to monitor the status of the properties and provide guidance to the contractor. As a result, shifting functions to an outside contractor would add another level of bureaucracy into the maze of entities which must review and approve property improvement requests and sales offers. Between AHFC's cost of monitoring and administering the contracts and the profit required by the contractor (absent in AHFC's direct administration) it is unlikely there would be savings potential. It is almost certain, however, to increase the loss exposure of the Corporation, regardless of how carefully the system may be structured.

Conceptualization of an Idealized AHFC

Page ES-8

The E&Y report recommends consideration be given to "a new formal mandate for AHFC in order to redefine its role in the years ahead". This new mandate would focus AHFC on the role of assisting low- and moderate-income borrowers primarily through the use of tax-exempt revenue bonds. Additionally, AHFC would be made more independent to promote efficiency of operations and market responsiveness.

The Corporation believes minimal changes would be necessary to achieve the benefits outlined by E&Y in their discussion of the "Ideal AHFC". As mentioned already, a significant reduction in the amount of subsidy assistance provided will likely remove taxable loans from the menu available to potential borrowers. Modest Statute changes related to the procurement code and Executive Budget Act would enhance AHFC's efforts to once again become profitable. In a profit-making mode, a system of partial dedication of income becomes a real possibility. Expansion of the AHFC Board of Directors to include more private sector participation could enhance oversight which is focused more on revenue enhancement and cost minimization.

The recommendation that the Corporation focus on meeting low-to-moderate income borrower residential needs through the use of tax-exempt mortgage revenue bonds must be considered with the understanding that AHFC's ability to support this type of program is severely limited by federal tax laws. The eligibility criteria for the "First Time Homebuyer" program have, over the last several years, been significantly tightened by Congress. Under current legislation, this program dies entirely on September 30, 1990 unless a further extension is granted. As well, with respect to the tax-exempt financed Veteran's Program, the criteria for eligible veterans results in the available pool of veterans automatically declining each year.

OPERATIONAL CONCERNS

Management and Personnel Recommendations

A.1. Evaluate the Size and Composition of the AHFC Board of Directors. E&Y recommends in the Report that the Board size and composition be reviewed for effectiveness.

The Corporation agrees that consideration should be given to the degree to which the existing Board structure facilitates providing direction and guidance to the AHFC staff. A structure and composition more traditional to a private sector company may be appropriate, with members able to provide more timely consideration of, and become more directly involved in, the strategic planning process and major policy issues affecting the Corporation.

A.2. Conduct a Staffing and Organizational Effectiveness Review. The Report notes that AHFC staff has experienced significant growth in recent years. A study of (1) current and future personnel requirements, (2) salaries as compared to private industry, (3) sufficiency of staffing levels, (4) management structure and (5) effectiveness in fulfilling various components of its legislative mandate is suggested as possibly facilitating orderly development of qualified staff and assisting in evaluating AHFC's performance. Additionally, a program to recruit and retain qualified personnel is suggested for implementation.

The growth in staff and scope of activities undertaken has presented AHFC with many challenges. The need for yet another staffing study is questionable. Rather, more confidence must be given in the AHFC Board and senior

management's abilities to establish goals and monitor performance. The focus should first be on determining the validity of AHFC's mission. This must be embodied in the Corporation's enabling legislation and clearly identifiable. The Corporation itself should then be given the opportunity to pursue the stated mission and provide the reporting mechanisms necessary to evaluate its effectiveness.

A.3. Obtain Authorization and Fill Legal Counsel Position at AHFC. The E&Y Report notes that AHFC's legal affairs are currently handled by the Attorney General's Office. Substantial changes in assigned personnel and significant delays in responses to AHFC requests are cited as indications that the legal needs of AHFC are not being met.

The enhanced control over legal services provided by establishment of a legal counsel position within AHFC would facilitate timely consideration of legal issues. Delays in responses to requests for legal review can result in lost opportunities to reduce costs, implement new programs, or enhance revenues. Statutory changes permitting the Corporation to obtain legal counsel from, and be represented in litigation by, in-house legal staff and/or private sector firms would have a positive affect on the timeliness of legal services.

Changes to the Corporation's enabling legislation removing the AG from designation as AHFC's legal counsel, however, should be made only if adequate budgetary and operational flexibility exists to make staffing adjustments or contract for additional professional services. The AG's office, under the State Procurement Code, maintains substantial discretion

in the procurement of professional services. This same degree of latitude would need to exist within AHFC to assure that adequate resources could be obtained.

A.4. Obtain Authorization to Fill Internal Auditor Position at AHFC. The Corporation hired Pat Salvucci as Internal Auditor on October 30, 1989.

Internal Improvement Recommendations

B.1. Establish a Formal Financial Forecasting System. The Report indicates a need for AHFC to enhance its forecasting techniques to determine working capital and short-term financing needs and to evaluate results of specific loan programs.

The financial management area of AHFC has experienced the same growth phenomenon as other areas of the organization. Existing staff is still operating on many of the "must do" operational activities. Sophisticated, detailed, computerized forecasting systems are in place at AHFC and existing staff has been trained in their use. The detailed review noted in the report is done at least annually for each of the individual bond and loan programs, as generally required under the terms of the related trust indentures.

As well, a comprehensive model for projecting changes to the various working capital and unrestricted asset components over a five year horizon exists and was discussed extensively between staff and members of the E&Y study team. Updating of the forecasting model, however, is currently

sporadic and the existence of additional opportunities in this area is acknowledged.

B.2. Evaluate Adequacy of Existing Management Information System. The E&Y report recommends "a review be conducted of the effectiveness of the existing management information systems and that an upgrading of DP systems and procedures be considered".

The Corporation concurs that its existing information systems should be reviewed. The Corporation is highly dependent upon its electronic information systems. As well, strategic opportunities abound in this area. Previous emphasis has been on keeping systems running. During the period when emphasis of information systems ("IS") departments was shifting to decision support systems, executive support systems, and artificial intelligence, AHFC was trying to accommodate the changes necessary to track REO's and insurance claims.

Recent authorization for staff increases has facilitated an assemblage of talented, competent, IS professionals capable of developing systems to accommodate the needs of management as well as handle the substantial volume of transactions necessary to be processed. Certain enhancements to the management information systems are currently in process.

Recognizing the importance of information systems and related technologies to the Corporation, a program has been initiated to broaden the involvement of both mid- and senior-level management in the process of establishing goals and objectives in this area as well as participating in the establishment of development priorities. This program has

been well received and participants have become more familiar with existing systems and potential for enhancements.

B.3. Improve Cash Management Function. The Report suggests AHFC evaluate the cash management function and implement those changes identified as beneficial.

The cash management function is performed primarily by one individual. The substantial investment activity, and resultant clerical tasks, has resulted in this position becoming mired in transactional paperwork processing. Inadequate time currently exists for this individual to provide active asset management to the degree warranted and desired. An in-house review of available staffing resources to provide administrative relief in this critical area is currently in process.

Opportunities for revenue enhancement in this area exist, have been identified as strategic to the Corporation, and are being pursued by staff. However, due to the magnitude of the dollars involved, an outside review combined with a re-allocation of staff resources may be appropriate.

B.4. Define Formal Investment Criteria. The AHFC Board has adopted formal investment policies, an investment policy committee has been formed, and investment policies put in place. These were accomplished during the 1989 calendar year.

Programmatic Recommendations

. C.1. Re-evaluate Loan Loss Reserves and Exposure to Insurance Losses. The Report suggests a review of the Corporation's loan loss reserves would be beneficial.

Each time the Corporation prepares financial statements (currently no less frequently than quarterly) a review of the adequacy of the loan loss reserves and appropriateness of the carrying values in insurance receivables is performed. The statement in the E&Y report that this review is performed only annually is incorrect.

C.2. Review REO Pricing and Disposition Policies. The E&Y report suggests the Corporation review the three components of its REO policies: pricing, marketing and financing.

It is managements intent to review these policies periodically. In fact, a review is currently in process with participation of two of the Corporation's five Board members.

. C.3. Evaluate Costs of Maintaining Bond Ratings. The Report recommends the Corporation weigh the costs of achieving excellent credit ratings with the anticipated benefits.

This analysis is performed each time the Corporation issues debt. The review process involves senior financial staff with the assistance of the bond underwriter and the

Corporation's financial advisor. Given the interest expressed, staff can formalize the analysis process.

C.4. Implement a Mortgage Insurance Program. The E&Y Report suggests AHFC evaluate the benefits of a self-insured mortgage program and implement one if deemed appropriate.

The Corporation is extremely concerned about the availability of private mortgage insurance in Alaska. On several occasions, attempts to solicit interest of mortgage insurers in writing policies in the State have been attempted. The discussions have included the possibility of risk sharing, establishing an insurance subsidiary, and even purchasing an existing PMI company.

The Corporation provided its own insurance on the Rental Mortgage Program. An insurance fund was established, policy executed, and system for premium collections created. This type of an arrangement provides some of the benefits of mortgage insurance. For the insurance to be recognized by other secondary mortgage market participants, however, the Corporation would need to establish a full-fledged mortgage subsidiary.

The mortgage subsidiary would need to be approved by FNMA and FHLMC and receive ratings from Moodys Investor Services and Standard & Poors. As well, the subsidiary would need to be established under the provisions of the Alaska insurance laws and would need to demonstrate sufficient independence from the Corporation. The establishment of an insurance subsidiary would, therefore, have significant impact on the Corporation's budget. Operation of an insurance subsidiary

subject to the existing provisions of the Executive Budget Act and procurement code would be imprudent. For the subsidiary to be soundly managed, it must be able to act timely and responsibly to circumstances as they arise.

Legislative Recommendation

D.1. Exempt AHFC from the Executive Budget Act. The Report recommends that the Legislature consider removing AHFC from the requirements of the Executive Budget Act.

Until 1980, the Corporation was not subject to the Executive Budget Act. The Corporation concurs with the Report in its statement that "exemption would allow AHFC to respond more quickly to its staffing needs, and operate more effectively as a result". Inclusion in the Executive Budget Act facilitates a "use it or lose it" , "if you're not sure, ask for it" attitude which is contrary to the direction senior management would like to see AHFC headed. Efforts to return AHFC to a profitable institution will be frustrated by continued subjection to the Executive Budget Act and valuable opportunities will be missed.

In governmental accounting terminology, AHFC is an "enterprise fund" of the State of Alaska. Designation as an enterprise fund is appropriate where the operations of the governmental entity are expected to be supported primarily by those to whom services (mortgage loans) are to be provided. In most cases, it is recognized that an enterprise must adopt a "business budget" approach as opposed to the strict dollar limit caps imposed by legislatively mandated expenditure limitations. The

business budget takes a variety of factors into consideration and is required to be approved by the governmental agency's board or commission.

Other Observations of AHFC Regarding the Report

Incorporated Legal Analysis

The Corporation shares the concerns expressed by Eric Wohlforth of Wohlforth, Argetsinger, Johnson & Brecht, AHFC's bond counsel. In his letter of January 19, 1989 to Representative C. E. Swackhammer, Mr. Wohlforth notes some of the major areas in which the opinions and conclusions reached differ from those under which the Corporation and its substantial financing transactions have been based. We are concerned that certain of the legal analysis performed was not given the analysis and consideration commensurate with the significance of the findings. We feel that, as a consequence of inadequate time for a complete review, certain of the analysis is incomplete and that resultant opinions are quite possibly erroneous.

Many of the questions posed to the firm of Delaney, Wiles, Hayes, Reitman & Brubaker, Inc. were complex financial matters which could have a substantial financial impact on AHFC. We are concerned that due consideration may not have been given to some of these critical questions. We noted, however, that many of the conclusions and opinions of the Delaney firm were ignored in the body of the report. Should Ernst & Young share our concerns regarding the correctness of the results, either the body of the report should include

a form of disclaimer or a more extensive and thorough analysis should be performed. If further analysis is to be done, the efforts should be better coordinated with the Corporation's bond counsel and the Attorney General's office.

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SCOMM

60:6

MEMORANDUM

State of Alaska
Office of the Governor
Division of Policy

TO: Tony Smith, Chairman
Board of Directors
Alaska Housing Finance Corporation

DATE: July 12, 1988

FROM: *Mary Halloran*
Mary Halloran
Director

PHONE: 465-3568

SUBJECT: AHFC Privatization Study

FILE NO:

At the July 5th meeting regarding privatization of AHFC held by the Governor's working group, it was agreed that my office would prepare an outline of issues and options to be considered in the study of privatization of AHFC. The following outline represents our understanding of the objectives expressed at the July 5th meeting and the goals for the study.

- I. Review of policy objectives and public needs which the corporation was established and expanded to meet.
 - A. Has AHFC met these objectives and needs?
 - B. Is there still a need for State involvement to accomplish these objectives? (See market changes cited in Commissioner Malone's memo of 6/20).
 - C. Are there new public needs which require the continued existence of AHFC as either a public or private entity?
 - D. What problems have been created or aggravated by AHFC's dominance of the housing market?
 - E. What problems have been caused by AHFC's current organizational structure and relationship with the State?
- II. Analysis of objectives, potential benefits and potential disadvantages of privatizing or restructuring AHFC.
 - A. Greater efficiency of operation.

- B. Enhancement of stability in housing markets by reducing uncertainties of State control of assets.
- C. More efficient allocation of resources as a result of market-based decisions.
- D. Faster actions and reactions to changes in markets.
- E. Reduce State debt exposure.
- F. Allow State officials to focus their efforts on more essential government functions.
- G. Liquidate State equity in the corporations, making funds available for government expenditures and savings.
- H. Provide an opportunity to restructure or terminate State housing subsidies.

III. Analysis of options for restructuring AHFC. Assess benefits, problems, feasibility, and return to State of each option.

- A. Sell the corporation's assets in whole or in parts to private buyer(s) and repeal the corporation's statutes.
- B. Modify the corporation's statutes and charter so that it can function as a non-subsidized private business, but remain in state ownership.
- C. Retain some functions of the corporation, i.e., low-income housing programs, and dismantle the remaining functions which can be provided by the private sector.
- D. Retain all or most of current functions, but remove ties to State and budget oversight, as is the case with the Alaska Railroad Corporation.
- E. Other options?

In order for the results of this study to be useful in preparing possible legislation, the study will need to be completed by early fall.

cc: Garrey Peska, Chief of Staff
Bob Evans, Legislative Liaison
Alison Elgee, Budget Review
Hugh Malone, Commissioner of Revenue
Ron Lehr, Director, AHFC
Burt Wagnon, Director, AIDEA
Rod Swope, Special Assistant
Ron Clarke, Special Assistant

ALASKA HOUSING FINANCE CORPORATION

Combined Balance Sheets

	March 31 1989 (Unaudited)	June 30 1988	1987

See accompanying notes to combined financial statements.

ALASKA HOUSING FINANCE CORPORATION

Combined Statements of Revenues, Expenses, and Retained Earnings

	Nine Months Ended March 31 <u>1989</u> (Unaudited)	Year Ended June 30 <u>1988</u> <u>1987</u>	
		(in thousands)	
Revenues:			
Interest income:			
Mortgages and loans	\$ 248,036	353,922	397,421
Investments	<u>111,270</u>	<u>117,918</u>	<u>135,925</u>
	359,306	471,840	533,346
Loan fees and other	<u>9,197</u>	<u>25,206</u>	<u>21,179</u>
Total revenues	<u>368,503</u>	<u>497,046</u>	<u>554,525</u>
Expenses:			
Interest	298,024	402,050	460,062
Mortgage service fees	9,755	14,052	14,975
General and administrative	5,939	6,105	3,805
Trustee fees, insurance and financing costs	11,196	13,850	16,053
Mortgage payment assistance subsidies	1,095	2,101	3,234
Provision for loan losses	21,474	36,620	12,528
Insurance fund losses	10,303	9,506	6,272
Write down and net operating expenses associated with real estate and mobile homes owned	<u>33,887</u>	<u>25,362</u>	<u>8,534</u>
Total expenses	<u>391,673</u>	<u>509,646</u>	<u>525,463</u>
Net income (loss) before extraordinary item	(23,170)	(12,600)	29,062
Extraordinary item - net loss on early extinguishment of debt	<u>(4,356)</u>	<u>-</u>	<u>(8,134)</u>
Net income (loss)	(27,526)	(12,600)	20,928
Retained earnings at beginning of year	<u>474,665</u>	<u>487,265</u>	<u>466,337</u>
Retained earnings at end of year	<u>\$ 447,139</u>	<u>474,665</u>	<u>487,265</u>

See accompanying notes to combined financial statements.

Budget Request Unit (BRU):

Alaska Housing Finance Corporation

Division:

Alaska Housing Finance Corporation

Name/Position of BRU Manager:

Ronald D. Lehr, Executive Director

Phone:

276-5599

Name/Position of Agency Contact:

Judith De Spain, Administrative Officer

Phone:

276-5599

List Statutory/Regulatory Basis for Service Provided (i.e., Alaska Statute, or Alaska Administrative Code)

Statutory/Regulatory Citation : Component

Statutory/Regulatory Citation : Component

AS 18.56 : AK Housing Finance

15 AAC 118 : AK Housing Finance

Description of the BRU Services and Responsibilities:

Signature of the BRU Manager:

Ron Lehr

Date:

September 27, 1988

B1 BRU COVER PAGE

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

PAGE 1 OF 1

REV. DATE

FY - 90

000157

One of the challenges facing the Corporation is to continue to provide low cost mortgage money to Alaskans. In meeting this challenge, the Corporation will:

1. issue bonds meeting specific federal requirements.
2. issue Federal National Mortgage Association mortgage backed securities, Government National Mortgage Association certificates, and Federal Home Loan Mortgage Corporation participation certificates to use as collateral for bond issues. Under these arrangements, the Corporation will generally perform as a master servicer.
3. continue to explore all possible avenues of financing.

Another challenge facing the Corporation is to monitor and service an increasing portfolio of mortgages, loans, and foreclosed properties at the least possible cost. To do this, the Corporation must continually attempt to achieve the optimal mix of servicing costs, risk of servicing and loan loss, and service to the public.

Challenging the Corporation is the capability of making the corporation's loan programs available to the greatest number of Alaskans while maintaining a quality loan portfolio.

Notwithstanding the above, due to the economic downturn of the State, a new challenge faces the Corporation: minimizing the loss associated with property foreclosed upon. While substantial effort is being applied to keeping borrowers in their homes through "workout" programs, a great many pieces of property continue to be returned to the Corporation. These foreclosed properties must be properly maintained and all associated claims for reimbursement of expenses and loan losses be timely filed.

Fees and expenses that are directly related to bonds issued are not part of the operating budget. Loan servicing fees and expenses incurred in connection with managing, holding, improving, maintaining, and marketing properties owned by the corporation including mobile homes are not a part of the operating budget.

B2 BRU ISSUES

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

PAGE 1 OF 1

FY - 90

REV. DATE _____

000158

GOAL:

To provide adequate, safe, and sanitary housing at the lowest possible cost to the public, protect corporate assets (Real Estate owned), and assist borrowers with hardships

Objective	Service	Performance Measures
To provide financing of residential real estate in FY89 at legislatively mandated rates	Issue mortgage revenue bonds combined with corporation funds to purchase mortgages which bear interest at less than market rates	Number of mortgages purchased Dollar amount of loans purchased Number and dollar amount of loans in portfolio
To provide financing for qualified purchasers of mobile homes	Purchase mortgage loans with interest rates and terms not available elsewhere	Number of loans purchased Dollar amount of loans purchased Number and dollar amount of loans in portfolio
To facilitate home ownership by low-to-moderate income families	Program pays a portion of the family's mortgage payment	Number of families assisted
To provide low interest financing of residential real estate to qualified veterans	Issue tax-exempt mortgage revenue bonds to provide funds for mortgages	Number of qualified veterans receiving mortgages

BRU STRATEGY
B3 SUMMARY

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

PAGE 1 OF 2

REV. DATE _____

FY - 90

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Objective	Service	Performance Measures
To assist construction activity	Finance new construction	Number of new residences financed
To provide financing for non-conforming housing	Finance residential housing with features which generally preclude the home from traditional financing sources but still permitting the residence to be considered "safe, sanitary, and decent" without significant impairment of marketability	Number of loans purchased Dollar amount of loans purchased
To develop and implement a "workout" program to enable the temporarily financially troubled borrower to stay in their home	Following development of program, provide staff to individually counsel and provide assistance to the borrower	Number of borrowers assisted Dollar amount of mortgages
Minimize loss of reimbursements	Receive and process all claims in a timely manner: 1) auditing seller/servicers 2) filing claims 3) monitoring unpaid claims Judicially foreclosing on borrowers with sufficient funds	Number of seller/servicer audits performed Number of claims received per week Number of judicial foreclosures

B3 ADDITIONAL
EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

PAGE 2 OF 2

REV. DATE _____

FY - 90

000160

OBJECTIVES/PERFORMANCE MEASURE	PRIOR YEAR FY 88		CURRENT YEAR PLAN FY 89	BUDGET YEAR FY 90		
	PLAN	ACTUAL		ADJUSTED BASE	INCREMENT/ DECREMENT	REQUEST
Finance residential real estate						
Number of mortgages purchased	7,300	* 2382	* 9543	3500		
Dollar amount of loans purchased	840,000.0	238,240.0	875,000.0	315000.0		
Number of mortgages in portfolio	53,000	44,813	42,000	40,500		
Dollar amount of mortgages in portfolio	4,420,000.0	3,762,932.0	3,500,000.0	3,361,500.0		
* Loan data excludes Real Estate Owned						
Home Ownership Assistance						
Number of families assisted at June 30, monthly	1,900	1,006	700	500		
Monthly assistance		149	135	125		
\$ amount of assistance		72,777.2	50,750.0	35,500.0		
Construction Activity						
New homes	1,200	312	350	500		

BRU PERFORMANCE
B4 PLAN

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

PAGE 1 OF 2

REV. DATE _____

FY - 90

000161

OBJECTIVES/PERFORMANCE MEASURE	PRIOR YEAR FY 88		CURRENT YEAR PLAN FY 89	BUDGET YEAR FY 90		
	PLAN	ACTUAL		ADJUSTED BASE	INCREMENT/ DECREMENT	REQUEST
Implementation of "stabilization workout" programs						
Home Owners Assistance Program						
Number of borrowers assisted		363	6,137			
Dollar amount of mortgages		36,944.5	613,055.5			
Condo Stabilization Exchange Program:						
Number of borrowers assisted			100	300		
Timely dispose of foreclosed/ repossessed properties:						
Property Dispositions.						
Sold:						
Mobile Home Type II's		563	850	775		
All Others		855	1750	2000		
Disposed other than sale:						
Mobile home Type II's		75	100	100		
All Others		588	650	625		
Timely foreclosure of defaulted loans:						
Mobile Home Type II's		598	420	300		
All Others		3094	3200	2750		

ADDITIONAL
B4 EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

PAGE 2 OF 2

REV. DATE _____

FY - 90

000162

STATE OF ALASKA
OFFICE OF MANAGEMENT & BUDGET
DIVISION OF BUDGET REVIEW

DATE: 12/16/88
TIME: 15:43:07
PROG: FORMC1D

FY '90 BUDGET CYCLE BENCHMARK LEVEL COMPARISONS

AGENCY: DEPARTMENT OF REVENUE
BRU: ALASKA HOUSING FINANCE CORP.
COMPONENT: ALASKA HOUSING FINANCE CORP. (SER #: 110)

ITEM	FY '88 AUTHORIZED	FY '88 FINAL AUTH	FY '88 ACTUAL	FY '89 AUTHORIZED	FY '90 ADJ BASE	FY '90 AGENCY	FY '90 GOVERNOR
*** COMPONENT TOTAL ***	3,983.2	5,801.2	5,723.7	5,924.1	6,047.1	6,047.1	6,047.1
EXPENDITURES							
Personal Services	2,494.1	2,883.9	2,807.9	3,654.9	3,777.9	3,777.9	3,777.9
Travel	67.7	82.7	130.4	82.7	82.7	82.7	82.7
Contractual Services	1,353.9	2,111.9	1,837.5	1,985.5	1,985.5	1,985.5	1,985.5
Commodities	67.5	152.5	176.5	201.0	201.0	201.0	201.0
Equipment	0.0	65.1	266.3	0.0	0.0	0.0	0.0
Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants/Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Misc.	0.0	505.1	505.1	0.0	0.0	0.0	0.0
FUNDING							
1022 Corp Rcpts	3,983.2	5,801.2	5,723.7	5,924.1	6,047.1	6,047.1	6,047.1
STAFFING							
Full-time	55.0	80.0	80.0	80.0	80.0	80.0	80.0
Part-time	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Staff-months	966.0	966.0	966.0	966.0	966.0	966.0	966.0

000163

ALERTS #: 8-04-78-01-00
 COMP SER #: 110

STATE OF ALASKA
 OFFICE OF MANAGEMENT & BUDGET
 DIVISION OF BUDGET REVIEW

DATE: 12/14/88
 TIME: 10:33:41
 PROG: CDETAILS

FY '90 DRAFT OPERATING BUDGET (DEC. 15, 1988 RELEASE)

AGENCY: DEPARTMENT OF REVENUE
 COMPONENT: ALASKA HOUSING FINANCE CORP.

BUDGET REQUEST UNIT: ALASKA HOUSING FINANCE CORP.

***** COMPARISON OF AGENCY SUBMISSION TO GOVERNOR'S PROPOSAL *****

DESCRIPTION	REF NUM	TRANS TYPE	PROPOSED BY	AGENCY SUBMISSION			GOVERNOR'S PROPOSAL						
				PFT	PPT	TOTAL	GEN FUND	OTH FUNDS	PFT	PPT	TOTAL	GEN FUND	OTH FUNDS
FY '89 LEGISLATIVE CONFERENCE COMMITTEE				80.0	1.0	5,924.1	0.0	5,924.1	80.0	1.0	5,924.1	0.0	5,924.1
Projected FY '90 Health Benefit Adjustment (\$128.1)	2027	MISADJ	OMB	0.0	0.0	123.0	0.0	123.0	0.0	0.0	123.0	0.0	123.0 Y
Staff Months Adjustment	2039	MISADJ	AGENCY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0 Y
*** COMPONENT TOTALS ***				80.0	1.0	6,047.1	0.0	6,047.1	80.0	1.0	6,047.1	0.0	6,047.1

***** DERIVATION OF FY '90 PROPOSAL, BY IMPACT AND LINE ITEM *****

DESCRIPTION	REF NUM	PERSONAL SERVICES	TRAVEL	CONTRACTUAL SERVICES	COMMODITIES	EQUIPMENT	LAND/ BUILDINGS	GRANTS/ CLAIMS	MISC.	TOTALS
FY '88 ACTUAL EXPENDITURES (NON-ADD)		2,807.9	130.4	1,837.5	176.5	266.3	0.0	0.0	505.1	5,723.7
FY '89 LEGISLATIVE CONFERENCE COMMITTEE		3,654.9	82.7	1,985.5	201.0	0.0	0.0	0.0	0.0	5,924.1
Projected FY '90 Health Benefit Adjustment (\$128.1)	2027	123.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	123.0 Y
Staff Months Adjustment	2039	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0 Y
*** COMPONENT TOTALS ***		3,777.9	82.7	1,985.5	201.0	0.0	0.0	0.0	0.0	6,047.1

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ITEM AND EXPLANATION	AMOUNT	FUNDING SOURCE	POSITION	100 PERSONAL SERVICES	200 TRAVEL	300 CONTRACT SERVICES	400 SUPPLIES	500 EQUIP.	OTHER
1. FY 89 Conference Committee Report	5924.1	5924.1 OTH	PFT 80 PPT 1	3654.9	82.7	1985.5	201.0		
2. Fiscal Notes/ Other Appropriations			PFT PPT						
3. Vetoes			PFT PPT						
4. Position Adjustment			PFT PPT						
5. FY 89 Authorized	5924.1	5924.1 OTH	PFT 80 PPT 1	3654.9	82.7	1985.5	201.0		
6. Health Benefit Adjustment	123.0	123.0 OTH	PFT PPT	123.0					
7. One-Time Items			PFT PPT						
8. Other Adjustments			PFT PPT						
9. FY-90 Base	6047.1	6047.1 OTH	PFT 80 PPT 1	3777.9	82.7	1985.5	201.0		
10. Transfers			PFT PPT						
11. FY-90 Adjusted Base	6047.1	6047.1 OTH	PFT 80 PPT 1	3777.9	82.7	1985.5	201.0		

ADJUSTED
C2 BASE
CALCULATION

AGENCY Department of Revenue
BRU Alaska Housing Finance Corporation
COMPONENT Alaska Housing Finance Corporation

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12/19/88 PERSONAL SERVICES EXPENDITURES SUMMARY REPORT PAGE 1
 DEPARTMENT OF REVENUE SCENARIOS 30 AND 1
 BRU: ALASKA HOUSING FINANCE CORP. COMP: ALASKA HOUSING FINANCE CORP
 FY88 FY89 FY90
 ACTUAL AUTH REQUEST

COSTS			
REG. DUTY COSTS		2827938.00	2870016.00
PREMIUM PAY		17567.44	14986.56
BENEFITS		915219.33	1050316.53
LUMP SUM PREM PAY		0.00	0.00
TOTAL PERSONAL SVCS	2807.9	3760724.82	3935319.12
FUNDING SOURCES			
GENERAL FUND		0.00	0.00
OTHER FUNDING -	2807.9	3760724.82	3935319.12
TOTAL FUNDING	2807.9	3760724.82	3935319.12
PFT POSITIONS	86.0	80	80
PFT POSITIONS	1.0	1	1
TEMP POSITIONS		0	0
STAFF MONTHS	966.0	966.00	966.00
VACANCY FACTOR			
		105524.89 12 2139541	157412.76 14 00000001
LINE 100	2807.9	3664399.93	3777906.36

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PERSONAL SERVICES EXPENDITURES DETAIL REPORT

PAGE:

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DEPARTMENT OF REVENUE

SCENARIO: 1 (FY90 AGENCY SCENARIO 1)

COMPONENT 8: 04 7107020505 NAME: ALASKA HOUSING FINANCE CORP.

BRU NAME: ALASKA HOUSING FINANCE CORP.

PCN	JOB CLASS TITLE	T	LOCATION NAME	R B S RAS	MOS	ANNUAL BUDG SALARY	PREMIUM PAY	ANNUAL BENEFITS	TOTAL PERS. SVCS	GEN. FUND AMOUNT
001X	EXECUTIVE DIRECTOR	F	ANCHORAGE	A X A 28K	12.00	79992	0	20773	100765.19	0.00
002X	PUBLIC INFORMATION OFFICER	F	ANCHORAGE	A X A 22C	12.00	55488	0	16970	72458.17	0.00
003X	ADMINISTRATIVE OFFICER	F	ANCHORAGE	A X A 00	12.00	55188	0	16923	72111.61	0.00
004X	MORTGAGE OPER. DIRECTOR	F	ANCHORAGE	A X A 25J	12.00	71880	0	19514	91394.21	0.00
005X	LOAN OFFICER	F	ANCHORAGE	A X A 19E	12.00	45972	0	15423	61395.66	0.00
006X	CLAIMS CLERK	F	ANCHORAGE	A X A 07J	12.00	13104	0	8195	21299.99	0.00
007X	SENIOR LOAN OFFICER	F	ANCHORAGE	A X A 22C	12.00	55488	0	16970	72458.17	0.00
008X	SVC/BROKER AUDITOR II	F	ANCHORAGE	A X A 17J	12.00	41616	0	14465	56081.78	0.00
009X	SPECIAL CREDITS MANAGER	F	ANCHORAGE	A X A 19D	12.00	42180	0	14589	56769.81	0.00
010X	SERVICING CLERK II	F	ANCHORAGE	A X A 10C	12.00	25740	0	10974	36714.65	0.00
011X	SERVICING TECHNICIAN II	F	ANCHORAGE	A X A 14D	12.00	33816	0	12750	46566.56	0.00
012X	MORTGAGE LOAN CLERK V	F	ANCHORAGE	A X A 11J	12.00	27432	0	11346	38778.72	0.00
013X	CLERK TYPIST III	F	ANCHORAGE	A X A 08C	12.00	20292	0	9776	30068.64	0.00
014X	FILE CLERK	F	ANCHORAGE	A X A 06D	12.00	16572	0	8958	25530.60	0.00
015X	SECRETARY II	F	ANCHORAGE	A X A 11	12.00	25296	0	10877	36173.02	0.00
017X	LOAN OFFICER	F	ANCHORAGE	A X A 19	12.00	49476	0	16037	65513.11	0.00
018X	SPECIAL CREDITS TECH I	F	ANCHORAGE	A X A 12J	12.00	29340	0	11766	41106.29	0.00
019X	SECRETARY III	F	ANCHORAGE	A X A 12J	12.00	25884	1791	11400	39075.71	0.00
020X	LOAN CLERK	F	ANCHORAGE	A X A 07D	12.00	21516	0	10045	31561.79	0.00
021X	RECEPTIONIST	F	ANCHORAGE	A X A 07D	12.00	21516	0	10045	31561.79	0.00
022X	FINANCE DIRECTOR	F	ANCHORAGE	A X A 25K	12.00	77376	0	20367	97743.19	0.00
023X	DATA PROCESSING MGR	F	ANCHORAGE	A X A 21	12.00	51348	0	16327	67675.64	0.00
024X	ACCT OPERATIONS MANAGER	F	ANCHORAGE	A X A 19J	12.00	47544	0	15737	63281.26	0.00
025X	SERVICING MANAGER	F	ANCHORAGE	A X A 19C	12.00	43116	0	14795	57911.63	0.00
026X	ACCOUNTING TECH II	F	ANCHORAGE	A X A 14D	12.00	33816	2340	13265	49422.24	0.00
027X	ACCOUNTING TECH III	F	ANCHORAGE	A X A 16C	12.00	35136	2431	13575	51142.83	0.00
028X	SPECIAL CREDITS TECH I	F	ANCHORAGE	A X A 12C	12.00	25740	1782	11366	38888.52	0.00
029X	CLAIMS CLERK	F	ANCHORAGE	A X A 07D	12.00	21516	82	10063	31662.70	0.00
030X	SPECIAL CREDITS CLERK II	F	ANCHORAGE	A X A 10C	12.00	25740	594	11105	37439.27	0.00
031X	SERVICING CLERK I	F	ANCHORAGE	A X A 08D	12.00	20340	1408	10096	31844.87	0.00
032X	ASSISTANT LOAN OFFICER	F	ANCHORAGE	A X A 17J	12.00	38220	0	13719	51939.01	0.00
033X	DATA PROCESSING CLERK	F	ANCHORAGE	A X A 10C	12.00	25740	0	10974	36714.65	0.00
034X	CLAIMS CLERK II	F	ANCHORAGE	A X A 10C	12.00	25740	574	11100	37415.12	0.00
035X	SPECIAL CREDITS CLERK	F	ANCHORAGE	A X A 06C	12.00	18084	0	9291	27375.10	0.00
036X	PURCHASING AGENT	F	ANCHORAGE	A X A 11	12.00	25296	0	10877	36173.02	0.00
037X	SECRETARY II	F	ANCHORAGE	A X A 11	12.00	25296	0	10877	36173.02	0.00
038X	SECRETARY II	F	ANCHORAGE	A X A 11	12.00	25296	0	10877	36173.02	0.00
039X	SPECIAL CREDITS TECH II	F	ANCHORAGE	A X A 14D	12.00	33816	0	12750	46566.56	0.00
040X	FINANCIAL ANALYST	F	ANCHORAGE	A X A 19E	12.00	47688	0	15759	63447.61	0.00
041X	COMPTROLLER	F	ANCHORAGE	A X A 22C	12.00	55488	0	16970	72458.17	0.00
042X	DATA PROCESSING TECH I	F	ANCHORAGE	A X A 17F	12.00	41616	0	14465	56081.78	0.00
043X	MORTGAGE LOAN CLERK III	F	ANCHORAGE	A X A 09D	12.00	21516	0	10045	31561.79	0.00
044X	ASST LOAN OFFICER	F	ANCHORAGE	A X A 17F	12.00	41616	0	14465	56081.78	0.00
045X	SPECIAL CREDITS TECH I	F	ANCHORAGE	A X A 12K	12.00	30444	0	12009	42453.06	0.00
046X	SPECIAL CREDITS TECH II	P	ANCHORAGE	A X A 14D	6.00	16908	0	5046	21954.66	0.00
047X	REVIEW APPRAISER	F	ANCHORAGE	A X A 20J	12.00	52884	0	16566	69450.03	0.00
048X	CASH MANAGEMENT OFFICER	F	ANCHORAGE	A X A 19C	12.00	45168	277	15307	60753.91	0.00
049X	SERVICING TECHNICIAN III	F	ANCHORAGE	A X A 16C	12.00	35460	599	13244	49303.94	0.00
050X	PROP. DISPOSITION SPEC.	F	ANCHORAGE	A X A 16	12.00	38904	0	13869	52773.41	0.00
051X	ACCOUNTING TECH I	F	ANCHORAGE	A X A 12C	12.00	26880	124	11252	38256.63	0.00
052X	ACCOUNTING CLERK II	F	ANCHORAGE	A X A 10C	12.00	25740	594	11105	37439.27	0.00
053X	PROP. DISPOSITION SPEC.	F	ANCHORAGE	A X A 12C	12.00	35244	216	13112	48573.11	0.00
054X	SPECIAL CREDITS CLERK II	F	ANCHORAGE	A X A 10C	12.00	25740	594	11105	37439.27	0.00

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PERSONAL SERVICES EXPENDITURES DETAIL REPORT

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DEPARTMENT OF REVENUE

SCENARIO: 1 (FY90 AGENCY SCENARIO 1)

COMPONENT #: 04 7107020505 NAME: ALASKA HOUSING FINANCE CORP.

BRU NAME: ALASKA HOUSING FINANCE CORP.

PCN	JOB CLASS TITLE	T	LOCATION NAME	R B S RAS	MOS	ANNUAL	PREMIUM	ANNUAL	TOTAL	GEN. FUND
		S		C U	BUDG	SALARY	PAY	BENEFITS	PERS. SVCS	AMOUNT
055X	SERVICING CLERK II	F	ANCHORAGE	A X A 10C	12.00	25740	594	11105	37439.27	0.00
056X	PROP. DISPOSITION CLERK II	F	ANCHORAGE	A X A 10C	12.00	25740	554	11096	37390.96	0.00
057X	PROP. DISPOSITION OFFICER	F	ANCHORAGE	A X A 22C	12.00	55488	426	17036	72951.15	0.00
058X	PROP. DISPOSITION SPEC.	F	ANCHORAGE	A X A 16B	12.00	34272	0	12850	47122.83	0.00
059X	PROP. DISPOSITION SPEC.	F	ANCHORAGE	A X A 16B	12.00	34920	0	12993	47913.34	0.00
060X	PROP. DISPOSITION SPEC.	F	ANCHORAGE	A X A 16B	12.00	33900	0	12769	46669.05	0.00
061X	PROPERTY INSPECTOR	F	ANCHORAGE	A X A 16B	12.00	33816	0	12750	46566.56	0.00
062X	PROP. DISPOSITION SPEC.	F	ANCHORAGE	A X A 16B	12.00	33816	0	12750	46566.56	0.00
063X	PROP. DISPOSITION SPEC.	F	ANCHORAGE	A X A 16B	12.00	33900	0	12769	46669.05	0.00
064X	SERVICING OFFICER	F	ANCHORAGE	A X A 19B	12.00	50952	0	16266	67218.18	0.00
065X	SERVICER/BROKER AUDITOR II	F	ANCHORAGE	A X A 15B	12.00	34920	0	12993	47913.34	0.00
066X	PROP. DISPOSITION MANAGER	F	ANCHORAGE	A X A 19B	12.00	41616	0	14465	56081.78	0.00
067X	SPEC. CREDITS TECH II	F	ANCHORAGE	A X A 14B	12.00	29340	0	11766	41106.29	0.00
068X	SPEC. CREDITS POOL SPEC.	F	ANCHORAGE	A X A 12B	12.00	22836	0	10336	33172.06	0.00
069X	CLOSING REVIEW SPECIALIST	F	ANCHORAGE	A X A 14B	12.00	26664	0	11177	37841.84	0.00
070X	PROPERTY CLOSING SPEC.	F	ANCHORAGE	A X A 14B	12.00	33816	0	12750	46566.56	0.00
071X	SPEC. CREDITS MAIL CLERK	F	ANCHORAGE	A X A 10B	12.00	20508	0	9824	30332.13	0.00
072X	DATA PROCESSOR/PROGRAMMER	F	ANCHORAGE	A X A 17B	12.00	36240	0	13283	49523.60	0.00
073X	CLAIMS MANAGER	F	ANCHORAGE	A X A 19A	12.00	42168	0	14587	56755.17	0.00
074X	R E ACCTS PAYABLE PROC	F	ANCHORAGE	A X A 14A	12.00	29856	0	11879	41735.76	0.00
075X	RED LOAN LOSS ACCOUNTANT	F	ANCHORAGE	A X A 16A	12.00	34176	0	12829	47005.73	0.00
076X	ACCOUNTING CLERK II	F	ANCHORAGE	A X A 10A	12.00	21588	0	10061	31649.63	0.00
077X	ADMINISTRATIVE ASSISTANT	F	ANCHORAGE	A X A 16A	12.00	33996	0	12790	46786.15	0.00
078X	RECORDS RETENTION MANAGER	F	ANCHORAGE	A X A 08A	12.00	28380	0	11555	39935.19	0.00
079X	SERVICING OPERATIONS DIR.	F	ANCHORAGE	A X A 25A	12.00	62508	0	8059	80567.67	0.00
080X	ACCOUNTING TECH III	F	ANCHORAGE	A X A 16A	12.00	33816	0	12750	46566.56	0.00
081X	ACCOUNTING TECH III	F	ANCHORAGE	A X A 16A	12.00	33816	0	12750	46566.56	0.00
082X	SPECIAL PROJECTS ASST	F	ANCHORAGE	A X A 20A	12.00	42984	0	14766	57750.61	0.00

COLUMN TOTALS: 2870016 14986 1050316 3935319.12

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PERSONAL SERVICES EXPENDITURES DETAIL REPORT

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DEPARTMENT OF REVENUE

SCENARIO: 1 (FY90 AGENCY SCENARIO 1)

COMPONENT #: 04 7107020505 NAME: ALASKA HOUSING FINANCE CORP.

BRU NAME: ALASKA HOUSING FINANCE CORP.

PCN	JOB CLASS TITLE	T	LOCATION NAME	R	B	S	R&S	MOS	ANNUAL	PREMIUM	ANNUAL	TOTAL	GEN. FUND
		S		C	U			BUDG	SALARY	PAY	BENEFITS	PERS. SVCS	AMOUNT

FULL TIME POSITIONS

80

PART TIME/SEASONAL POSITIONS

1

NON PERMANENT POSITIONS

0

OTHER.....

0

====

TOTAL PERSONAL SERVICES

3935319.12

PLUS LUMP SUM PREMIUM PAY

0.00

SUB-TOTAL

3935319.12

MINUS 4.00000 % VACANCY ADJUSTMENT

157412.76

=====

NUMBER OF POSITIONS IN COMPONENT 7107020505 =
(INCLUDES 0 BUDGETED NEW POSITIONS)

81

PERSONAL SERVICES, LINE 100

3777906.36

STAFF MONTHS: 966.00

FUNDING DATA:

1022 (STATE CORP. RECEIPTS)

3935319.12

=====

TOTAL FUNDING: 3935319.12

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CODE	TRAVEL AND MOVING CLASSIFICATION	Prior Year FY 88 Actual	Current Year FY 89 Auth.	Budget Year - FY 90		
				Adj. Base	Inc/ Dec.	Agency Request
72240	Field Travel	124.1	73.0	73.0		73.0
72270	Administrative Travel					
72300	Conventions and Meeting Travel	2.5	4.7	4.7		4.7
72330	Boards, Commissions and Legislators Travel	3.8	5.0	5.0		5.0
72360	Moving or Relocation Expense					
72390	Non-Employee Travel					
72500	Per Diem					
72800	Honorarium/Stipends					
72000	TOTAL TRAVEL AND MOVING	130.4	82.7	82.7		82.7
	INTER-AGENCY TRANSFERS (NON-ADD)					

Code	Explanation	Adj Base	Inc/ Dec.
72240	Staff travel to explain various AHFC programs and to hold public hearings regarding pending regulations; travel to Juneau regarding budget, bonding programs, legislative changes	73.0	
72300	Attending seminars and meetings as need may arise	4.7	4.7
72330	Travel and per diem for five member Board of Directors	5.0	5.0

TRAVEL
C200 AND
MOVING

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT Alaska Housing Finance Corporation

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REV. DATE _____

FY - 90

000170

CODE	CONTRACTUAL SERVICES CLASSIFICATION	Prior Year FY 88 Actual	Current Year FY 89 Auth.	Budget Year - FY 90		
				Adj. Base	Inc/ Dec.	Agency Request
73100	Professional Services	454.4	689.1	689.1		689.1
73253	DP Chargeback (DOA)					
73300	Communication	116.3	124.8	124.8		124.8
73400	Transportation	51.3	39.1	39.1		39.1
73420	Transportation - State Equipment Fleet Fees					
73500	Advertising, Printing and Binding	93.4	80.0	80.0		80.0
73600	Public Utilities Services					
73700	Minor Repair and Maintenance	64.7	85.2	85.2		85.2
73800	Rental for Land, Buildings and Space	295.0	384.0	284.0		284.0
73860	Rental for Machinery and Equipment	25.5	94.2	94.2		94.2
73900	Other Expenditures and Services	736.9	489.1	589.1		589.1
73000	TOTAL CONTRACTUAL	1837.5	1985.5	1985.5		1985.5
	INTER-AGENCY TRANSFERS (NON-ADD)	239.0	243.6	243.6		243.6

Code	Explanation	Adj Base	Inc/ Dec.
73100	Economic services, legal fees, trustee fees, accounting and auditing, hearing officer fees, data processing, and management services 689.1	689.1	
73300	Telephone and postage 124.8	124.8	
73400	Courier services 39.1	39.1	
73500	Printing of brochures and guides, printing of Annual Report, and advertising 80.0	80.0	
73700	Computer repair and maintenance; office equipment maintenance 85.2	85.2	
73800	Office space, off-site storage, and safe deposit fees 284.0	284.0	

CONTRACTUAL C300 SERVICES	AGENCY <u>Department of Revenue</u>	PAGE <u>1</u> OF <u>2</u> REV. DATE _____	FY - 90
	BRU <u>Alaska Housing Finance Corporation</u>		
	COMPONENT <u>Alaska Housing Finance Corporation</u>		

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Code	Explanation		Adj Base	Inc/ Dec.
73860	Rental costs for office equipment and computer	94.2	94.2	
73900	Alaska Housing Market Council	100.0	100.0	
73900	RSA with Department of Environmental Conservation	243.6	243.6	
73900	Insurance, information services, training and education, microfilming, memberships, and office services	245.5	245.5	

ADDITIONAL
C300 EXPLANATION
FORM

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT Alaska Housing Finance Corporation

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000172

CODE	SUPPLIES AND MATERIALS CLASSIFICATION	Prior Year FY 88 Actual	Current Year FY 89 Auth.	Budget Year - FY 90		
				Adj. Base	Inc/ Dec.	Agency Request
74220	Office and Library Supplies	145.0	140.0	140.0		140.0
74440	Agricultural Supplies					
74480	Household and Institutional Supplies					
74520	Professional and Scientific Supplies					
74560	Data Processing Supplies	30.0	52.0	52.0		52.0
74600	Other Operating Supplies					
74650	Repair and Maintenance Supplies	1.5	9.0	9.0		9.0
74000	TOTAL SUPPLIES AND MATERIALS	176.5	201.0	201.0		201.0
	INTER-AGENCY TRANSFERS (NON-ADD)					

Code	Explanation	Adj Base	Inc/ Dec.
74220	Office supplies and reference materials	140.0	140.0
74560	Tapes, ribbons, and paper	52.0	52.0
74650	Automotive Supplies	9.0	9.0

SUPPLIES C400 AND MATERIALS	AGENCY <u>Department of Revenue</u>	PAGE <u>1</u> OF <u>1</u>	FY - 90
	BRU <u>Alaska Housing Finance Corporation</u>	REV. DATE _____	
	COMPONENT <u>Alaska Housing Finance Corporation</u>		

000173

CODE	EQUIPMENT AND MACHINERY CLASSIFICATION	Prior Year FY 88 Actual	Current Year FY 89 Auth.	Budget Year - FY 90		
				Adj. Base	Inc/ Dec.	Agency Request
75750	Vehicles and Transportation Equipment					
75790	Communication Equipment					
75830	Data Processing Equipment					
75870	Laboratory and Scientific Equipment					
75900	Shop, Plant and Industrial Equipment					
75940	Special Equipment					
76050	Furniture and Office Equipment	266.3				
75690	TOTAL EQUIPMENT AND MACHINERY	266.3				
	INTER-AGENCY TRANSFERS (NON-ADD)					

Code	Explanation	Number of Units	Unit Cost	Adjusted Base	Increment Decrement

EQUIPMENT
C500 AND
MACHINERY

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COMPONENT Alaska Housing Finance Corporation

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CODE	EXPENDITURE CLASSIFICATION	Prior Year FY 88 Actual	Current Year FY 89 Auth.	Budget Year - FY 90		
				Adj. Base	Inc/ Dec.	Agency Request
75050	Land and Interest in Land					
75300	Buildings					
75500	Improvements Other Than Buildings					
75025	TOTAL LAND, BUILDING, NON-STRUCTURAL IMPROVEMENT					
	INTER-AGENCY TRANSFERS (NON-ADD)					
77100	Local Assistance, State Sources					
77240	Benefits to Individuals					
77350	Grants and Awards to Individuals					
77440	Grants, Other Agencies					
77570	Health Benefits					
77700	General Relief	505.1				
77000	TOTAL ASSISTANCE GRANTS AND BENEFITS	505.1				
	INTER-AGENCY TRANSFERS (NON-ADD)					

Code	Explanation	Adj Base	Inc/ Dec.
77700	Law Suit Settlement		

LAND, GRANTS
C700 AND
MISCELLANEOUS

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT Alaska Housing Finance Corporation

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000175

CODE	NAME OF EXPENDITURE ACCOUNT	Prior Year FY 88 Actual	Current Year FY 89 Auth.	Budget Year - FY 90		
				Adj. Base	Inc/ Dec.	Agency Request
73900	Other Expenditures and Services	239.0	243.6	243.6		243.6
	TOTAL INTER-AGENCY TRANSFERS	239.0	243.6	243.6		243.6

Code	Explanation		Adj Base	Inc/ Dec.
73900	RSA with Department of Environmental Conservation	243.6	243.6	

INTER AGENCY C22 TRANSFERS	AGENCY <u>Department of Revenue</u>	PAGE <u>2</u> OF <u>2</u> REV. DATE _____	FY - 90
	BRU <u>Alaska Housing Finance Corporation</u>		
	COMPONENT <u>Alaska Housing Finance Corporation</u>		

TYPE OF REVENUE	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	CURRENT YEAR FY 89 CASH ESTIMATE	FY 90 BUDGET YEAR			FY 91 ESTIMATE
				ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST	
RESTRICTED - FEDERAL RECEIPTS							
RESTRICTED - INTER-AGENCY RECEIPTS							
RESTRICTED - CIP RECEIPTS							
RESTRICTED - PROGRAM RECEIPTS							
RESTRICTED - OTHER	5723.7	5924.1	5924.1	6047.1		6047.1	
RESTRICTED - RECEIPTS TOTAL	5723.7	5924.1	5924.1	6047.1		6047.1	
UNRESTRICTED - RECEIPTS							
TOTAL RECEIPTS	5723.7	5924.1	5924.1	6047.1		6047.1	

C20 REVENUE SUMMARY

AGENCY Department of Revenue

BRU Alaska Housing Finance Corporation

COMPONENT Alaska Housing Finance Corporation

PAGE 1 OF 1

REV. DATE _____

FY - 90

000175

TYPE OF REVENUE: RESTRICTED - OTHER				NAME AND TELEPHONE NUMBER OF AGENCY CONTACT:						
FUNDING SOURCE	FUND	REVENUE ACCOUNT	COLLOCATION CODE	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	CURRENT YEAR FY 89 CASH ESTIMATE	FY 90 BUDGET YEAR			FY 91 ESTIMATE
							ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST	
01022				5723.7	5924.1	5924.1	6047.1		6047.1	
TOTAL				5723.7	5924.1	5924.1	6047.1		6047.1	
EXPLANATION (SEE INSTRUCTIONS):										

RESTRICTED
C21B REVENUE
DETAL

AGENCY Department of Revenue
BRU Alaska Housing Finance Corporation
COMPONENT Alaska Housing Finance Corporation

PAGE 1 OF 2
REV. DATE _____

FY - 90

000178



Save for AHFC budget presentation

520 East 34th St.
Anchorage, AK 99503
(907) 561-1900

P.O. Box 101020
Anchorage, AK 99510

TO: Board of Directors

Date: January 6, 1989

FROM: Mark K. Cameron
Finance Director

SUBJECT: Five-Year Liquidity Projection

Attached are several selected schedules providing overview information regarding the five-year liquidity projection for the Corporation. The projection is for discussion purposes only at this time.

You will note that the liquid assets of the Corporation decreases by \$61,257,000 from \$186,540,000 as of September 30, 1988 to \$125,283,000 as of June 30, 1993. The decrease is mainly due to subsidy for bond issuance.

It is important to note that the projections involve estimates of substantial sums the actual amounts of which are beyond the control of the Corporation. Specifically, the mortgage loan purchase estimates are totally dependent upon the delivery schedules of our Seller/ Servicers and the reissuance of Euro commercial paper assumes the dealers will be able to sell new paper providing funds the same day the existing commercial paper matures.

EC:nrs
CHA008

Attachments

ALASKA HOUSING FINANCE CORPORATION
FIVE-YEAR LIQUIDITY PROJECTION
FY 89 through FY 93

06-Jan-89

Summary

The aggregated liquid assets as of September 30, 1988 are \$186,540,000 and as of June 30, 1993, the projected aggregated amount is \$125,283,000. The total net decrease is \$61,257,000. The major components of the net change are summarized as follows:

	<u>Inc(decr)</u>
Subsidy for bond issuance	(443,530)
Collateral released from debt retirement	288,723
Long term investment matured	53,000
Interest earnings on loans & Investment	144,550
Interest on short-term borrowing	(67,500)
General & Administrative	(36,500)
 Net Decrease	 <u>(61,257)</u>

The Corporation has forecasted debt retirement through FY 1993, Any release of collateral is assumed to be used as subsidy for bond issuance.

ALASKA HOUSING FINANCE CORPORATION
FIVE-YEAR LIQUIDITY PROJECTION
FY 89 through FY 93

06-Jan-89

ASSUMPTIONS

- 1) Mortgage loan demand is based on the housing market trend and experience by program.
- 2) Federal tax exempt bond authorization unchanged from existing law. Assumes AHFC always can issue tax-exempt bonds.
- 3) Net annual investment earnings of approximately 8%.
- 4) Mortgage loan prepayments of 6% (Housing & Insured Mortg. Bonds)
- 5) The regular principal pay-down for housing mortgage bonds is 24% of the P & I payment which is approximately \$8.5 million per year, while the Insured Mortgage Bonds is 15% of approximately \$80 million a year.
- 6) Subsidy and sale costs are calculated as follows:

	Subsidy	Fees
HOAP	-- 10% if cash	1%
	20% if loans	
Tax-exempt	10% if cash	1%
Taxable	--22% incl cost	1%
Veterans	--15%	1.75%
- 7) Forecast of Debt Retirement

SAM A, F and FNMA note #2 were paid off in Dec 1988. \$180,723,000 of investment, loans and FNMA pools were released back to the Corp.

FNMA note # 1 will be paid off in February, 1989. \$10 million of pools will be released.

FNMA note # 5 will be paid off in FY 1990 . \$10 million of pools will be released

SAM D, H, M will be paid off in FY 1991. \$35 million of investment will be released back to the Corporation from SAM D, and \$15 million of good loans will be released from SAM D, H & M.

FNMA note # 3 will be paid off in FY 1991. \$10 million of pools will be released

SAM I, J, L, N and FNMA note # 4 will be paid off in FY 1992. \$15 million of good loans and \$10 million of pools will be released.

SAM K will be paid off in FY 1993. \$3 million of good loans will be released.
- 8) The P & I payments for the Revolving Fund is based on last 12 months per financial statement.
- 9) The Wells Fargo CD in the amount of \$53 million will mature on 11/29/91. The CD was a piece of the collateral for SAM B.

ALASKA HOUSING FINANCE CORPORATION
FIVE-YEAR LIQUIDITY PROJECTION
FY 89 through FY 93

06-Jan-89

Definitions

- a) Investment funds: Short-term investments which do not include some long-term securities in the amount of \$42 million.
- b) MBS pools: Mortgage-Backed Securities including FNMA, GNMA and FHLMC mortgage pools.
- c) Loans eligible to be pooled: Loans eligible for conversion to a FNMA, GNMA or FHLMC pool.
- d) Loans not required to be pooled: Generally HOAP loans, either subject to MGIC pool insurance or with AHFC at risk beyond PMI coverage.
- e) Claims Receivable: Receivable from FNMA, MGIC, VA, PMI etc. for expenses or advances related to REO properties.
- f) ECP: AHFC Euro commercial paper program which was increased from \$150 million to \$200 million in December, 1988. The interest rate generally is LIBOR + 2 basis points.
- g) Reverse repurchase agreement--Rev. Repo-Uses of AHFC's GNMA/FNMA/FHLMC pools as collateral to borrow on a short term basis.
- h) Other Liabilities: Includes accounts payable, accrued interest and other expenses payable from the Corporation's general account.

Source of Funds:

- i) Projected loans to be pooled: Represents qualified loans anticipate to be converted to FNMA/GNMA/FHLMC pools.
- j) Investment earnings: Interest earned and received during the month. Recently, investments generally mature within one month.
- k) FNMA conveyance: Assumes reimbursement for FNMA foreclosed loan removals within 30 days.
- l) Subsidy released from bond issue: Investment, cash, mortgage loans, etc., released back to the Corporation when a FNMA note or an entire bond issue is paid off.
- m) Series loan funding: Represents the sale of mortgage loans and/or MBS pools from the Corporation to a bond series.

ALASKA HOUSING FINANCE CORPORATION
FIVE-YEAR LIQUIDITY PROJECTION
FY 89 through FY 93

06-Jan-89

Use of Funds:

- n) Loan purchased: Assumes 1/3 of HOAP loans purchased eligible to be pooled into FNMA MBSs and 2/3 not required to be pooled.
- o) FNMA foreclosed loans removal: Represents funds advanced to remove loans from FNMA pools due to foreclosure, which is done before the end of the month. The advance is recorded as a Claims Receivable and usually will be reimbursed within 30 to 60 days.
- p) Subsidy transfer for bonds issued: The transfer of securities, cash or loans from the Corporation to a new bond issue on closing for underwriting costs, bond assurance premium, debt service reserve and over-collateralization, etc..

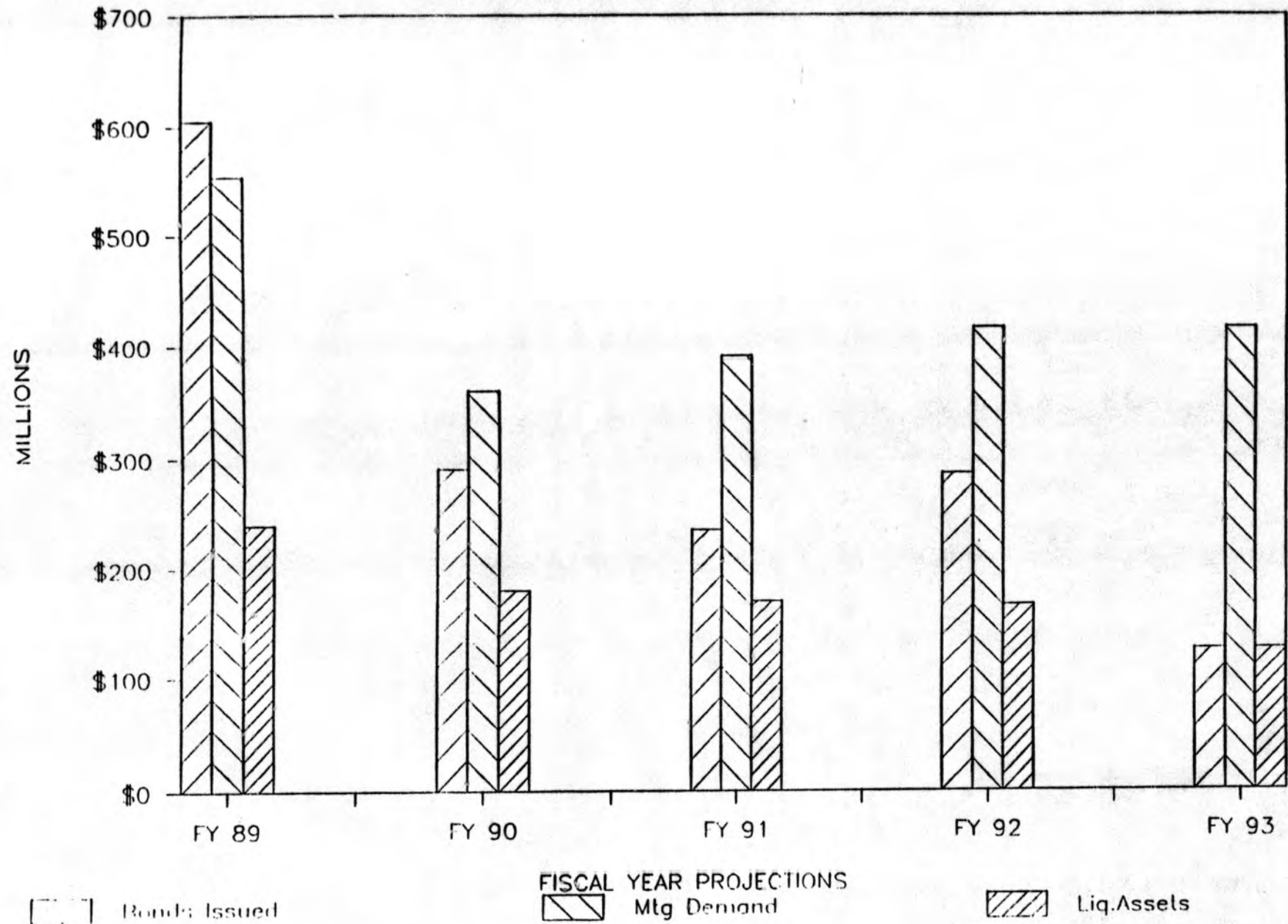
ALASKA HOUSING FINANCE CORPORATION
SUMMARY OF RESIDENTIAL FINANCING RELATED ACTIVITY
(\$ in millions)

FY	Bonds Issued	Estimated Mortgage Demand-all Programs	Related Subsidy Transfer	Revolving Fund Liquid Assets End of FY
FY 89	605.00	553.75	143.73	240.08
FY 90	290.00	360.00	78.93	179.65
FY 91	235.00	390.00	78.59	169.56
FY 92	285.00	415.00	90.09	165.97
FY 93	125.00	414.00	52.19	125.28
	1,540.00	2,132.75	443.51	N/A

give down to
about 1/2 of what
I currently is

ALASKA HOUSING FINANCE CORPORATION

FINANCING ACTIVITIES AND LIQUID ASSETS



ALASKA HOUSING FINANCE CORPORATION
LIQUID ASSET PROJECTION
(\$ in thousands)

NINE MONTHS ENDING
JUNE 30, 1989

06-Jan-89	Investment Funds	MBS Pools	Loans eligible to be pooled	Loans not required to be pooled	Claims Receivable	ECP	Reverse Repurchase Agreement	Other Liabilities	Total
	(a)		(b)	(b)					(a)
BEG. BALANCE	38,149	62,151	83,921	104,318	25,560	(88,000)	(26,592)	(12,967)	186,540
SOURCE OF FUNDS									
Projected loans to be pooled		160,000	(160,000)						0
Short term debt issuance:									
Addl Reverse Repos issued	55,000						(55,000)		0
Addl ECP borrowing	65,000					(65,000)			0
Reissuance of maturing ECP	249,000					(249,000)		(13,500)	(13,500)
Loan revenue:									
Principal	32,100	(8,025)		(24,075)					0
Interest	23,200								23,200
Investment earnings	1,350								1,350
FNMA conveyances	45,000				(45,000)				0
REO expense reimbursement	31,500				(31,500)				0
Subsidy released from bond issues	16,052	20,000		154,671					190,723
Series loan funding									0
HOAP	233,853	(29,232)		(204,621)					0
Tax exempt	51,829	(51,829)							0
Taxable	115,225	(115,225)							0
Veterans-VMP	30,000	(30,000)							0
Recycling under Ins. Mortg Bonds	60,000			(60,000)					0
	1,009,109	(54,311)	(160,000)	(134,025)	(76,500)	(314,000)	(55,000)	(13,500)	201,773
USE OF FUNDS									
Loan purchased:									
HOAP I purchases	(49,700)		16,567	33,133					0
Bi-monthly purchases (incl HOAP II)	(469,050)		156,350	312,700					0
Others			0	0					0
Note purchased	(2,700)			2,700					0
FNMA foreclosed loan removal	(45,000)				45,000				0
Subsidy transfer for bonds issued	(76,730)			(67,000)					(143,730)
Interfund transfers									0
Retirement of short term debt									
Repayment of ECP	(249,000)					249,000			0
Repayment of Rev. Repos	(81,592)						81,592		0
REO expenses	(36,000)				36,000				0
G & A expenses	(4,500)								(4,500)
Interest expense	(10,000)							10,000	0
	(1,024,272)	0	172,917	281,533	81,000	249,000	81,592	10,000	(148,230)
Net increase (decrease) of funds	(15,163)	(54,311)	12,917	147,503	4,500	(65,000)	26,592	(3,500)	53,543
ENDING BALANCE	22,986	7,840	96,838	251,826	30,060	(153,000)	0	(16,467)	240,083

Note (a): This amount does not include \$42.1 million long-term investment

Note (b): These amount do not include loans which are ineligible for pledge to outstanding bond issues.

ALASKA HOUSING FINANCE CORPORATION
LIQUID ASSET PROJECTION
(\$ in thousands)

FY ENDING JUNE 30, 1990

06-Jan-89	Investment Funds	MBS Pools	Loans eligible to be pooled	Loans not required to be pooled	Claims Receivable	ECP	Reverse Repurchase Agreement	Other Liabilities	Total
	(a)		(b)	(b)					(a)
BEG. BALANCE	22,986	7,840	96,838	251,826	30,060	(153,000)	0	(16,467)	240,083
SOURCE OF FUNDS									
Projected loans to be pooled		220,000	(220,000)						0
Short term debt issuance:									
Addl Reverse Repos issued	50,000						(50,000)		0
Addl ECP borrowing									0
Reissuance of maturing ECP	350,000					(350,000)		(13,500)	(13,500)
Loan revenue:									
Principal	30,000	(7,500)		(22,500)					0
Interest	28,800								28,800
Investment earnings	1,200								1,200
FNMA conveyances	60,000				(60,000)				0
REO expense reimbursement	48,000				(48,000)				0
Subsidy released from bond issues		10,000							10,000
Series loan funding									0
HOAP	310,000	(77,500)		(232,500)					0
Tax exempt	60,000	(60,000)							0
Taxable	50,000	(50,000)							0
Veterans-VMP	30,000	(30,000)							0
Recycling under Ins. Mortg Bonds	0								0
	1,018,000	5,000	(220,000)	(255,000)	(108,000)	(350,000)	(50,000)	(13,500)	26,500
USE OF FUNDS									
Loan purchased:									
HOAP I purchases	0		0	0					0
Bi-monthly purchases									0
(incl HOAP II)	(35,000)			35,000					0
Others	(325,000)		325,000						0
Note purchased	(4,200)			4,200					0
FNMA foreclosed loan removal	(60,000)				60,000				0
Subsidy transfer for bonds issued	(78,930)								(78,930)
Interfund transfers	0								0
Retirement of short term debt									0
Repayment of ECP	(400,000)					400,000			0
Repayment of Rev. Repos	(50,000)						50,000		0
REO expenses	(48,000)				48,000				0
G & A expenses	(8,000)								(8,000)
Interest expense	(10,000)							10,000	0
	(1,019,130)	0	325,000	39,200	108,000	400,000	50,000	10,000	(86,930)
Net increase (decrease) of funds	(1,130)	5,000	105,000	(215,800)	0	50,000	0	(3,500)	(60,430)
ENDING BALANCE	21,856	12,840	201,838	36,026	30,060	(103,000)	0	(19,967)	179,653

501 ↓ 502

Note (a): This amount does not include \$42.1 million long-term investment
Note (b): These amount do not include loans which are ineligible for pledge to outstanding bond issues.

ALASKA HOUSING FINANCE CORPORATION
LIQUID ASSET PROJECTION
(\$ in thousands)

FY ENDING JUNE 30, 1991

06-Jan-89	Investment Funds	MBS Pools	Loans eligible to be pooled	Loans not required to be pooled	Claims Receivable	ECP	Reverse Repurchase Agreement	Other Liabilities	Total
	(a)		(b)	(b)					(a)
BEG. BALANCE	21,856	12,840	201,838	36,026	30,060	(103,000)	0	(19,967)	179,653
SOURCE OF FUNDS									
Projected loans to be pooled		360,000	(360,000)						0
Short term debt issuance:									
Addl Reverse Repos issued	20,000						(20,000)		0
Addl ECP borrowing	20,000					(20,000)			0
Reissuance of maturing ECP	250,000					(250,000)		(13,500)	(13,500)
Loan revenue:									
Principal	30,000	(7,500)		(22,500)					0
Interest	28,800								28,800
Investment earnings	1,200								1,200
FNMA conveyances	60,000				(60,000)				0
REO expense reimbursement	48,000				(48,000)				0
Subsidy released from bond issues	35,000	10,000		15,000					60,000
Series loan funding									
HOAP	0			0					0
Tax exempt	65,000	(65,000)							0
Taxable	250,000	(250,000)							0
Veterans-VMP	30,000	(30,000)							0
Recycling under Ins. Mortg Bonds	0			0					0
	838,000	17,500	(360,000)	(7,500)	(108,000)	(270,000)	(20,000)	(13,500)	76,500
USE OF FUNDS									
Loan purchased:									
HOAP I purchases	0		0	0					0
Bi-monthly purchases									0
(incl HOAP II)	0		0	0					0
Others	(390,000)		390,000						0
Note purchased	(4,200)			4,200					0
FNMA foreclosed loan removal	(60,000)				60,000				0
Subsidy transfer for bonds issued	(78,590)								(78,590)
Interfund transfers									0
Retirement of short term debt									
Repayment of ECP	(250,000)					250,000			0
Repayment of Rev. Repos									0
REO expenses	(48,000)				48,000				0
G & A expenses	(8,000)								0
Interest expense	(10,000)							10,000	(8,000)
	(848,790)	0	390,000	4,200	108,000	250,000	0	10,000	(86,590)
Net increase (decrease) of funds	(10,790)	17,500	30,000	(3,300)	0	(20,000)	(20,000)	(3,500)	(10,090)
ENDING BALANCE	11,066	30,340	231,838	32,726	30,060	(123,000)	(20,000)	(23,467)	169,563

Note (a): This amount does not include \$42.1 million long-term investment

Note (b): These amount do not include loans which are ineligible for pledge to outstanding bond issues.

↑ 20

ALASKA HOUSING FINANCE CORPORATION
LIQUID ASSET PROJECTION
(\$ in thousands)

FY ENDING JUNE 30, 1992

06-Jan-89	Investment Funds	MBS Pools	Loans eligible to be pooled	Loans not to be pooled	Claims Receivable	ECP	Reverse Repurchase Agreement	Other Liabilities	Total
BEG. BALANCE	11,066	30,340	231,838	32,726	30,060	(123,000)	(20,000)	(23,467)	169,563
SOURCE OF FUNDS									
Projected loans to be pooled		400,000	(400,000)						0
Short term debt issuance:									
Addl Reverse Repos issued	45,000						(45,000)		0
Addl ECP borrowing	40,000					(40,000)			0
Reissuance of maturing ECP	250,000					(250,000)		(13,500)	(13,500)
Loan revenue:									
Principal	30,000	(22,500)		(7,500)					0
Interest	28,800								28,800
Investment earnings	1,200								1,200
FNMA conveyances	60,000				(60,000)				0
REO expense reimbursement	48,000				(48,000)				0
Subsidy released from bond issues		10,000		15,000					25,000
Long-term investment maturing	53,000								53,000
Series loan funding				0					0
Tax exempt	50,000	(50,000)							0
Taxable	300,000	(300,000)							0
Veterans-VMP	30,000	(30,000)							0
Recycling under Ins. Mortg Bonds				0					0
	936,000	7,500	(400,000)	7,500	(108,000)	(290,000)	(45,000)	(13,500)	94,500
USE OF FUNDS									
Loan purchased:									
HOAP I purchases									0
Bi-monthly purchases									0
(Incl HOAP II)									0
Others	(415,000)		415,000						0
Note purchased	(4,200)			4,200					0
FNMA foreclosed loan removal	(60,000)				60,000				0
Subsidy transfer for bonds issued	(90,090)								(90,090)
Interfund transfers									0
Retirement of short term debt									0
Repayment of ECP	(250,000)					250,000			0
Repayment of Rev. Repos	(50,000)						50,000		0
REO expenses	(48,000)				48,000				0
G & A expenses	(8,000)								(8,000)
Interest expense	(10,000)							10,000	0
	(935,290)	0	415,000	4,200	108,000	250,000	50,000	10,000	(98,090)
Net increase (decrease) of funds	710	7,500	15,000	11,700	0	(40,000)	5,000	(3,500)	(3,590)
ENDING BALANCE	11,776	37,840	246,838	44,426	30,060	(163,000)	(15,000)	(26,967)	165,973

Note (a): These amounts do not include loans which are ineligible for pledge to outstanding bond issues.

ECP ↑ 10

ALASKA HOUSING FINANCE CORPORATION
LIQUID ASSET PROJECTION
(\$ in thousands)

FY ENDING JUNE 30, 1993

06-Jan-89	Investment Funds	MBS Pools	Loans eligible to be pooled (a)	Loans not required to be pooled (a)	Claims Receivable	ECP	Reverse Repurchase Agreement	Other Liabilities	Total (a)
BEG. BALANCE	11,776	37,840	246,838	44,426	30,060	(163,000)	(15,000)	(26,967)	165,973
SOURCE OF FUNDS									
Projected loans to be pooled		420,000	(420,000)						0
Short term debt issuance:									
Addl Reverse Repos issued	65,000						(65,000)		0
Addl ECP borrowing	35,000				(35,000)				0
Reissuance of maturing ECP	260,000				(260,000)			(13,500)	(13,500)
Loan revenue:									
Principal	30,000	(22,500)		(7,500)					0
Interest	28,800								28,800
Investment earnings	1,200								1,200
FNMA conveyances	60,000				(60,000)				0
REO expense reimbursement	48,000				(48,000)				0
Subsidy released from bond issues				3,000					3,000
Long-term investment maturing									0
Series loan funding				0					0
Tax exempt	50,000	(50,000)							0
Taxable	300,000	(300,000)							0
Veterans-VMP	30,000	(30,000)							0
Recycling under Ins. Mortg Bonds				0					0
	908,000	17,500	(420,000)	(4,500)	(108,000)	(295,000)	(65,000)	(13,500)	19,500
USE OF FUNDS									
Loan purchased:									0
HOAP I purchases									0
Bi-monthly purchases (incl HOAP II)									0
Others	(414,000)		414,000						0
Note purchased	(4,200)			4,200					0
FNMA foreclosed loan removal	(60,000)				60,000				0
Subsidy transfer for bonds issued	(52,190)								(52,190)
Interfund transfers									0
Retirement of short term debt									0
Repayment of ECP	(260,000)					260,000			0
Repayment of Rev. Repos	(50,000)						50,000		0
REO expenses	(48,000)				48,000				0
G & A expenses	(8,000)								(8,000)
Interest expense	(10,000)							10,000	0
	(906,390)	0	414,000	4,200	108,000	260,000	50,000	10,000	(60,190)
Net increase (decrease) of funds	1,610	17,500	(6,000)	(300)	0	(35,000)	(15,000)	(3,500)	(40,690)
ENDING BALANCE	13,386	55,340	240,838	44,126	30,060	(198,000)	(30,000)	(30,467)	125,283

Note (a): These amount do not include loans which are ineligible for pledge to outstanding bond issues.

ECF ↑ 35

ALASKA HOUSING FINANCE CORPORATION
Schedule of Prepayment
\$ in million

	Beg. Loan Balance	Prepayt 6%	Regular Pay Down	Ending Loan Balance	Mortg & Investmt Funds	Investmt Yield	Earnings
1989 (9/30/88)							
Housing Mortgage Bonds	78.50	3.53	1.53	73.44	115.40	8.00%	6.92
Insured Mortgage Bonds	652.75	29.37	9.00	614.38	888.81	8.00%	53.33
	731.25	32.91	10.53	687.82	1,004.21		60.25
1990							
Housing Mortgage Bonds	73.44	4.41	2.04	66.99	110.34	8.00%	8.83
Insured Mortgage Bonds	614.38	36.86	12.00	565.52	850.43	8.00%	68.03
	687.82	41.27	14.04	632.51	960.77		76.86
1991							
Housing Mortgage Bonds	66.99	4.02	2.04	60.93	103.89	8.00%	8.31
Insured Mortgage Bonds	565.52	33.93	12.00	519.59	801.57	8.00%	64.13
	632.51	37.95	14.04	580.52	905.46		72.44
1992							
Housing Mortgage Bonds	60.93	3.66	2.04	55.23	97.83	8.00%	7.83
Insured Mortgage Bonds	519.59	31.18	12.00	476.41	755.64	8.00%	60.45
	580.52	34.83	14.04	531.65	853.47		68.28
1993							
Housing Mortgage Bonds	55.23	3.31	2.04	49.88	92.13	8.00%	7.37
Insured Mortgage Bonds	476.41	28.58	12.00	435.83	712.46	8.00%	57.00
	531.65	31.90	14.04	485.71	804.60		64.37

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ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage demand and Proposed Bond Financing

Nine months ending June 30, 1989
(in millions)

	Mortgage Loan Funds Available 9/30/88	Program Repayments and Earnings	Bond Proceeds	Overcollateralization Transfer				Estimated Mtg. Demand Nine months Ending 6/30/89	Mortgage Loan Funds Available 06/30/89
				Sales Cost	Reserve Account	MLF	Subsidy Allocation		
Bonded Programs									
HOAP	0.00		250.00	2.50	10.00	50.00 (loans)		307.50	0.00
Tax-exempt-1/MB	35.25		85.00 11/88 110.00 06/89						
	35.25		195.00	1.95		19.50		56.25	191.55
Taxable	50.80	103.69	100.00	1.00	5.00	17.00 (loans)	6.63	112.50	169.61
Veterans-VMP	36.30		50.00	0.88		7.50	(6.63)	22.50	63.80
Condo Stabilization	50.00							20.00	30.00
Recycling Programs(IMBs)									
LIFE			10.00	0.20		3.20		10.00	3.00
Non-conforming						5.00		5.00	0.00
Direct Funded Programs									
Mobile						5.00		5.00	0.00
Second						2.00		2.00	0.00
Other Uses of Funds									
Exchange Program Expenses						3.00		3.00	0.00
Condo Stabilization Expenses						10.00		10.00	0.00
Operating Budget increase **									
	172.35	103.69	605.00	6.53	15.00	122.20	0.00	553.75	457.96

** Absorbed by non-trusted accounts

ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage demand and Proposed Bond Financing

Fiscal year ending June 30, 1990
(in millions)

	Mortgage Loan Funds Available	Program Repayments and Earnings	Bond Proceeds	Overcollateralization Transfer				Estimated Mtg. Demand 12 months Ending 06/30/90	Mortgage Loan Funds Available 06/30/90
				Sales Cost	Reserve Account	MLF	Subsidy Allocation		
Bonded Programs									
HOAP	0.00								0.00
Tax-exempt-HMB	191.55		100.00	12/1 1.00		10.00		75.00	225.55
Taxable	169.61	132.17	150.00	1.50	7.50	25.50	3.98	200.00	287.26
Veterans-VMP	63.80		30.00	0.53		4.50	(3.98)	30.00	63.80
Condo Stabilization	30.00							20.00	10.00
Recycling Programs(IMBs)									
LIFE	3.00		10.00	0.20		3.20		10.00	6.00
Non-conforming						5.00		5.00	0.00
Direct Funded Programs									
Mobile						5.00		5.00	0.00
Second						2.00		2.00	0.00
Other Uses of Funds									
Exchange Program Expenses						3.00		3.00	0.00
Condo Stabilization Expenses						10.00		10.00	0.00
Operating Budget increase									
	457.96	132.17	290.00	3.23	7.50	68.20	0.00	360.00	592.61

** Absorbed by non-trusted accounts

ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage demand and Proposed Bond Financing

Fiscal year ending June 30, 1991
(in millions)

	Mortgage Loan Funds Available	Program Repayments and Earnings	Bond Proceeds	Overcollateralization Transfer				Estimated Mtg. Demand 12 months Ending 6/30/91	Mortgage Loan Funds Available 06/30/91
				Sales Cost	Reserve Account	MLF	Subsidy Allocation		
Bonded Programs									
HOAP	0.00								0.00
Tax-exempt-HMB	225.55							65.00	160.55
Taxable	287.26	124.43	200.00	2.00	10.00	34.00	3.31	250.00	407.00
Veterans-VMP	63.80		25.00	0.44		3.75	(3.31)	30.00	58.80
Condo Stabilization	10.00							10.00	0.00
Recycling Programs(IMBs)									
LIFE	6.00		10.00	0.20		3.20		10.00	9.00
Non-conforming						5.00		5.00	0.00
Direct Funded Programs									
Mobile						5.00		5.00	0.00
Second						2.00		2.00	0.00
Other Uses of Funds									
Exchange Program Expenses						3.00		3.00	0.00
Condo Stabilization Expenses						10.00		10.00	0.00
Operating Budget increase									
	592.61	124.43	235.00	2.64	10.00	65.95	0.00	390.00	635.35
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** Absorbed by non-trusted accounts