

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1610 SCOMM 60 • HOUSING FINANCE TASK FORCE, • 1989

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Notes to Combined Financial Statements

4. Allowance for Loan Losses and Insurance Fund Reserve for Loan Losses

A summary of the combined activity in the allowance for loan losses and the Insurance Fund reserve for loan losses follows (in thousands of dollars):

	Allowance for Loan Losses	Insurance Funds Reserve for Loan Losses	Combined
Balance July 1, 1986	\$18,450	-	18,450
Provision	12,528	6,272	18,800
Net Loans Charged Off	13,453	687	14,140
Balance June 30, 1987	\$17,525	5,585	23,110
Provision	36,620	9,506	46,126
Net Loans Charged Off	12,942	3,353	16,295
Balance June 30, 1988	<u>\$41,203</u>	<u>11,738</u>	<u>52,941</u>

Management believes that the allowance is currently adequate to absorb known and inherent risks in the loan portfolio after consideration of the various insurance and guarantee programs in effect.

In connection with the establishment of various lending programs, the State Mortgage Insurance Fund, Rural Housing Hazard Insurance Fund, Rural Housing Title Insurance Funds and Rental Account of the Housing Mortgage Insurance Fund were created for the exclusive purpose of insuring the acquired mortgages and the Corporation's interest in the related property. The activity in the Reserve for Loan Losses for these Funds is reflected above.

5. Mortgage Bonds and Notes Payable

With the exception of the State Guaranteed Bonds, the Corporation's obligations are not a debt of the State and the State is not directly liable thereon. The State Guaranteed Bonds are backed by the full faith and credit of the State. Bonds outstanding at June 30, 1988 and 1987 are as follows (in thousands of dollars):

	Original Amount	June 30 1988	1987
Housing Mortgage Bonds:			
1972 Series A, 5.4% to 5.8%, due 1988-2002	\$ 13,500	9,510	9,905
1973 Series A, 5.5% to 5.75%, due 1988-2002	13,000	9,205	9,590
1973 Series B, 5.8% to 7%, due 1988-2003	36,000	26,845	27,820
1975 Series A, 7% to 8.75%, due 1988-2005	35,000	28,370	29,175
1975 Series B, 7.3% to 7.75%, due 1988-2005	12,000	9,730	10,000
Total Housing Mortgage Bonds at par	109,500	83,660	86,490
Unamortized discount		(156)	(172)
Net Housing Mortgage Bonds		83,504	86,318

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	June 30 1988	1987
Insured Mortgage Bonds:			
1975 First Series, 7.9% to 9%, due 1988-2005	5,000	4,280	4,375
1976 First Series, 7% to 7.5%, due 1988-2006	20,000	17,250	17,630
1976 Second Series, 6.8% to 7.125%, due 1988-2006	25,000	21,725	22,155
1977 First Series, 5.8% to 6.625% due 1988-2007	35,000	29,025	29,740
1977 Second Series, 5.6% to 6.5%, due 1988-2007	48,000	40,030	41,050
1977 Third Series, 5.3% to 6.125% due 1988-2007	40,000	32,825	33,775
1978 First Series, 5.5% to 6.375%, due 1988-2007	47,225	40,750	41,650
1978 Second Series, 6.3% to 7.5%, due 1988-2007	55,000	47,850	48,815
1978 Third Series, 6.1% to 7.125% due 1988-2008	44,000	38,700	39,490
1979 First Series, 6.25% to 7.3%, due 1988-2008	60,000	53,750	54,750
1979 Second Series, 6.05% to 7.125%, due 1988-2008	105,000	93,000	94,800
1980 First Series, 7.45% to 8.75%, due 1988-2009	39,400	36,545	37,055
1980 Second Series, 7% to 9.2%, due 1988-2010	230,000	213,030	215,910
1980 Third Series, 9% to 11%, due 1988-2009	230,000	146,950	175,675
Total Insured Mortgage Bonds at par	983,625	815,710	856,870
Unamortized discount		(12,743)	(14,343)
Net Insured Mortgage Bonds		802,967	842,527
Insured Rural Mortgage Bonds:			
1979 First Series, 7.5%, issued without discount to the State	5,600	-	2,592
1980 First Series, 7.5%, issued without discount to the State	4,400	-	2,643
Total Insured Rural Mortgage Bonds	10,000	-	5,235
State Assisted Mortgage Bond:			
Series A, 16.25%, due 1993-1999	150,000	60,000	60,000
Series D, 17.75%, and Series E, 18.375%, due 1988-1991	150,000	30,837	41,114
Series F, 15.25%, due 1992	225,000	3,080	22,402
Series H, 11.75%, due 1992	50,000	16,903	20,657
Series I, 11.5%, due 1991-1993	50,000	24,719	28,486
Series J, 11.375%, due 1991-1993	50,000	24,255	28,383
Series K, 10.75%, due 1988-1993	75,000	39,984	45,118
Series L, 11.5%, due 1988-1993	75,000	31,842	37,114
Series M, 12.875%, due 1988-1993	75,000	23,326	28,285
Series N, 12.3%, due 1988-1993	75,000	29,907	34,798
Series O, 12.3%, due 1989-1997	50,000	50,000	50,000
Series P, 10%, due 1989-1998	50,000	50,000	50,000
Series Q, 8.25%, due 1989-1998	50,000	47,000	50,000
Total State Assisted Mortgage Bonds at par	1,125,000	431,853	497,037
Unamortized discount		(4,393)	(5,569)
Net State Assisted Mortgage Bonds		427,460	491,468

Notes to Combined Financial Statements

	Original Amount	June 30 1988	1987
Home Mortgage Bonds:			
1981 First Series, 11.2% to 12.75%, due 1988-2001	100,000	43,845	51,930
1981 Second Series, 11.5% to 13.375%, due 1988-2012	100,000	61,835	69,720
1982 First Series, 9.5% to 11.865%, due 1988-2001	85,000	49,095	53,606
1982 Second Series, 8.75% to 10.848%, due 1988-2000	100,000	66,551	71,054
1983 First Series, 7.75% to 10.5%, due 1988-2001	75,000	54,075	57,060
1983 Second Series, 7.5% to 10.63%, due 1988-2010	125,000	96,094	104,684
Collateralized 1984 Series A, 10.5% to 10.625%, due 2003-2019	75,000	57,105	65,865
Collateralized 1985 Series B, 8.875%, due 2004-2021	102,445	68,475	75,515
Collateralized 1986 Series A, 8.375%, due 2000-2016	50,000	50,000	50,000
Collateralized 1986 Series B, Floating Rate, due 2000-2016	50,000	-	50,000
Collateralized 1987 Series A, Floating Rate, due 1997-2003	67,000	67,000	67,000
Collateralized 1987 Series B, 6.25% to 8.75%, due 2016	50,000	50,000	-
Total Home Mortgage Bonds at par	979,445	664,075	716,434
Unamortized premium		8,333	2,844
Net Home Mortgage Bonds		672,408	719,278
State Guaranteed Bonds:			
1983 First Series, 6.50% to 9%, due 1988-2002	50,000	35,200	37,900
1983 Second Series, 6.7% to 8.25%, due 1988-2001	125,000	88,815	97,395
1983 Third Series, 7.25% to 9.25%, due 1988-2001	75,000	54,780	60,320
1983 Fourth Series, 7.75% to 10%, due 1988-2001	100,000	59,315	66,305
1983 Fifth Series, 7.4% to 9.75%, due 1988-2001	50,000	33,615	36,595
1983 Sixth Series, 7.8% to 10%, due 1988-2001	75,000	51,225	56,180
1984 First Series, 7.25% to 9.88%, due 1988-2014	130,000	95,415	105,470
1984 Second Series, 8.5% to 11.88%, due 1988-2014	100,000	49,220	56,505
Collateralized 1984 First Series, 9.50% to 10.25%, due 1996-2015	100,000	68,865	81,340
Collateralized 1984 Second Series, 10% to 10.125%, due 2003-2019	302,500	71,675	79,490
Collateralized 1985 First Series, 8.5% to 9.875%, due 2004-2020	150,000	100,000	150,000
Collateralized Bonds 1988 First Series, 5.5% to 8.10%, due 1991-2020	50,000	50,000	-
Total State Guaranteed Bonds at par	1,307,500	758,125	827,500
Unamortized discount		(13,772)	(15,203)
Net State Guaranteed Bonds		744,353	812,297

Notes to Combined Financial Statements

	Original Amount	June 30 1988	1987
Medium Term Notes and Secured Bonds:			
Secured Bonds, 1986 Series A, 8.25%, due 1989-2001	100,000	100,000	100,000
Medium Term Notes, Series 1986-1, 7.70% to 9.25%, due 1988-1996 and Secured Bonds, 1986 Series B, 9.30%, due 1996-2001	125,000	117,786	125,000
Medium Term Notes, Series 1986-2, 7.95% to 9.20%, due 1988-1996 and Secured Bonds, 1986 Series C, 9.25%, due 1996-2001	125,000	116,800	125,000
Medium Term Notes, Series 1986-3, 6.40% to 7.918%, due 1988-1996 and Secured Bonds, 1986 Series D, 8.625%, due 1996-2001	125,000	125,000	125,000
Medium Term Notes, Series 1986-4, 6.50% to 8.35%, due 1988-1996 and Secured Bonds, 1986 Series E, 8.75%, due 1996-2001	125,000	125,000	125,000
Total Medium Term Notes and Secured Bonds	600,000	584,586	600,000
Unamortized discount		(2,090)	(3,625)
Net Medium Term Notes and Secured Bonds		582,496	596,375
Floating Rate Notes:			
Variable interest rates (8.795% at June 30, 1988) due 1988-2001	125,000	119,000	125,000
Unamortized discount		(39)	(46)
Net Floating Rate Notes		118,961	124,954
Mortgage-Backed Bonds:			
Series 1987-1, 9.7%, due 1994; Floating Rate Mortgage-Backed Bonds, Series 1987-1, due 1992, 8.3% at June 30, 1988	62,000	62,000	-
Medium Term Notes, Series 1987-1, 8.5% to 9.8%, due 1989-1996; Z Bonds, Series 1987-1, 9% due 1989-1996; Floating Rate Notes, Series 1987-1, due 1989-1996, 7.8625% at June 30, 1988	100,000	100,000	-
Unamortized discount		(2,833)	-
		97,167	-
Residential Mortgage Bonds:			
Series A, 8.73%, due 1988-1991	25,000	20,000	25,000
Series B, 8.60%, due 1988-1991	25,000	25,000	25,000
Series C, 7.88%, due 1989-1992	15,000	15,000	15,000
Total Residential Mortgage Bonds	65,000	60,000	65,000

Notes to Combined Financial Statements

	Original Amount	June 30 1988	1987
Fairbanks North Star Borough Residential Mortgage Bonds:			
Series 1982, 10.75% to 12.75%, due 1988-2002	35,000	15,685	19,305
Unamortized discount		(89)	(167)
Net Fairbanks North Star Borough Residential Mortgage Bonds		15,596	19,138
Alaska Housing Finance Corporation Overseas Finance N.V. Guaranteed Bonds:			
Series E-1, 11.75%, due 1988-1994	100,000	61,395	77,073
Unamortized discount		(834)	(1,202)
Net Alaska Housing Finance Corporation Overseas Finance N.V. Guaranteed Bonds		60,561	75,871
Home Owners Assistance Program (HOAP):			
Medium Term Notes, Series 1988-1, 8.55% to 9.80%, due 1990-1997; Secured Bonds, Series F, 10.30%, due 2003; Secured Bonds, Series G, 10.55%, due 2018; Z Bonds, Series 1988-1, 9.00%, due 2018; and Floating Rate Notes, Series 1988-1, due 2018, 7.875% at June 30 1988	110,000	110,000	-
Collateralize-1 Mortgage Obligations, Series 1988-1, 8.5% to 9.00%, due 2000-2006	75,000	75,000	-
Total Home Owners Assistance Program	185,000	185,000	-
Unamortized discount		(6,096)	-
Net Home Owners Assistance Program		178,904	-
Federal National Mortgage Association (FNMA) Notes:			
Collateral Note, 1985 First Series, 13.61%, due 1988-2000	50,000	13,922	21,406
Collateral Note, 1985 Second Series, 13.94%, due 1988-2000	50,000	8,041	16,971
Collateral Note, 1985 Third Series, 13.54%, due 1988-2000	75,000	28,862	42,432
Collateral Note, 1985 Fourth Series, 12.79%, due 1988-2000	75,000	34,651	47,945
Collateral Note, 1985 Fifth Series, 11.93%, due 1988-2000	50,000	23,386	29,567
Total Collateral Notes at par	300,000	108,862	158,321
Unamortized discount		(5,540)	(5,715)
Net Collateral Notes		103,322	152,606
	<u>\$6,087,070</u>	<u>4,009,699</u>	<u>3,991,067</u>

Notes to Combined Financial Statements

The bonds and notes are secured, as described in the applicable agreements, by the revenues, moneys, investments, mortgage loans and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation. Additionally, a Special Pledged Fund (approximately \$8,633,000 at June 30, 1988, and \$9,166,000 at June 30, 1987) consisting of permitted investments and cash held by the State Commissioner of Revenue is available and pledged to the Housing Mortgage Program Bonds in addition to the assets held in the Housing Mortgage Bond Fund. This Special Pledged Fund is not reflected in the accompanying combined financial statements.

The bonds are generally subject to certain early redemption provisions, both mandatory and at the option of the Corporation.

The minimum principal payments, including sinking fund principal payments related to all bond and note indebtedness in the immediately preceding schedule (except FNMA Notes), for the five years subsequent to June 30, 1988 and thereafter, are as follows (in thousands of dollars):

Year Ending June 30	Amount
1989	\$ 123,572
1990	153,424
1991	188,570
1992	197,598
1993	318,329
Thereafter	2,959,596
	<u>\$3,941,089</u>

FNMA Notes are held by FNMA and are secured by FNMA Mortgage Backed Securities (MBSs). The related security agreement was modified May 19, 1988, requiring computation of the Required Collateral Amount, as defined in the amendment to the agreement on a semi-annual basis beginning June 1, 1988. The effect of the amendment is to prevent the release of collateral unless the Required Collateral Amount would remain available. The Amendment effectively terminates on May 18, 1995. Principal reductions are required monthly on these notes in an amount approximately equal to the revenues related to the mortgages underlying the MBSs, less interest on the FNMA notes.

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary in connection with amounts required for debt service or unpaid bond principal. Varying commitment fees are required, generally $\frac{1}{4}$ to $\frac{1}{2}$ of 1% per annum of the aggregate liability or commitment amount.

The \$35,000,000 Fairbanks North Star Borough Residential Mortgage Bond Program is administered by the Corporation, and the bonds are secured in substantially the same manner as bonds issued by the Corporation except that they are not secured by the faith and credit of the Corporation; they are a special obligation of the Fairbanks North Star Borough. Upon retirement of these bonds, all assets remaining in the program revert to the Corporation.

In connection with the issuance of the \$125,000,000 Floating Rate Notes (Notes) the Corporation entered into certain interest rate swap agreements. The terms of the agreements provide that other parties will pay to the Corporation an amount equal to the interest due on the Notes based upon their floating rate. In return, the Corporation will pay to those parties an amount equal to 8.795% of the outstanding principal balance of the Notes.

Financial covenants of the Home Owners Assistance Program (HOAP) bonds include maintaining a minimum fund equity, as defined in the agreement, of the greater of \$150,000,000 or 4% of total debt outstanding of the Corporation. At June 30, 1988 the greater figure amounted to \$163,000,000 and fund equity, as defined in the agreement, amounted to \$460,000,000.

In addition, a Liquid Fund Equity amount, as defined in the agreement, of at least 2%, (\$82,000,000 at June 30, 1988) of the total debt outstanding of the Corporation, must be maintained. The Liquid Fund Equity amount amounted to \$133,400,000 at June 30, 1988.

6. Notes Payable to State of Alaska

Notes payable to the State of Alaska at June 30, 1987 consisted of a \$10,894,000 notes payable, which originally required principal installments equal to 10% of the principal reduction on certain bonds, and interest equal to the interest received on the security, secured by investments held in the Special Capital Reserve Fund and relating to certain Insured Mortgage Bonds. The notes plus accrued interest were paid in full on November 3, 1987.

Notes to Combined Financial Statements

7. Insurance Agreements

The Corporation has obtained private mortgage, credit insurance or guarantees on certain mortgages and loans which protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure and the costs of obtaining title to, maintenance and liquidation of the collateral. The Corporation is contingently liable in the event the insurance companies or the guarantors are unable to meet their obligations under these agreements.

8. Commitments

At June 30, 1988 the Corporation had outstanding commitments to purchase first mortgage loans of approximately \$65,471,000. First mortgage loan purchases totaled \$200,737,000 and \$664,536,000 for the years ended June 30, 1988 and 1987, respectively.

9. Unused Letters of Credit and Other Credit Arrangements

The Corporation had unused letters of credit and similar credit enhancement agreements in the total amount of \$551,806,000 at June 30, 1988 in connection with amounts required for debt service or unpaid bond principal for certain bond issues.

In addition, the Corporation has entered into a revolving facility agreement with certain international banking institutions to make available funds in the maximum amount of \$150,000,000. At June 30, 1988, the facility was unused.

Certain debt obligations of the Home Owners Assistance Program (HOAP) are secured by a surety bond. This agreement unconditionally and irrevocably guarantees scheduled payments of principal and interest on the notes and bonds; any required payment by the Corporation of additional amounts on the floating rate notes, and payment of principal of the floating rate notes pursuant to the redemption at the option of the holder.

Certain letter of credit agreements contain covenants restricting amendment of terms; redemption of bonds or notes, except as defined under the agreements; setting the minimum combined fund equity of the Corporation, as defined in the agreement; and minimum Debt Service Reserve Fund balances.

Under the terms of the revolving facility agreement, the Corporation must maintain fund equity, as defined in the agreement, at a minimum of \$150,000,000. At June 30, 1988 and 1987, such fund equity, as defined in the agreement, amounted to \$460,000,000 and \$541,000,000, respectively.

10. Loss on Early Extinguishment of Debt

During the year ended June 30, 1988 the Corporation redeemed at par from amounts originally intended for the acquisition of mortgage securities \$50,000,000 Collateralized Bonds, 1985 First Series, and \$50,000,000 Collateralized Home Mortgage Bonds, 1986 Series B.

During the year ended June 30, 1987 the Corporation redeemed from amounts originally intended for the acquisition of mortgage securities \$218,280,000 Collateralized State Guaranteed Bonds, 1984 Second Series, and \$26,930,000 Collateralized Home Mortgage Bonds, 1985 Series B. These redemptions resulted in an extraordinary loss of \$8,134,000 representing an adjustment to the related unamortized bond discount and cost of issuance. This adjustment has been reflected in income for the year ended June 30, 1987.

The Corporation has also redeemed during the years ended June 30, 1988 and 1987 \$197,022,000 and \$687,020,000, respectively, of debt pursuant to provisions of the related agreements which permit surplus revenues, which result primarily from mortgage loan prepayments, to be used to retire the obligations at par. The accelerated amortization of related discounts and costs of issuance resulting from the surplus revenue redemptions are included in expense.

11. Legislation

Legislation authorizing the Corporation's further involvement in efforts to stabilize the housing market through programs to acquire and remove substandard public housing and to participate in a housing stabilization program was enacted at the 1988 legislative session. The legislation expressly authorizes the Corporation to (i) arrange for conveyances by borrowers of residential housing securing a mortgage loan financed by the Corporation for other residential housing owned by the Corporation, (ii) arrange for exchanges of ownership interests in condominium units ineligible for financing by the Corporation to units owned by the Corporation, (iii) demolish certain substandard residential housing owned by the Corporation, (iv) convert residential housing owned by the Corporation to other beneficial uses and (v) provide financing to promote the sale of residential housing owned by the Corporation so long as such financing does not confer a hardship on competing sellers of residential housing. The legislation also established a Stabilization Fund to permit grants by the Corporation to fund the cost of demolishing residential housing and stated a legislative intent that the Corporation transfer \$2.7 million from its unrestricted fund to that Stabilization Fund for the purpose of funding a grant to a State agency to cover costs of demolishing State owned residential housing.

Combining Balance Sheet — All Funds

June 30, 1988 (In Thousands)

	Corporation Operating	General Account	Revolving Fund Home Ownership Fund	Combined Insurance Fund
Assets				
Cash	\$ 678	390	135	-
Investments	14,270	88,295	19,429	33,536
Securities purchased from other funds under agreements to resell	-	6,000	-	-
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	4,539	266,211	197	-
Mobile home loans, net of allowance for loan loss	3,121	23,613	47,224	-
Accrued interest receivable	74	3,268	566	143
Claims receivable	22,224	499	-	-
Due from other funds	59,469	78,748	5,014	-
Real estate owned	113	8,222	172	-
Mobile homes owned	676	2,158	7,666	-
Other assets	3,435	3,984	-	-
	\$ 108,599	481,388	80,403	33,679
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ -	-	-	-
Commercial paper	-	69,257	-	-
Securities sold to other funds under agreements to repurchase	-	-	-	-
Accrued interest payable	-	-	-	-
Insurance fund reserve for loan losses	-	-	-	11,738
Due to other funds	41,703	14,352	5,796	7,825
Accrued expenses and other liabilities	-	4,911	795	-
Total liabilities	41,703	88,520	6,591	19,563
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	-	189,990	103,381	11,758
Interfund transfers representing loan subsidies and debt collateralization	-	(100,998)	-	-
Total contributed capital	-	88,992	103,381	11,758
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	-	303,876	(29,569)	2,358
Undesignated	66,896	-	-	-
Total fund equity	66,896	392,868	73,812	14,116
Commitments	\$ 108,599	481,388	80,403	33,679

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
197	173	2,368	231	107	724	301	5,304
185,160	129,877	214,481	157,761	5,739	221,023	458,983	1,528,154
-	-	-	-	-	-	-	6,000
516,355	646,468	449,201	552,476	64,067	-	1,172,326	3,671,840
-	-	-	-	-	-	-	73,958
7,413	9,487	5,320	8,998	552	2,784	16,703	55,308
22,534	12,701	5	15,375	-	-	6,860	80,198
1	139	371	753	41	-	13,493	158,029
81,727	49,754	526	53,961	2,160	-	24,692	221,327
-	-	-	-	-	-	-	10,500
3,253	4,184	1,630	1,411	220	3,541	7,929	29,587
816,640	852,783	673,902	790,966	72,886	228,072	1,700,887	5,840,205

672,408	744,353	582,496	427,460	60,000	178,904	1,344,078	4,009,699
-	-	-	-	-	-	-	69,257
-	-	-	-	-	-	6,000	6,000
6,450	6,480	7,726	5,833	2,051	5,248	23,702	57,490
-	-	-	-	-	-	-	11,738
23,127	13,012	5,513	20,900	3,835	2,168	19,798	158,029
2,023	1,863	1,504	3,389	119	25	4,827	19,456
704,008	765,708	597,239	457,582	66,005	186,345	1,398,405	4,331,669

124,032	105,725	72,684	338,716	5,275	-	82,310	1,033,871
1,101	99	4,558	3	2,762	42,468	50,007	-
125,133	105,824	77,242	338,719	8,037	42,468	132,317	1,033,871
(12,501)	(18,749)	(579)	(5,335)	(1,156)	(741)	170,165	407,769
-	-	-	-	-	-	-	66,896
112,632	87,075	76,663	333,384	6,881	41,727	302,482	1,508,536
816,640	852,783	673,902	790,966	72,886	228,072	1,700,887	5,840,205

Combining Balance Sheet — Insurance Funds

June 30, 1988 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Assets					
Investments	\$27,910	451	691	4,484	33,536
Accrued interest receivable	115	2	2	24	143
	\$28,025	453	693	4,508	33,679
Liabilities and Fund Equity					
Liabilities:					
Insurance fund reserved for loan losses	\$ 3,947	-	-	7,791	738
Due to other funds	7,785	-	-	40	7,825
Total liabilities	11,732	-	-	7,831	19,563
Fund equity:					
Contributed capital:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	7,228	250	380	3,900	11,758
Total contributed capital	7,228	250	380	3,900	11,758
Retained earnings:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	9,065	203	313	(7,223)	2,358
Total fund equity	16,293	453	693	(3,323)	14,116
Commitments	\$28,025	453	693	4,508	33,679

Combining Balance Sheet — Home Mortgage Bonds

June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Assets				
Cash	\$ 16	16	19	24
Investments	6,996	11,149	5,206	6,212
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	52,657	54,113	48,039	60,781
Accrued interest receivable	539	629	541	694
Claims receivable	2,963	2,485	3,803	4,639
Due from other funds	-	-	-	1
Real estate owned	10,566	9,695	12,619	16,076
Other assets	92	490	30	140
	\$ 73,829	78,577	70,257	88,567
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ 43,732	60,396	53,609	71,101
Accrued interest payable	440	598	494	603
Due to other funds	795	1,994	4,998	5,280
Accrued expenses and other liabilities	195	223	229	256
Total liabilities	45,162	63,211	59,330	77,240
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	24,942	19,000	13,643	14,436
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-
Total contributed capital	24,942	19,000	13,643	14,436
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	3,725	(3,634)	(2,716)	(3,109)
Total fund equity	28,667	15,366	10,927	11,327
Commitments	\$ 73,829	78,577	70,257	88,567

1983		Collateralized				1987		Combined
First Series	Second Series	1984 Series A	1985 Series B	1986 Series A	1986 Series B	1987 Series A	1987 Series B	
25	35	14	13	9	-	-	26	197
4,491	8,542	4,385	7,178	3,207	-	71,530	56,264	185,160
47,535	75,913	60,688	65,113	51,516	-	-	-	516,355
514	916	956	1,047	445	-	446	686	7,413
2,707	5,517	16	404	-	-	-	-	22,534
-	-	-	-	-	-	-	-	1
9,942	20,612	164	1,995	58	-	-	-	81,727
78	298	308	133	162	-	534	988	3,253
65,292	111,833	66,531	75,883	55,397	-	72,510	57,964	816,640

53,852	103,025	55,456	65,512	48,822	-	67,000	49,903	672,408
451	830	505	1,519	349	-	324	337	6,450
3,247	1,734	1,557	2,221	441	-	594	266	23,127
260	376	186	166	119	-	-	13	2,023
57,810	105,965	57,704	69,418	49,731	-	67,918	50,519	704,008

8,818	9,955	10,025	7,871	6,934	5,058	3,350	-	124,032
-	-	-	67	(1,338)	(5,058)	-	7,430	1,101
8,818	9,955	10,025	7,938	5,596	-	3,350	7,430	125,133
(1,336)	(4,087)	(1,198)	(1,473)	70	-	1,242	15	(12,501)
7,482	5,868	8,827	6,465	5,666	-	4,592	7,445	112,632
65,292	111,833	66,531	75,883	55,397	-	72,510	57,964	816,640

Combining Balance Sheet — State Guaranteed Bonds

June 30, 1988 (In Thousands)

	1983			
	First Series	Second Series	Third Series	Fourth Series
Assets				
Cash	\$ 8	32	11	17
Investments	2,123	7,233	4,031	4,886
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	31,630	75,065	49,609	56,034
Accrued interest receivable	390	809	611	808
Claims receivable	645	1,920	871	1,078
Due from other funds	52	58	-	-
Real estate owned	2,400	7,403	4,309	5,062
Other assets	31	208	248	251
	\$ 37,279	92,728	59,690	68,136
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ 35,094	88,164	54,197	58,887
Accrued interest payable	247	587	403	474
Due to other funds	378	1,113	1,005	1,180
Accrued expenses and other liabilities	111	370	118	172
Total liabilities	35,830	90,234	55,723	60,713
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,031	2,492	5,034	8,171
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-
Total contributed capital	2,031	2,492	5,034	8,171
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(582)	2	(1,067)	(748)
Total fund equity	1,449	2,494	3,967	7,423
Commitments	\$ 37,279	92,728	59,690	68,136

		Collateralized						
1983		1984		1984		1985	1988	
Fifth Series	Sixth Series	First Series	Second Series	First Series	Second Series	First Series	First Series	Combined
22	22	32	16	-	3	-	10	175
3,731	4,765	7,302	4,573	1,517	2,261	32,953	54,502	129,877
29,262	46,628	84,677	45,049	72,126	78,228	78,160	-	646,468
363	735	1,009	698	1,302	1,017	910	835	9,487
921	1,133	2,702	2,164	941	315	11	-	12,701
-	-	-	-	-	29	-	-	139
3,005	5,157	8,979	7,016	4,571	1,811	41	-	49,754
142	234	491	359	1,180	128	550	362	4,184
37,446	58,674	105,192	59,875	81,637	83,792	112,625	55,709	852,783

33,039	50,492	94,439	47,978	67,834	68,524	96,235	49,470	744,353
251	404	756	459	583	601	788	927	6,480
746	734	1,687	3,020	2,054	640	175	280	13,012
221	224	360	174	20	69	24	-	1,863
34,257	51,854	97,242	51,631	70,491	69,834	97,222	50,677	765,708

3,049	7,775	8,722	10,585	11,985	24,661	21,220	-	105,725
-	-	-	-	(109)	-	(4,964)	5,172	99
3,049	7,775	8,722	10,585	11,876	24,661	16,256	5,172	105,824
140	(955)	(772)	(2,341)	(730)	(10,703)	(853)	(140)	(18,749)
3,189	6,820	7,950	8,244	11,146	13,958	15,403	5,032	87,075
37,446	58,674	105,192	59,875	81,637	83,792	112,625	55,709	852,783

Combining Balance Sheet — Medium Term Notes and Secured Bonds

June 30, 1988 (In Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Assets						
Cash	\$ 2,318	10	14	8	18	2,368
Investments	17,558	55,142	47,059	49,498	45,224	214,481
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	96,502	74,706	84,637	97,103	96,253	449,201
Accrued interest receivable	912	1,082	1,081	1,166	1,079	5,320
Claims receivable	-	-	-	5	-	5
Due from other funds	-	43	-	82	246	371
Real estate owned	-	82	273	171	-	526
Other assets	306	232	570	359	163	1,630
	\$117,596	131,297	133,634	148,392	142,983	673,902
Liabilities and Fund Equity						
Liabilities:						
Bonds and notes payable, net of discounts:						
Mortgage bonds and notes	\$ 98,700	117,729	116,566	124,780	124,721	582,496
Accrued interest payable	1,031	878	874	2,859	2,084	7,726
Due to other funds	1,168	817	1,048	1,027	1,453	5,513
Accrued expenses and other liabilities	350	408	286	365	95	1,504
Total liabilities	101,249	119,832	118,774	129,031	128,353	597,239
Fund equity:						
Contributed capital:						
Designated as security for outstanding obligations or other purposes allowed within the respective fund	14,124	12,488	15,884	19,536	10,652	72,684
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-	4,558	4,558
Total contributed capital	14,124	12,488	15,884	19,536	15,210	77,242
Retained earnings:						
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,223	(1,023)	(1,024)	(175)	(580)	(579)
Total fund equity	16,347	11,465	14,860	19,361	14,630	76,663
Commitments	\$117,596	131,297	133,634	148,392	142,983	673,902

Combining Balance Sheet — State Assisted Mortgage Program

June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series I
Assets					
Cash	\$ 29	15	41	8	13
Investments	49,300	41,234	6,921	1,714	2,086
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	96,311	29,237	63,203	25,049	27,603
Accrued interest receivable	1,471	849	1,040	357	459
Claims receivable	1,344	986	4,183	1,007	1,440
Due from other funds	45	-	-	-	-
Real estate owned	4,810	4,507	13,684	3,430	4,782
Other assets	154	73	22	127	113
	\$153,464	76,901	89,094	31,692	36,496
Liabilities and Fund Equity					
Liabilities:					
Bonds and notes payable, net of discounts:					
Mortgage bonds and notes	\$ 59,117	30,380	3,052	16,659	24,561
Accrued interest payable	813	456	39	166	237
Due to other funds	631	528	5,260	1,540	1,888
Accrued expenses and other liabilities	394	179	563	90	178
Total liabilities	60,955	31,543	8,914	18,455	26,864
Fund equity:					
Contributed capital:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	86,592	55,166	77,653	13,403	10,842
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-	-
Total contributed capital	86,592	55,166	77,653	13,403	10,842
Retained earnings:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	5,917	(9,808)	2,527	(166)	(1,210)
Total fund equity	92,509	45,358	80,180	13,237	9,632
Commitments					
	\$153,464	76,901	89,094	31,692	36,496

State Assisted Mortgage Bonds

Series J	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
13	21	19	14	28	-	15	15	231
2,171	3,422	3,235	3,030	4,457	19,675	14,895	5,621	157,761
27,174	45,462	42,928	31,073	37,733	33,627	43,901	49,175	552,476
359	657	606	623	592	722	700	563	8,998
1,167	1,378	1,101	1,531	1,229	-	-	9	15,375
-	-	-	-	-	708	-	-	753
3,835	4,917	4,340	5,126	4,421	-	-	109	53,961
116	130	177	115	46	247	83	8	1,411
34,835	55,987	52,406	41,512	48,506	54,979	59,594	55,500	790,966

24,135	39,582	31,584	23,115	29,740	49,691	49,312	46,532	427,460
230	358	305	250	307	453	1,250	969	5,833
1,705	2,367	1,582	1,824	2,549	480	319	227	20,900
183	269	212	163	310	8	420	420	3,389
26,253	42,576	33,683	25,352	32,906	50,632	51,301	48,148	457,582

9,646	14,051	17,826	17,664	16,310	5,663	7,967	5,933	338,716
-	-	-	-	-	-	-	3	3
9,646	14,051	17,826	17,664	16,310	5,663	7,967	5,936	338,719

(1,064)	(640)	897	(1,504)	(710)	(1,316)	326	1,416	(5,335)
8,582	13,411	18,723	16,160	15,600	4,347	8,293	7,352	333,384
34,835	55,987	52,406	41,512	48,506	54,979	59,594	55,500	790,966

Combining Balance Sheet — Residential Mortgage Bonds

June 30, 1988 (In Thousands)

	Series A	Series B	Series C	Combined
Assets				
Cash	\$ 43	30	34	107
Investments	1,515	3,406	818	5,739
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	22,369	25,605	16,093	64,067
Accrued interest receivable	193	232	127	552
Due from other funds	41	-	-	41
Real estate owned	928	1,176	56	2,160
Other assets	111	57	52	220
	\$25,200	30,506	17,180	72,886
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$20,000	25,000	15,000	60,000
Accrued interest payable	582	1,075	394	2,051
Due to other funds	1,377	1,234	1,224	3,835
Accrued expenses and other liabilities	43	42	34	119
Total liabilities	22,002	27,351	16,652	66,005
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,687	2,588	-	5,275
Interfund transfers representing loan subsidies and debt collateralization	1,116	1,081	565	2,762
Total contributed capital	3,803	3,669	565	8,037
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(605)	(514)	(37)	(1,156)
Total fund equity	3,198	3,155	528	6,881
Commitments	\$25,200	30,506	17,180	72,886

Combining Balance Sheet — Home Owners' Assistance Program (HOAP)

June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1: Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Assets			
Cash	\$ -	724	724
Investments	131,089	89,934	221,023
Accrued interest receivable	2,105	679	2,784
Other assets	2,455	1,086	3,541
	\$ 135,649	92,423	228,072
Liabilities and Fund Equity			
Liabilities:			
Bonds and notes payable, net of discounts:			
Mortgage bonds and notes	\$ 107,354	71,550	178,904
Accrued interest payable	4,160	1,088	5,248
Due to other funds	1,904	264	2,168
Accrued expenses and other liabilities	25	-	25
Total liabilities	113,443	72,902	186,345
Fund equity:			
Contributed capital:			
Interfund transfers representing loan subsidies and debt collateralization	22,935	19,533	42,468
Total contributed capital	22,935	19,533	42,468
Retained earnings:			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(729)	(12)	(741)
Total fund equity	22,206	19,521	41,727
Commitments			
	\$ 135,649	92,423	228,072

Combining Balance Sheet – Other Bonds and Notes

June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Assets			
Cash	\$ 15	146	-
Investments	32,885	195,578	-
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	81,021	681,081	-
Accrued interest receivable	714	6,639	-
Claims receivable	-	-	-
Due from other funds	-	8,862	-
Real estate owned	2,273	19,705	-
Other assets	156	823	-
	\$117,064	912,834	-
Liabilities and Fund Equity			
Liabilities:			
Bonds and notes payable, net of discounts:			
Mortgage bonds and notes	\$ 83,504	802,967	-
Securities sold to other funds under agreements to repurchase	-	-	-
Accrued interest payable	465	5,570	-
Due to other funds	374	4,923	-
Accrued expenses and other liabilities	182	1,825	-
Total liabilities	84,525	815,285	-
Fund equity:			
Contributed capital:			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(2)	(41,417)	-
Interfund transfers representing loan subsidies and debt collateralization	-	1,870	-
Total contributed capital	(2)	(29,547)	-
Retained earnings:			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	32,541	127,096	-
Total fund equity	32,539	97,549	-
Commitments	\$117,064	912,834	-

Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-1	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
4	44	41	10	30	11	301
2,491	33,303	3,528	57,293	8,858	124,647	458,583
20,070	66,355	160,822	87,715	75,262	-	1,172,326
266	2,051	3,695	1,408	667	1,263	16,703
298	1,293	5,261	8	-	-	6,860
-	4,631	-	-	-	-	13,493
865	313	1,126	410	-	-	24,692
18	2,553	891	1,874	727	887	7,929
24,012	110,543	175,364	148,718	85,544	126,808	1,700,887
15,596	60,561	103,322	118,961	62,000	97,167	1,344,078
-	-	-	6,000	-	-	6,000
154	2,705	1,179	10,536	1,494	1,599	23,702
247	2,208	7,116	2,273	1,018	1,639	19,798
68	1,755	522	221	230	24	4,827
16,065	67,229	112,139	137,991	64,742	100,429	1,398,405
7,382	41,644	61,634	13,069	-	-	82,310
-	(7,422)	-	-	18,826	26,733	50,007
7,382	34,222	61,634	13,069	18,826	26,733	132,317
565	9,092	1,591	(2,342)	1,976	(354)	170,165
7,947	43,314	63,225	10,727	20,802	26,379	302,482
24,012	110,543	175,364	148,718	85,544	126,808	1,700,887

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings — All Funds

Year Ended June 30, 1988 (In Thousands)

	Corporation Operating	General Account	Revolving Fund Home Ownership Fund	Combined Insurance Fund
Revenues:				
Interest income:				
Mortgages and loans	\$ 911	24,170	6,719	-
Investments	495	10,595	890	2,019
	1,406	34,765	7,609	2,019
Loan fees and other	1,496	469	33	200
Total revenues	2,902	35,234	7,642	2,219
Expenses:				
Interest	-	5,016	-	-
Mortgage service fees	105	1,075	726	-
General and administrative	5,537	238	-	-
Trustee fees, insurance and financing costs	349	792	13	29
Mortgage payment assistance subsidies	-	-	2,101	-
Provision for loan losses	982	7,085	11,982	-
Insurance fund losses	-	-	-	9,506
Write-down and net operating expenses associated with real estate and mobile homes owned	691	5,467	11,001	2,587
Interfund operating charge (credit)	(5,518)	-	142	-
Total expenses	2,146	19,673	25,965	12,122
Net income (loss)	756	15,561	(18,323)	(9,903)
Retained earnings (deficit) at July 1, 1987	66,140	284,987	(11,246)	12,261
Transfers from (to) other funds	-	3,328	-	-
Retained earnings (deficit) at June 30, 1988	\$ 66,896	303,876	(29,569)	2,358

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
47,371	56,612	38,108	57,486	5,370	-	117,175	353,922
16,436	16,716	22,263	11,560	716	5,094	31,134	117,918
63,807	73,328	60,371	69,046	6,086	5,094	148,309	471,840
9,784	5,693	11	6,751	-	-	769	25,206
73,591	79,021	60,382	75,797	6,086	5,094	149,078	497,046
70,196	78,394	52,000	59,176	5,491	5,543	126,234	402,050
1,796	2,178	1,566	2,033	212	-	4,361	14,052
-	-	-	-	-	-	330	6,105
2,542	2,527	2,198	2,368	106	292	2,634	13,850
-	-	-	-	-	-	-	2,101
4,521	2,927	495	6,301	691	-	1,636	36,620
-	-	-	-	-	-	-	9,506
2,082	1,715	106	1,054	197	-	462	25,362
933	1,085	696	948	103	-	1,611	-
82,070	88,826	57,061	71,880	6,800	5,835	137,268	509,646
(8,479)	(9,805)	3,321	3,917	(714)	(741)	11,810	(12,600)
(2,234)	(8,944)	(3,900)	(9,252)	(442)	-	159,895	487,265
(1,788)	-	-	-	-	-	(1,540)	-
(12,501)	(18,749)	(579)	(5,335)	(1,156)	(741)	170,165	474,665

Combining Statement of Revenues, Expenses, and Retained Earnings — Insurance Funds

Year Ended June 30, 1988 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Revenues:					
Interest income:					
Investments	\$ 1,684	27	44	264	2,019
Loan fees and other	-	-	-	200	200
Total revenues	1,684	27	44	464	2,219
Expenses:					
Trustee fees, insurance and financing costs	23	1	2	3	29
Insurance fund losses	5,902	-	-	3,604	9,506
Write-down and net operating expenses associated with real estate and mobile homes owned	2,587	-	-	-	2,587
Total expenses	8,512	1	2	3,607	12,122
Net income (loss)	(6,828)	26	42	(3,143)	(9,903)
Retained earnings (deficit) at July 1, 1987	15,893	177	271	(4,080)	12,261
Retained earnings (deficit) at June 30, 1988	\$ 9,065	203	313	(7,223)	2,358

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings — Home Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Revenues:				
Interest income:				
Mortgages and loans	\$ 4,914	4,844	4,195	5,270
Investment	542	1,349	351	391
	5,456	6,193	4,546	5,661
Loan fees and other	1,097	1,081	1,516	1,947
Total revenues	6,553	7,274	6,062	7,608
Expenses:				
Interest	5,868	7,683	6,357	7,688
Mortgage service fees	190	192	167	215
Trustee fees, insurance and financing costs	259	695	143	188
Provision for loan losses	83	128	102	1,888
Write-down and net operating expenses associated with real estate and mobile homes owned	101	73	96	156
Interfund operating charge (credit)	98	99	94	122
Total expenses	6,599	8,870	6,959	10,257
Net income (loss)	(46)	(1,596)	(897)	(2,649)
Retained earnings (deficit) at July 1, 1987	3,771	(2,038)	(1,819)	(460)
Transfers from (to) other funds	-	-	-	-
Retained earnings (deficit) at June 30, 1988	\$ 3,725	(3,634)	(2,716)	(3,109)

First Series	1983 Second Series	1984 Series A	1985 Series B	Collateralized		1986 Series A	1986 Series B	1987		Combined
								Series A	Series B	
4,269	6,709	6,999	1,833	3,338	-	-	-	-	-	47,371
285	557	451	381	1,894	2,660	5,119	2,456			16,436
4,554	7,266	7,450	2,214	5,232	2,660	5,119	2,456			63,807
1,252	2,499	3	389	-	-	-	-			9,784
5,806	9,765	7,453	1,803	5,232	2,660	5,119	2,456			73,591
5,747	10,620	7,044	1,703	4,223	1,981	3,931	2,351			70,196
171	266	221	239	135	-	-	-			1,796
249	397	184	141	109	28	59	90			2,542
126	1,352	1	577	164	-	-	-			4,521
78	222	868	480	8	-	-	-			2,082
89	152	94	105	80	-	-	-			933
6,460	13,009	8,412	2,345	4,719	2,009	3,990	2,441			82,070
(654)	(3,244)	(959)	(742)	513	651	1,129	15			(8,479)
(682)	(843)	(239)	(731)	(443)	1,137	113	-			(2,234)
-	-	-	-	-	(1,788)	-	-			(1,788)
(1,336)	(4,087)	(1,198)	(473)	70	-	1,242	15			(12,501)

Combining Statement of Revenues, Expenses, and Retained Earnings – State Guaranteed Bonds

Year Ended June 30, 1988 (In Thousands)

	1983			
	First Series	Second Series	Third Series	Fourth Series
Revenues:				
Interest income:				
Mortgages and loans	\$ 2,669	6,518	4,378	5,520
Investments	190	511	344	413
	2,859	7,029	4,722	5,933
Loan fees and other	287	787	549	443
Total revenues	3,146	7,816	5,271	6,376
Expenses:				
Interest	3,201	7,718	5,344	6,286
Mortgage service fees	112	277	180	203
Trustee fees, insurance and financing costs	101	367	248	256
Provision for loan losses	62	74	101	45
Write-down and net operating expenses associated with real estate and mobile homes owned	23	140	29	124
Interfund operating charge (credit)	53	128	84	95
Total expenses	3,552	8,704	5,986	7,009
Net income (loss)	(406)	(888)	(715)	(633)
Retained earnings (deficit) at July 1, 1987	(176)	890	(352)	(115)
Retained earnings (deficit) at June 30, 1988	\$ (582)	2	(1,067)	(748)

Fifth Series	1983 Sixth Series	1984 First Series	1984 Second Series	Lateralized		1985 First Series	1988 First Series	Combined
				1984 First Series	1984 Second Series			
2,736	4,300	7,693	4,756	7,536	7,760	2,746	-	56,612
200	332	599	420	601	451	11,746	909	16,716
2,936	4,632	8,292	5,176	8,137	8,211	14,492	909	73,328
351	515	1,010	704	792	244	11	-	5,693
3,287	5,147	9,302	5,880	8,929	8,455	14,503	909	79,021
3,301	5,329	9,797	6,164	8,067	8,125	14,124	938	78,394
109	162	304	161	262	293	115	-	2,178
155	247	411	254	155	142	80	111	2,527
12	61	72	100	1,473	533	394	-	2,927
17	88	94	60	736	368	36	-	1,715
50	80	145	81	122	125	122	-	1,085
3,644	5,967	10,823	6,820	10,815	9,586	14,871	1,049	88,826
(357)	(820)	(1,521)	(940)	(1,886)	(1,131)	(368)	(140)	(9,805)
497	(135)	749	(1,401)	1,156	(9,572)	(485)	-	(8,944)
140	(955)	(772)	(2,341)	(730)	(10,703)	(853)	(140)	(18,749)

CORRECTION

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Combining Statement of Revenues, Expenses, and Retained Earnings — Medium Term Notes and Secured Bonds

Year Ended June 30, 1988 (In Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Revenues:						
Interest income:						
Mortgages and loans	\$ 9,231	7,311	8,436	8,590	4,540	38,108
Investments	1,373	5,305	4,676	3,686	7,223	22,263
	10,604	12,616	13,112	12,276	11,763	60,371
Loan fees and other	-	-	-	11	-	11
Total revenues	10,604	12,616	13,112	12,287	11,763	60,382
Expenses						
Interest	8,471	11,405	11,410	10,268	10,446	52,000
Mortgage service fees	371	286	327	372	210	1,566
Trustee fees, insurance and financing costs	614	448	464	395	277	2,198
Provision for loan losses	9	31	95	248	112	495
Write-down and net operating expenses associated with real estate and mobile homes owned	21	18	22	45	-	106
Interfund operating charge (credit)	149	116	131	151	149	696
Total expenses	9,635	12,304	12,449	11,479	11,194	57,061
Net income (loss)	969	312	663	808	569	3,321
Retained earnings (deficit) at July 1, 1987	1,254	(1,335)	(1,687)	(983)	(1,149)	(3,900)
Retained earnings (deficit) at June 30, 1988	\$ 2,223	(1,023)	(1,024)	(175)	(580)	(579)

Combining Statement of Revenues, Expenses, and Retained Earnings — State Assisted Mortgage Program

Year Ended June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series I
Revenues:					
Interest income:					
Mortgages and loans	\$ 10,094	3,564	6,755	2,402	2,541
Investments	3,280	2,990	649	185	273
	13,383	6,554	7,404	2,587	2,764
Loan fees and other	418	607	1,904	453	618
Total revenues	13,801	7,161	9,308	3,040	3,382
Expenses:					
Interest	9,793	6,946	2,575	2,374	3,175
Mortgage service fees	362	103	237	88	96
Trustee fees, insurance and financing costs	60	102	252	125	178
Provision for loan losses	2,657	31	2,904	40	180
Write-down and net operating expenses associated with real estate and mobile homes owned	65	10	91	19	49
Interfund operating charge (credit)	161	52	124	44	51
Total expenses	13,098	7,241	6,183	2,690	3,729
Net income (loss)	703	(83)	3,125	350	(347)
Retained earnings (deficit) at July 1, 1987	5,214	(9,725)	(598)	(516)	(863)
Retained earnings (deficit) at June 30, 1988	\$ 5,917	(9,808)	2,527	(166)	(1,210)

State Assisted Mortgage Bonds

Series J	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
2,682	4,503	4,322	3,221	3,999	3,899	4,809	4,695	57,486
212	316	308	281	294	1,423	782	608	11,560
2,894	4,819	4,630	3,502	4,293	5,322	5,591	5,303	69,046
415	547	603	626	539	1	-	20	6,751
3,309	5,366	5,233	4,128	4,832	5,323	5,591	5,323	75,797
3,112	4,806	4,180	3,499	4,082	5,484	5,060	4,090	59,176
101	164	156	110	137	125	169	185	2,033
209	321	255	166	214	134	167	185	2,368
125	106	100	91	52	1	1	13	6,301
56	133	27	47	34	319	116	88	1,054
48	78	73	56	65	52	68	76	948
3,651	5,608	4,791	3,969	4,584	6,115	5,581	4,637	71,880
(342)	(242)	442	159	248	(792)	10	686	3,917
(722)	(398)	455	(1,663)	(958)	(524)	316	730	(9,252)
(1,064)	(640)	897	(1,504)	(710)	(1,316)	326	1,416	(5,335)

Combining Statement of Revenues, Expenses, and Retained Earnings — Residential Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	Series A	Series B	Series C	Combined
Revenues:				
Interest income:				
Mortgages and loans	\$2,053	2,280	1,037	5,370
Investments	240	180	296	716
Total revenues	2,293	2,460	1,333	6,086
Expenses:				
Interest	2,109	2,180	1,202	5,491
Mortgage service fees	81	90	41	212
Trustee fees, insurance and financing costs	56	25	25	106
Provision for loan losses	178	489	24	691
Write-down and net operating expenses associated with real estate and mobile homes owned	126	71	-	197
Interfund operating charge (credit)	36	42	25	103
Total expenses	2,586	2,897	1,317	6,800
Net income (loss)	(293)	(437)	16	(714)
Retained earnings (deficit) at July 1, 1987	(312)	(77)	(53)	(442)
Retained earnings (deficit) at June 30, 1988	\$ (605)	(514)	(37)	(1,156)

Combining Statement of Revenues, Expenses, and Retained Earnings — Home Owners' Assistance Program (HOAP)

Year Ended June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1: Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Revenues:			
Interest income:			
Investments	\$4,280	814	5,094
Total revenues	4,280	814	5,094
Expenses:			
Interest	4,759	784	5,543
Trustee fees, insurance and financing costs	250	42	292
Total expenses	5,009	826	5,835
Net income (loss)	(729)	(12)	(741)
Retained earnings (deficit) at July 1, 1987	-	-	-
Retained earnings (deficit) at June 30, 1988	\$ (729)	(12)	(741)

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings — Other Bonds and Notes

Year Ended June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Revenues:			
Interest income:			
Mortgages and loans	\$ 7,099	64,248	33
Investments	1,936	16,199	8
	9,035	80,447	41
Loan fees and other	150	456	-
Total revenues	9,185	80,903	41
Expenses:			
Interest	5,684	71,278	65
Mortgage service fees	296	2,507	4
General and administrative	-	-	-
Trustee fees, insurance and financing costs	38	419	5
Provision for loan losses	787	-	-
Write-down and net operating expenses associated with real estate and mobile homes owned	327	-	-
Interfund operating charge (credit)	131	1,091	-
Total expenses	7,263	75,295	74
Net income (loss)	1,922	5,608	(33)
Retained earnings (deficit) at July 1, 1987	30,619	121,488	1,573
Transfers from (to) other funds	-	-	(1,540)
Retained earnings (deficit) at June 30, 1988	\$ 32,541	127,096	-

Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-1	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
2,014	7,725	21,133	8,104	6,819	-	117,175
212	2,603	439	3,939	266	5,532	31,134
2,226	10,328	21,572	12,043	7,085	5,532	148,309
118	11	10	24	-	-	769
2,344	10,339	21,582	12,067	7,085	5,532	149,078
2,102	8,733	17,767	11,060	3,830	5,715	126,234
74	237	578	337	328	-	4,361
-	330	-	-	-	-	330
90	622	444	606	239	171	2,634
4	-	-	-	595	-	1,636
7	-	112	16	-	-	462
32	103	-	137	117	-	1,611
2,309	10,025	18,901	12,406	5,109	5,886	137,268
35	314	2,681	(339)	1,976	(354)	11,810
530	8,778	(1,090)	(2,003)	-	-	159,895
-	-	-	-	-	-	(1,540)
565	9,092	1,591	(2,342)	1,976	(354)	170,165

Combining Statement of Changes in Financial Position — All Funds

Year Ended June 30, 1988 (In Thousands)

	Corporation Operating	Revolving Fund General Account	Home Ownership Fund	Combined Insurance Fund
Sources of financial resources:				
Operations:				
Net income (loss)	\$ 756	15,561	(18,323)	(9,903)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	-	399	-	-
Depreciation	80	-	-	-
Decrease (increase) in accrued interest receivable	60	(291)	115	57
Increase in claims receivable	(16,975)	(29)	-	-
Increase (decrease) in accrued interest payable	-	-	-	-
Net increase (decrease) in accrued expenses and other receivable	15,134	(14,962)	(1,567)	5,940
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	917	9,123	13,422	6,153
Financial resources provided (used) by operations	(28)	9,801	(6,353)	2,247
Transfer of subsidy from (to) other funds and debt collateralization	-	(97,671)	-	-
Mortgages sold to (purchased from) other funds	3,420	259,743	4,633	-
Mortgage and loan principal repayments	1,677	26,651	14,571	-
Increase in commercial paper and securities sold under agreements to repurchase	-	64,284	-	-
Net proceeds from sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	803	36	(76)	-
Total sources of financial resources	\$ 5,872	262,844	12,775	2,247
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 5,695	30,933	12,775	2,247
Acquisition of loans	-	231,911	-	-
Payment of mortgage bonds and notes	-	-	-	-
Equipment purchases	177	-	-	-
Payment of State of Alaska notes	-	-	-	-
Total uses of financial resources	\$ 5,872	262,844	12,775	2,247

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Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-I	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
35	314	2,681	(339)	1,976	(354)	11,810
95	481	178	207	28	1,651	4,377
58	35	64	(192)	(667)	(1,262)	(1,236)
(167)	(684)	(3,173)	(8)	-	-	(4,032)
(35)	(691)	84	-	1,494	1,599	1,726
(1)	2,467	2,602	1,078	496	725	1,704
3	-	-	249	593	-	6,069
(12)	1,922	2,436	995	3,920	2,358	20,418
-	(7,422)	-	-	18,826	26,733	48,467
-	-	189	2,319	(78,819)	-	(73,779)
2,517	14,173	44,034	2,879	2,961	-	131,076
-	-	-	6,000	-	-	6,000
-	-	-	-	62,000	95,567	157,567
(2)	588	4	5	(30)	(11)	511
2,503	9,261	46,663	12,198	8,858	124,647	290,260
(1,039)	(6,049)	(2,619)	6,198	8,858	124,647	153,766
-	-	-	-	-	-	3,855
3,542	15,310	49,282	6,000	-	-	121,745
-	-	-	-	-	-	10,894
2,503	9,261	46,663	12,198	8,858	124,647	290,260

Combining Statement of Changes in Financial Position — Other Bonds and Notes

Year Ended June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Sources of financial resources:			
Operations:			
Net income (loss)	\$ 1,922	5,608	(33)
Items which do not use (provide) cash:			
Net amortization of discounts, premiums and bond issuance costs	2	1,730	5
Decrease (increase) in accrued interest receivable	11	668	50
Increase in claims receivable	-	-	-
Increase (decrease) in accrued interest payable	6	(698)	(33)
Net increase (decrease) in accrued expenses and other receivables	140	(5,780)	(23)
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	899	4,325	-
Financial resources provided (used) by operations	2,980	5,853	(34)
Transfer of subsidy from (to) other funds and debt collateralization	-	11,870	(1,540)
Mortgages sold to (purchased from) other funds	-	(1,871)	4,403
Mortgage and loan principal repayments	6,937	57,494	81
Increase in commercial paper and securities sold under agreements to repurchase	-	-	-
Net proceeds from sale of mortgage bonds	-	-	-
Decrease (increase) in cash	(4)	(40)	1
Total sources of financial resources	\$ 9,913	73,306	2,911
Uses of financial resources:			
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 7,098	18,996	(2,724)
Acquisition of loans	-	3,855	-
Payment of mortgage bonds and notes	2,815	39,561	5,235
Payment of State of Alaska notes	-	10,894	-
Total uses of financial resources	\$ 9,913	73,306	2,911

Combining Statement of Changes in Financial Position Home Owners' Assistance Program (HOAP)

Year Ended June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1: Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Sources of financial resources:			
Operations:			
Net loss	\$ (729)	(12)	(741)
Items which do not use (provide) cash:			
Net amortization of discounts, premiums and bond issuance costs	407	29	436
Increase in accrued interest receivable	(2,105)	(679)	(2,784)
Increase in accrued interest payable	4,160	1,088	5,248
Net decrease in accrued expenses and other receivables	(579)	(832)	(1,411)
Financial resources provided (used) by operations	1,154	(406)	748
Transfer of subsidy from other funds and debt collateralization	22,935	19,533	42,468
Net proceeds from sale of mortgage bonds	107,000	71,531	178,531
Increase in cash	-	(724)	(724)
Total sources of financial resources	\$ 131,089	89,934	221,023
Uses of financial resources:			
Increase in investments and securities purchased from other funds under agreements to resell	\$ 131,089	89,934	221,023
Total uses of financial resources	\$ 131,089	89,934	221,023

Combining Statement of Changes in Financial Position — Residential Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	Series A	Series B	Series C	Combined
Sources of financial resources:				
Operations:				
Net income (loss)	\$ (293)	(437)	16	(714)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	42	24	18	84
Decrease (increase) in accrued interest receivable	3	(20)	(83)	(100)
Increase (decrease) in accrued interest payable	(110)	-	49	(61)
Net increase in accrued expenses and other receivables	1,242	102	1,138	2,482
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	309	484	63	856
Financial resources provided by operations	1,193	153	1,201	2,547
Transfer of subsidy from other funds and debt collateralization	1,116	1,081	565	2,762
Mortgage and loan principal repayments	1,247	509	494	2,250
Increase in cash	(41)	(27)	(34)	(102)
Total sources of financial resources	\$ 3,515	1,716	2,226	7,457
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$(1,485)	1,716	(11,898)	(11,667)
Acquisition of loans	-	-	14,124	14,124
Payment of mortgage bonds	5,000	-	-	5,000
Total uses of financial resources	\$ 3,515	1,716	2,226	7,457

State Assisted Mortgage Bonds

Series J	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
(342)	(242)	442	159	248	(792)	10	686	3,917
70	162	119	94	67	41	37	80	1,494
150	68	115	166	105	(94)	(119)	(86)	1,081
(604)	(846)	(742)	(1,022)	(678)	70	12	20	(8,790)
(39)	(49)	(54)	(53)	(50)	-	-	(62)	(777)
(1,162)	(1,417)	(1,167)	(1,407)	(1,491)	272	508	197	(10,356)
197	364	154	197	131	1	-	12	7,326
(1,730)	(1,960)	(1,627)	(1,866)	(1,668)	(502)	448	847	(6,105)
-	-	-	-	-	-	-	3	3
-	-	-	-	-	-	233	343	576
5,769	7,788	7,134	6,660	7,250	5,235	6,153	2,956	93,551
(5)	(11)	(13)	(6)	(19)	949	689	390	1,921
4,034	5,817	5,544	4,788	5,563	5,682	7,523	4,539	89,946
(94)	333	(58)	(171)	672	5,682	7,523	1,539	24,762
4,128	5,484	5,602	4,959	4,891	-	-	3,000	65,184
4,034	5,817	5,544	4,788	5,563	5,682	7,523	4,539	89,946

Combining Statement of Changes in Financial Position — State Assisted Mortgage Program

Year Ended June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series I
Sources of financial resources:					
Operations:					
Net income (loss)	\$ 703	(83)	3,125	350	(347)
Items which do not use (provide) cash:					
Net amortization of discounts, premiums and bond issuance costs	48	294	264	133	85
Decrease (increase) in accrued interest receivable	(151)	119	591	73	144
Decrease (increase) in claims receivable	(562)	(536)	(2,309)	(601)	(992)
Decrease in accrued interest payable	-	(152)	(246)	(36)	(36)
Net increase (decrease) in accrued expenses and other receivables	368	172	(3,588)	(607)	(540)
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	2,747	30	3,143	48	302
Financial resources provided (used) by operations	3,153	(156)	980	(640)	(1,384)
Transfer of subsidy from other funds and debt collateralization	-	-	-	-	-
Mortgages sold to other funds	-	-	-	-	-
Mortgage and loan principal repayments	9,493	6,884	18,171	4,687	5,321
Decrease (increase) in cash	(14)	(7)	(20)	(5)	(7)
Total sources of financial resources	\$ 12,632	6,721	19,131	4,042	3,930
Uses of financial resources:					
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 12,632	(3,556)	(191)	288	163
Payment of mortgage bonds	-	10,277	19,322	3,754	3,767
Total uses of financial resources	\$ 12,632	6,721	19,131	4,042	3,930

Combining Statement of Changes in Financial Position — Medium Term Notes and Secured Bonds

Year Ended June 30, 1988 (In Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Sources of financial resources:						
Operations:						
Net income	\$ 969	312	663	808	569	3,321
Items which do not use (provide) cash:						
Net amortization of discounts, premiums and bond issuance costs	180	431	380	582	490	2,063
Increase in accrued interest receivable	(96)	(15)	(10)	(110)	(630)	(861)
Increase in claims receivable	-	-	-	(5)	-	(5)
Decrease in accrued interest payable	-	(46)	(55)	-	-	(101)
Net increase (decrease) in accrued expenses and other receivables	393	92	(193)	(86)	61	267
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	9	31	72	349	112	573
Financial resources provided by operations	1,455	805	857	1,538	602	5,257
Transfer of subsidy from other funds and debt collateralization	-	-	-	-	4,558	4,558
Mortgages sold to (purchased from) other funds	966	1,659	1,571	2,480	(97,998)	(91,322)
Mortgage and loan principal repayments	5,326	4,368	3,950	2,152	1,632	17,428
Decrease (increase) in cash	(764)	(2)	15	155	(18)	(614)
Total sources of financial resources	\$ 6,983	6,830	6,393	6,325	(91,224)	(64,693)
Uses of financial resources:						
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 6,983	(384)	(1,807)	6,325	(91,224)	(80,107)
Payment of mortgage bonds	-	7,214	8,200	-	-	15,414
Total uses of financial resources	\$ 6,983	6,830	6,393	6,325	(91,224)	(64,693)

1983		1984		Collateralized				Combined
Fifth Series	Sixth Series	First Series	Second Series	1984		1985	1988	
				First Series	Second Series	First Series	First Series	
(357)	(820)	(1,521)	(940)	(1,886)	(1,131)	(368)	(140)	(9,805)
145	211	158	171	169	350	119	14	2,218
112	31	352	167	36	(124)	270	(835)	486
(511)	(663)	(1,690)	(1,066)	(404)	(165)	(11)	-	(7,164)
(22)	(39)	(79)	(70)	(106)	(66)	(412)	927	(32)
336	245	559	(2,315)	116	(122)	(349)	(96)	(945)
13	144	274	207	1,838	578	409	-	4,119
(284)	(891)	(1,947)	(3,846)	(237)	(680)	(342)	(130)	(11,123)
-	-	-	-	(109)	-	(4,964)	5,172	99
-	-	-	345	14	97	(79,467)	-	(79,011)
5,065	7,275	13,635	11,695	10,796	7,326	857	-	87,177
-	-	-	-	-	-	-	49,470	49,470
(17)	(14)	(16)	(6)	855	847	-	(10)	1,609
4,764	6,370	11,672	8,188	11,319	7,590	(83,916)	54,502	48,221
1,910	1,593	1,749	1,051	(1,010)	116	(133,803)	54,502	(69,194)
2,854	4,777	9,923	7,137	12,329	7,474	49,887	-	117,415
4,764	6,370	11,672	8,188	11,319	7,590	(83,916)	54,502	48,221

Combining Statement of Changes in Financial Position — State Guaranteed Bonds

Year Ended June 30, 1988 (In Thousands)

	1983			
	First Series	Second Series	Third Series	Fourth Series
Sources of financial resources:				
Operations:				
Net loss	\$ (406)	(888)	(715)	(633)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	132	290	235	224
Decrease (increase) in accrued interest receivable	35	277	105	60
Increase in claims receivable	(396)	(1,321)	(424)	(513)
Increase (decrease) in accrued interest payable	(18)	(54)	(39)	(54)
Net increase (decrease) in accrued expenses and other receivables	108	431	(31)	173
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	114	241	141	160
Financial resources used by operations	(431)	(1,024)	(728)	(583)
Transfer of subsidy from (to) other funds and debt collateralization	-	-	-	-
Mortgages sold to (purchased from) other funds	-	-	-	-
Mortgage and loan principal repayments	3,614	11,704	7,233	7,977
Net proceeds from the sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	(5)	(19)	-	(6)
Total sources of financial resources	\$ 3,178	10,661	6,505	7,388
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 588	2,340	1,173	597
Payment of mortgage bonds	2,590	8,321	5,332	6,791
Total uses of financial resources	\$ 3,178	10,661	6,505	7,388

1983		Collateralized						Combined
First Series	Second Series	1984 Series A	1985 Series B	1986		1987		
				Series A	Series B	Series A	Series B	
(654)	(3,244)	(959)	(742)	513	651	1,129	15	(8,479)
246	2,165	280	339	28	-	-	25	5,724
352	618	57	(117)	(167)	1,273	(333)	(686)	2,578
(1,787)	(3,893)	394	(260)	-	-	-	-	(14,283)
(23)	(58)	(78)	(156)	-	(216)	324	337	(91)
(1,453)	874	556	472	110	488	60	(731)	(2,694)
232	1,806	1	810	163	-	-	-	6,133
(3,087)	(1,732)	251	346	647	2,196	1,180	(1,040)	(11,112)
-	-	-	67	(1,337)	(6,846)	-	7,430	(686)
-	-	96	630	(24,986)	-	-	-	(24,260)
7,875	13,813	10,502	7,291	742	-	-	-	74,067
-	-	-	-	-	-	-	49,900	49,900
(18)	(24)	1,052	391	50	-	-	(26)	1,388
4,770	12,057	11,901	8,725	(24,884)	(4,650)	1,180	56,264	89,297
1,785	3,467	3,141	1,685	(24,884)	(54,650)	1,180	56,264	(13,062)
2,985	8,590	8,760	7,040	-	50,000	-	-	102,359
4,770	12,057	11,901	8,725	(24,884)	(4,650)	1,180	56,264	89,297

Combining Statement of Changes in Financial Position — Home Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Sources of financial resources:				
Operations:				
Net income (loss)	\$ (46)	(1,596)	(897)	(2,649)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	232	161	1,007	1,241
Decrease (increase) in accrued interest receivable	338	331	379	533
Decrease (increase) in claims receivable	(1,831)	(1,541)	(2,304)	(3,061)
Increase (decrease) in accrued interest payable	(76)	(77)	(36)	(32)
Net increase (decrease) in accrued expenses and other receivables	267	809	(2,409)	(1,737)
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	306	249	285	2,281
Financial resources provided (used) by operations	(810)	(1,664)	(3,975)	(3,424)
Transfer of subsidy from (to) other funds and debt collateralization	-	-	-	-
Mortgages sold to (purchased from) other funds	-	-	-	-
Mortgage and loan principal repayments	7,071	6,536	9,784	10,453
Net proceeds from sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	(7)	(6)	(9)	(15)
Total sources of financial resources	\$ 6,254	4,866	5,800	7,014
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ (1,831)	(3,019)	1,289	2,511
Payment of mortgage bonds	8,085	7,885	4,511	4,503
Total uses of financial resources	\$ 6,254	4,866	5,800	7,014

Combining Statement of Changes in Financial Position — Insurance Funds

Year Ended June 30, 1988 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Sources of financial resources:					
Operations:					
Net income (loss)	\$(6,828)	26	42	(3,143)	(9,903)
Items which do not use (provide) cash:					
Decrease (increase) in accrued interest receivable	76	2	3	(24)	57
Net increase in accrued expenses and other receivable	5,940	-	-	-	5,940
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	2,549	-	-	3,604	6,153
Financial resources provided by operations	1,737	28	45	437	2,247
Total sources of financial resources	\$ 1,737	28	45	437	2,247
Uses of financial resources:					
Increase in investments and securities purchased from other funds under agreements to resell	\$ 1,737	28	45	437	2,247
Total uses of financial resources	\$ 1,737	28	45	437	2,247

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
(8,479)	(9,805)	3,321	3,917	(714)	(741)	11,810	(12,600)
5,724	2,218	2,063	1,494	84	436	4,377	16,795
-	-	-	-	-	-	-	80
2,578	486	(861)	1,081	(100)	(2,784)	(1,236)	(895)
(14,283)	(7,164)	(5)	(8,790)	-	-	(4,032)	(51,278)
(91)	(32)	(101)	(777)	(61)	5,248	1,726	5,912
(2,694)	(945)	267	(10,356)	2,482	(1,411)	1,704	(6,408)
6,133	4,119	573	7,326	856	-	6,069	54,691
6,297	(11,112)	(11,123)	5,257	(6,105)	2,547	748	20,418
(686)	99	4,558	3	2,762	42,468	48,467	-
(24,260)	(79,011)	(91,322)	576	-	-	(73,779)	-
74,067	87,177	17,428	93,551	2,250	-	131,076	448,448
-	-	-	-	-	-	6,000	70,284
49,900	49,470	-	-	-	178,531	157,567	435,468
1,388	1,609	(614)	1,921	(102)	(724)	511	4,752
89,297	48,221	(64,693)	89,946	7,457	221,023	290,260	965,249
(13,062)	(69,194)	(80,107)	24,762	(11,667)	221,023	153,766	277,171
-	-	-	-	14,124	-	3,855	249,890
102,359	117,415	15,414	65,184	5,000	-	121,745	427,117
-	-	-	-	-	-	-	177
-	-	-	-	-	-	10,894	10,894
89,297	48,221	(64,693)	89,946	7,457	221,023	290,260	965,249

SCOMM

60:7

ALASKA HOUSING MARKET COUNCIL
Housing Policy Development Committee

Rural and Urban Housing Market
Subcommittee

MINUTES

February 24-25, 1989
Spenard Recreation Center
Anchorage, Alaska

FRIDAY, FEBRUARY 24, 1989

Members Present:

Bill Swain	- Jack White Co.
Sam Helms	- AHMC Board Member
Deborah Ingman	- Appraisal Associates of Juneau
Mike Harper	- DCRA
Kay Murphy	- Alliance Bank

Public Present:

Don Sherwood	- Mat Valley Federal Credit Union
Hank Hodge	- DCRA - Housing Assistance

AHMC Staff:

Glenda Straube
Heather Arnett

Call to Order

Mr. Swain called the meeting to order at 10:05 a.m. He welcomed everyone to the meeting and announced that Sterling Gallagher, former Commissioner of Revenue, would be giving a presentation on the history of the Alaska Housing Finance Corporation.

Sterling Gallagher's Presentation

(The following is a synopsis of Mr. Gallagher's presentation):

Mr. Gallagher began his presentation by saying that Alaska can be characterized as "young and rural." Young people have very little savings and bank most of their funds in demand deposits. He also pointed out that Alaska is counter-cyclical; whatever the national institutions are doing -- Alaska is doing the opposite. The wealth of the state is in the government's hands. The State of Alaska's credit rating is AA. The only companies in the state with higher credit ratings are Exxon with a AAA rating and

possibly, BP Alaska with an AA or AAA. Mr. Gallagher pointed out that the State of Alaska, because of its credit rating, is the only institution in the state big enough and strong enough to have major financial clout.

The Alaska Housing Finance Corporation was created in 1971 as an adjunct to the Alaska State Housing Authority. For almost six years, the two had the same board of directors. But, in 1976, the board split. AHFC did its first bond issues and put together its first housing packages in the years 1971 - 1974. AHFC decided to put together their own bond issues because they felt captive of federal policies. Those first housing packages included a FHA and VA subdivision in Thunderbird Terrace in Anchorage.

Because AHFC and ASHA shared a board, AHFC was multi-family oriented in the early days. But, that changed in 1972-1973. In 1974, then-Governor Hammond won a pledge from AHFC to begin to provide a more conventional housing program. At the time, AHFC was reaching only a small portion of the state.

Private Mortgage Insurance was just beginning to be recognized and utilized in the country. Alaska was the second state, after Connecticut, to sell a bond issue backed by PMI insurance. In this issue, the state funded 10% of the reserve with the top 80% of the loans being covered by PMI insurance. The whole national insurance industry followed the example of Alaska and Connecticut.

In 1975, with the beginning of pipeline construction, the State accounted for about 35% of savings deposits in the state's banking system. The whole savings and loan industry had only \$100 million on deposit. The State used State pension funds to augment the market.

State government began to push housing in the state, opening up the State VA program. From 1974 - 1979, \$700 million in veterans loans were given out. (The State later used the assets from that program to expand the AHFC in 1981). The PMI program was very successful; with the program's backing, almost "1/2 of Anchorage was built during pipeline construction."

In 1981, the legislature wanted to expand the loan program to provide loans on homes of a higher value - the ceiling went from \$90,000 to \$160,000.

The State fashioned a security, which was 110 basis points over the government rate, with a 10-year call. The State of Alaska began doing graduated mortgages.

That year, the State sold \$1.2 billion in securities -- making it the 3rd largest borrower in the free world. The State was going

to the market with too many types of bond issues in those days. Each bond issue was a different type of security which caused a lot of market confusion.

The AHFC Balance Sheet Today

\$3.9 billion bonds outstanding
\$1.6 billion cash

AHFC is losing money on about 1/3 of its indentures. The corporation could make \$80 million a year if the economy was healthy.

With no subsidies from state government and with the right bond structure, AHFC can beat 'Ginnie Mae' securities by 15 - 20 basis points.

Mr. Gallagher commented that certain legislation has been "jammed down AHFC's throat" -- for instance, the mobile home program which has created a loss of some \$50 million for AHFC.

Mr. Hodge asked Mr. Gallagher if AHFC could become a revolving loan fund and get out of the bond market.

Mr. Gallagher responded that he would have to look at AHFC's cash flow to make that determination, but that he doubted it was possible. He said that there is no one to fill the role of AHFC in a recovering market.

He recommended that if the State is not already doing it, it should jettison all its foreclosed properties (REOs) in Juneau and all other REOs other than those in the Mat-Su Valley, Anchorage and 1/2 of the loans in Fairbanks.

He said that Juneau is a hot market right now and there is nothing wrong with the markets in Ketchikan, Southeast and Kodiak.

Mr. Gallagher said that Alaska will never have a large percentage of savings in the private sector. \$24 billion of assets in the state are from State and local governments. \$5 billion of assets are from the state's banking system.

He said that's why AHFC exists -- because there is no big private savings here.

Mr. Hodge asked in which area should AHFC key in on? He said that DCRA underwrote \$70 million in loans that AHFC wouldn't underwrite. Those were Anchorage and Fairbanks loans.

Mr. Harper commented that the Housing Policy Development Committee was formed to talk about housing; to question the role

of the AHFC and what it should do.

Mr. Gallagher said that the AHFC should serve the low to moderate income market. If it begins to run out of money, it should cut back on the high end.

Ms. Murphy asked if the State should revert back to being a lender for low and moderate-income homes.

Mr. Gallagher responded, "Should AHFC have loans identical to Fannie Mae and Freddie Mac? -- I think it is a matter of price and reserves. With \$300-400 million a year in loans they should tailor their program to financing needs."

Ms. Murphy said that the State can probably save 15 - 22 basis points over Fannie Mae. Ms. Murphy said that she would not like to see AHFC go back to only low and moderate-income loans -- that AHFC's interest rates are considerably less than other lenders.

Mr. Gallagher said AHFC's cash flow could roll at least \$200 million in loans and never sell a bond.

Mr. Swain asked if Mr. Gallagher was saying that even with a REO problem, AHFC was viable?

Mr. Gallagher responded that AHFC was upgraded last year to AA from AA-. He said that \$20 million was made last year.

Ms. Straube commented that the Permanent Fund Account keeps the State's bond rating up. Mr. Gallagher agreed that, regardless of the state's opinion that AHFC's bonds are not backed by the Permanent Fund and the State of Alaska, the bond market views the situation differently. He said that although the AHFC AA bond rating does stand on its own, the market understands that the \$10 million permanent fund is lurking in the background.

Mr. Helms said that Fairbanks is not doing as well as one might think. He said that 450 new units are needed in Fairbanks by this time next year, 150 of those to be multi-family. He commented that hundreds of GI's are presently renting. Mr. Helms asked Mr. Gallagher what he would do to clean up the AHFC?

Mr. Gallagher said he would get them out of certain markets and get their cash flow going. He questioned whether AHFC needed to be involved with federal programs since those programs are so restrictive. What AHFC cannot afford to do is lose PMI insurers.

Mr. Hodge commented that he understood that the further one gets from Anchorage, the less likely it is that PMI will want to insure a loan.

Mr. Gallagher responded that the State can "jawbone" PMI to go

out a little further and insure some rural areas. A lot of rural Alaskan towns are fairly stable, he said, and AHFC could expand their insurance program to include rural areas. He added that the market would buy it.

Ms. Murphy asked if AHFC could set aside 5% of bond issues for non-conforming loans? Mr. Gallagher commented that the bond market would certainly buy that but, AHFC must tell how the loans are non-conforming.

Mr. Hodge said that he wants DCRA's rural loans to be completely separate from AHFC. He remarked that there is currently legislation pending that would allow AHFC to take over DCRA's portfolio and that AHFC has made it clear that if this occurs DCRA loans would be in the "back 40."

Ms. Ingman said that she sees this as a real problem -- that if non-conforming loans are made through AHFC loans, then they wouldn't get underwritten.

Mr. Swain asked Mr. Hodge if the point was that DCRA doesn't have enough money for rural loans?

Mr. Hodge responded that it wasn't true at this point, but if they had any big push, they would be short of funds.

Mr. Swain asked Mr. Gallagher if he was saying that AHFC has enough financial muscle to serve DCRA's needs?

Mr. Gallagher responded that the issue is one of using more reserves.

Ms. Straube commented that we're concerned about policies and what's good for the state. She said that there have been many excuses made for not taking certain actions because of possible harm to the state's bond rating and that the State of Alaska needs to make decisions based on the real facts of our relationship with the bond market.

Ms. Murphy remarked that AHFC says that a lot of what it can and can't do is in the covenants of the existing bond issues.

Mr. Gallagher said that is valid of some bond issues. He said that the original, state guaranteed bonds do not have such covenants. He reiterated that it's a matter of price and that what we're talking about is using more reserves. The bond market will go along with more lenient or non-conforming programs if we are willing to pay the price - which would mean increasing the funds we keep for loss reserves.

Ms. Murphy said that she was told that the original bond issues went with Freddie Mac and Fannie Mae and that the State could

have gotten better rates for borrowers.

Mr. Gallagher responded that the State had a capacity problem then and that it no longer does.

Public Comment

Subcommittee Chair Bill Swain said that there would be a revision in the agenda and that Don Sherwood, from the Mat Valley Federal Credit Union, would give testimony at this time.

Mr. Sherwood said that the State of Alaska should have a group of corporate-minded officials. He pointed out that some projects are being done in Japan, that a Canadian corporation is mining in Juneau and that in Ketchikan there is a foreign-owned molybdenum mine. He added that the Point McKenzie port development is being done by a foreign corporation. The State of Alaska should look at ways of keeping people here.

Mr. Swain recessed the meeting of the subcommittee until 1:30 p.m.

Mr. Swain reconvened the meeting at 1:30 p.m.

Ms. Straube brought up whether the March meetings of the Housing Policy Development Committee should be in Juneau or Anchorage and if the meeting should be held on the 17th and 18th as scheduled or should be moved to March 30 and 31.

It was determined that AHMC staff would poll all members of the Housing Policy Development Committee to determine which March meeting dates were more convenient.

Since there were only five subcommittee members present, the subcommittee decided to cancel their Saturday, February 25 meeting.

Mr. Swain and Ms. Straube decided to write a memorandum to all Urban/Rural Subcommittee members to determine which members were able to make a commitment to attend the majority of subcommittee meetings.

It was brought to the attention of the Chair that John Guinn and Mike Shuler were attending critical meetings in Juneau and that Rick Barrier had informed us at the last meeting that he would be out of town for today's meeting.

Mr. Swain adjourned the meeting of the Urban/Rural Subcommittee at 2:15 p.m.

ALASKA HOUSING MARKET COUNCIL
Housing Policy Development Committee

Affordable, Low Income and Senior Housing Issues

AVAILABILITY:

1. "Affordable" housing is not just a low income issue; it should include renters.
2. How to increase participation of non-profit organizations and public-private partnerships in housing (i.e. housing cooperatives).
3. How can the existing stock of surplus housing be used to meet current housing needs. Need to identify housing that can be quickly converted to senior housing.
4. Identify groups whose needs can not be met by the existing stock of surplus housing.
5. Need for non-medical and assisted housing for seniors. Recognition of the various levels of housing needed.
6. Should the state encourage independent living for seniors where desired and practical.

QUALITY HOUSING:

1. Insure that housing designs maximize energy conservation and the use of local fuel resources. Energy importation and poor energy efficiency can increase housing costs.
2. Current building codes and standards may unnecessarily increase costs.
3. Should there be peer review of housing programs and their delivery system.

REGULATIONS:

1. Can existing loan programs be modified to encourage "affordable" housing.
2. What changes in state regulations, regarding AHFC and AIDEA financing guidelines, may be appropriate for low income and affordable housing. Federal and local guidelines also need to be addressed.
3. Should there be a state housing commission to oversee compliance of housing programs.

4. Regulations should be modified to allow boarding homes and residential level II housing to provide assistance to the "aged" without having to provide the full medical facilities required under law.
5. The state should adopt a case management system to allow agencies, serving the same people, to compete with each other and take advantage of funding available from the federal government for medicare/medicaid patients.

ACCESSIBILITY:

1. Agencies must educate the private sector and the public to improve access to current and future housing resources.
2. Full utilization of existing senior centers is needed.

MORTGAGE LOAN AVAILABILITY:

1. How to increase participation by local financial institutions.

Type of Structure

- One to Four Unit Complexes - Majority of occupants will be in various stages of
(Single level preferred) slow mobility. Little or no climbing will be necessary.
Split or Multi-level Can be utilized in cases where occupants are spry and
very ambulatory, also occupants who may have occasional
visitors (children, etc.)
- Entries Close to Ground - Stairs are most dangerous of all features to older people.
Also ramps are easier to build and will have less run
distance. Will creat less problems with snow and ice.
- Attached Garage - Ability to start cars in winter. Weather protection all
(preferred) year and additional storage room.
- Well insulated - Comfort is of primarty importance to older citizens.
Uniform room temperatures especially at floor level are
very important. Also cost savings are necessary.
- Low window level - One or more windows should have low sill heights, prefer-
ably living room windows. This premits easy viewing from
sitting positions.
- Emergency Access - Ease of removal of patients in case of medical emergencies,
i.e. ability to remove incapacitated patient from bathroom,
etc.
- Storage - Ability to construct additional storage to provide for more
than normal. Older people sometimes have a life time of
possesions to store.

Exterior & Neighborhood

- Lot Size and topography- Prefer normal to small lot for ease of maintance. Lot
should be high enough to promote good drainage to streets
or other drainage receptors.
- Make-up of Neighborhood Residents - Neighborhood should have average to lower quanities of
children. Some children are necessary. Area should be
clean with no junk yards or other run down features- pre-
ferred make up is with maturing families, modest density i
prefferred.
- Other Features - Streets should be well maintained. Street lighting is a
must. City water and sewer is prefered.
- Concrete Foundations - No maintenance work for life of house - very stable
- Code Electrical System - Lessens danger of fire- special circuts for medical equip-
ment can be easily added.
- Mechanical System - Must be in good condition and operating properly. Sanitat-
ion is of primary concern. In addition it is important that
the system can be expanded to accomodate special fixtures
for handicapped or medical purposes. Heating sstsem should
be multizone and of baseboard hot water.

Well lighted areas

- Lighting is important to help prevent accidents and to assist in reading and other activities.

Kitchen Designs

- Appliances in good condition with easy to reach controls. Standard cabinets and lower upper cabinets to lessen step stool requirements. Near access to dining room.

Laundry Facilities

- Laundry facilities including washer and dryer preferably within main house envelope.

Adaptability

- Ease of conversion of bath and electrical to accomodate handicapped or medical requirements.

for review

The following cost estimate is based on a 1,000 square foot residence conversion under uses of the following categories:

- I - No handicapped or medical assistance required
 II - Some handicapped or medical adaption needed
 III - Intensive handicapped and medical requirements including wheel chair, oxygen etc.

	<u>I</u>	<u>II</u>	<u>III</u>
<u>Exterior</u>			
Lot, Roof, siding painting, grounds	\$500 to 1,500.	500 to 1,500	500 to 1,500
<u>Interior or Finish</u>			
floors	300 to 2,000	300 to 2,500	300 to 2,500
walls	500 to 1,000	700 to 1,200	700 to 1,200
ceilings	300 to 700	300 to 700	300 to 700
doors	200 to 800	1,200 to 2,000	1,500 to 3,000
windows	0 to 1,500	0 to 1,500	0 to 1,500
<u>Handicap & Medical Access</u>	-0-	500 to 1,000	700 to 1,500
<u>Handicap & Medical Bathroom</u>	-0-	700 to 3,500	1,200 to 5,000
<u>Handicap & Medical Kitchen</u>	-0-	1,000 to 3,500	1,500 to 4,500
<u>Bath & Kitchen Fixtures & Cabinets</u>	300 to 3,000	(These costs included in bathroom and kitchen categories under scenario II & III)	
<u>Mechanical Systems</u>			
Boiler & heating water supply & drainage pipe (fixtures included above)	150 to 500 0 to 300	150 to 500 0 to 300	150 to 500 0 to 300
<u>Electrical</u>			
upgrade lighting	300 to 600	300 to 800	300 to 1,000
clean & repair	100 to 300	100 to 300	100 to 300
special circuits	-0-	500 to 1,500	1,000 to 2,500
<u>Emergency Access</u>	-0-	500 to 1,500	800 to 2,500
<u>Emergency & Special Systems</u>	-0-	150 to 600	150 to 600
<u>Add Laundry & Storage</u>	800 to 1,500	800 to 1,500	800 to 1,500
<u>Totals</u>	3,500 to 13,700	7,700 to 24,400	10,000 to 30,600.



State Housing Council

110 LABOR & INDUSTRIES BUILDING, SALEM, OREGON 97310-0161 PHONE (503) 378-4343

TO: Debbie Wood
Housing Policy Analyst

DATE: April 4, 1988

FROM: Krista Tyler
Student Intern

SUBJECT: OTHER STATES' HOUSING PROGRAMS

I have compiled a brief list of programs being carried on in other states, which may be of some interest to the Housing Council. I found lists of such programs in the handbooks published by the Council of State Community Affairs (COSCAA) and the Council of State Housing Agencies (CSHA). I then wrote to the director of each program requesting a program description and the enabling legislation. Upon receipt of this information, I summarized the features of these programs in outline form. On the following pages are condensed versions of these outlines. They have been divided into categories for easier reference. Following these brief descriptions are page-long outlines giving more detailed descriptions on these programs for future reference.

I. HOMEOWNERSHIP

1. Pilot Single-Family Construction Program (Connecticut)

- A. Loans to private developers to build low-cost housing
- B. Experimental program - operated only in 1986

2. Rural Homesteading Program (Virginia)

- A. VHDA purchases foreclosed properties, sells them for \$1.00 to eligible applicants
- B. Owners required to rehabilitate residences, live there five years
- C. Focus on state's rural areas

II. RENTAL

1. Rental Housing Production Program (Maryland)

- A. Funds may be used for nearly all aspects of construction

B. Work must be in eligible area:

1. blighted, deteriorating or slum
2. areas in danger of becoming so
3. areas which might so affect surrounding neighborhoods

C. Buildings must be vacant or under-utilized (less than 60 percent occupancy)

4. CORE Focus Program (Massachusetts)

- A. Local governments may receive up to \$10,000 per unit matching funds for rehabilitation
- B. Projects must be in downtown or key commercial areas
- C. Emphasis on mixed-use, housing/commercial purposes

5. Urban Renewal Program (Massachusetts)

- A. Money to communities, nonprofits for rehabilitation of blighted, sub-standard or decadent area
- B. Used in tandem with funding from HUD, Land Bank, MIFA, urban renewal and state funds

V. FARMWORKER/RURAL

1. Farmworker Housing Assistance Trust Fund (Florida)

- A. Loans with 3% interest and grants to:
 1. nonprofit organizations
 2. local governments or housing authorities
 3. federally recognized Indian tribes
- B. Money to be used for construction or purchase of housing for farmworkers or low-income rural residents
- C. Applications reviewed on a point scale

2. Farmworker Housing Grant Program (California)

- A. Matching funds for construction or rehabilitation of housing for farmworkers and low-income rural residents
- B. Rents may not exceed 25 percent of tenants' income

3. Rural Housing Program (Maine)

- A. In cooperation with FmHA for rehabilitation of low-income housing in rural areas of state

4. Community Contribution Tax Incentive Program (Florida)

- A. To encourage private contribution to construction and rehabilitation of target areas
- B. Private corporations donate to eligible sponsors
- C. Corporation receives 50 percent tax credit, up to \$200,000
- D. Financed through state tax credits

* NOTE: Financing is from state general funds, unless otherwise noted.

KT:swd
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MARYLAND

Rental Housing Production Program

I. Purpose

This program is designed to increase the supply of rental housing for low-income families.

II. Funding

For fiscal year 1987, \$9 million was appropriated from the state general fund.

III. Description

Funds from this program can be used for capital assistance, mortgage payment assistance, and advance of funds. Developments must include five or more units of rental housing and must be designated for residents earning less than 60 percent of the area median, with a goal of 50 percent of the households served earning 30 percent or less of the area median income. Any rent increases must be approved by the Agency.

IV. Target Group

Both nonprofit and for-profit corporations are eligible for assistance, provided the development serves residents in the low- and very-low-income range.

V. Contact Person

Nancy S. Rase, Director
Rental Housing Programs
45 Calvert Street
Annapolis MD 21401-1907
(301) 974-2122

MASSACHUSETTS

CORE Focus Program

I. Purpose

This program is to provide incentives to communities to create and retain affordable housing units for their citizens.

II. Funding

CORE receives \$1 million per year from Small Cities Program and rental assistance subsidies from state housing program.

III. Description

Units of local governments may receive matching funds to rehabilitate downtown or key commercial center buildings for mixed-use, housing/commercial purposes. Up to \$10,000 per unit may be received.

IV. Target Group

Communities wishing to rehabilitate downtown facilities.

V. Contact Person

Thomas R. Gleason, Director
Massachusetts Small Cities Program
Executive Office of Communities and Development
100 Cambridge Street
Boston MA 02202

WEST VIRGINIA
New Small Development Program

I. Purpose

This program is designed to assist private developers in the construction and rehabilitation of residential and commercial properties, especially in the downtown area. A goal of 50 percent level was established for low-income person occupancy.

II. Funding

Approximately \$5 million from the West Virginia State Board of Investments.

III. Description

This program is restricted to the development of multifamily rental housing and of commercial space. The major emphasis of the program is towards downtown revitalization by financing "Main Street" conversions of commercial properties to the above. Development proposals are evaluated as to ability to meet the 50 percent low-income residential goal.

IV. Target Group

Any nonprofit or for-profit individual or company is an eligible sponsor.

V. Contact Person

Norma L. Pritt, Information Officer
W. Virginia Housing Development Fund
814 Virginia Street East
Charleston WV 25301
(304) 345-6475

COLORADO

Construction Loan Fund

I. Purpose

This program is designed to provide funds to assist in the construction, acquisition or rehabilitation of housing for low- to moderate-income families.

II. Funding

The financing is made available through State general funds.

III. Description

The loan may be for an amount to cover 90 percent of construction/rehabilitation costs, for a period of not more than two years. Nonprofit or government agency sponsors may apply for these funds to build housing facilities of five units or less.

IV. Target Group

Nonprofit or government agencies build properties for low- and moderate-income families.

V. Contact Person

Judy B. Schneider
Assistant Program Development Officer
Colorado Housing Finance Authority
777 Pearl Street
Denver CO 80203-3716
(303) 861-8962

M A R Y L A N D

Nonprofit Rehabilitation Program

I. Purpose

To provide for the rehabilitation of residential properties.

II. Funding

This program is funded through Maryland general funds.

III. Description

Many different properties including rentals, group homes, temporary shelters, single-family owner-occupied homes and mobile homes are eligible for assistance. Funds may be used to bring the properties to code compliance and make the building suitable for its proposed use. Projects must serve individuals or households with limited income.

IV. Target Group

Nonprofit organizations and local governments are eligible for these loans.

V. Contact Person

Nancy S. Rase, Director
Rental Housing Programs
45 Calvert Street
Annapolis MD 21401-1907
(301) 974-2122

FLORIDA

Farmworker Housing Assistance Trust Fund

I. Purpose

To aid in the site acquisition and in the construction, rehabilitation, maintenance or support of farmworker or low-income rural housing.

II. Funding

State general funds.

III. Description

This program provides loans and grants to groups for the construction and/or purchase of housing to be offered to the state's farmworkers and low-income rural residents. Available funds are allocated 40 percent for farmworker housing and 60 percent to low-income rural housing. Loans of up to \$400,000 carry an interest rate of three percent for three years, and grants for specific purposes are available to approved applicants, based on a point system.

IV. Target Group

A loan or grant may be awarded to:

- a. nonprofit organizations
- b. local public bodies (housing authority or local government)
- c. federally-recognized Indian tribes

V. Contact Person

Frances L. Kling
Planning Manager
Department of Community Affairs
2571 Executive Circle East
Tallahassee FL 32399
(904) 488-1536

MAINE

Rural Housing Program

I. Purpose

To provide for rehabilitation and repair for low-income homes in the rural parts of the state.

II. Funding

Housing Opportunities for Maine (HOME) Trust Fund.

III. Description

This program is in cooperations with the Farmers Home Administration and is divided into two sections. The first, the Housing Preservation Grant Program, provides at least matching funds to the FmHA for repair of residences in rural areas. The second, the Multi-Family Rental Assistance Payments Program, supplements the FmHA waiting list for rent subsidies to low-income tenants in approved developments.

IV. Target Group

Only low- and very-low-income rural families are eligible for assistance, and these must meet FmHA requirements.

V. Contact Person

Robert O. Lenna
Deputy Director
Maine State Housing Authority
PO Box 2669
Augusta ME 04330
(207) 623-2981

MASSACHUSETTS

Support Services Program

I. Purpose

This program is designed to increase the economic self-sufficiency of public housing tenants through the provision of education, skills training, employment and support services.

II. Funding

A line item in the state budget appropriates approximately \$5.3 million.

III. Description

With a central theme of employability enhancement, the Executive Office of Communities and Development (EOCD) provides matching funds or an outright grant for support services for tenants of public housing. These services include job training, career counseling, remedial education, vocational and on-the-job training, youth services, and other such support as child care and transportation.

IV. Target Group

This program is targeted at persons who are already residents of the state projects.

V. Contact Person

Paul Kerrigan, Director
Bureau of Supportive Services
Executive Office of Communities and Development
100 Cambridge Street
Boston MA 02202

FLORIDA

Community Contribution Tax Incentive Program

I. Purpose

This program is designed to encourage private businesses to contribute to rehabilitation of housing units in the state.

II. Funding

Private businesses receive state income tax credits, up to \$200,000 per business, up to \$3 million for the state.

III. Description

Corporations must donate to an eligible sponsor, which include nonprofit organizations and state or local government. These sponsors must be conducting a project to construct or rehabilitate housing, commercial, industrial or public facilities or to promote entrepreneurial or job development opportunities. The corporation then receives a 50 percent tax credit for the contribution.

IV. Target Group

Private corporations willing to invest in construction and rehabilitation of distressed area.

V. Contact Person

Priscilla Howard
Florida Department of Community Affairs
Bureau of Community Assistance
2740 Centerview Drive, Rhyne Building
Tallahassee FL 32399
(904) 488-3581

MARYLAND

Group Home Acquisition Program

I. Purpose.

To provide and modify group homes for such special need groups as the elderly, the handicapped, income-eligible people, and others.

II. Funding

This program is funded by state general funds.

III. Description

Low interest loans are available to non-profit organizations to acquire and modify homes to serve these special-needs groups. Only those organizations who are unable to secure private financing are eligible. Interest rates are based on a sliding scale between zero and 7.5 percent depending on the incomes of the residents and the organization's repayment ability. The rate may be adjusted during the term if either of these change.

IV. Target Group

Eligible applicants are those non-profit groups which propose to serve the "special needs" of the group home residents.

V. Contact Person

Nancy S. Rase, Director
Rental Housing Programs
45 Calvert Street
Annapolis, MD 21401-1907
(301) 974-2122

Alaska Housing Market Council

October 3, 1989

Dear Housing Policy Development Committee Member:

Enclosed find your agenda and packet for the HPDC meeting, October 13, in Anchorage. If you are coming to the meeting from another community, please make your own travel arrangements, and, as before, you will be reimbursed for plane fare and for the day spent in Anchorage (at the state per diem rate).

The meeting will be held at the Anchorage Legislative Information Office, 3111 'C' Street, in the main floor conference room, from 9:00 a.m. to 5:00 p.m. The meeting will also be teleconferenced statewide to all Legislative Information Offices, which are open during the legislative interim. If you are unable to travel to Anchorage for the meeting, please attend by teleconference.

At the meeting, we will hear presentations on current and proposed loan programs at AHFC and DCRA. Also, we'll hear about proposed programs at ASHA.

The committee will then review and finalize the mission statement, the policy statements and their action recommendations. Lunch will be catered.

Please take a minute to review the subcommittee input which hasn't been resolved by the full committee. These will be the issues the committee will discuss when finalizing recommendations.

Another Note: The 2nd Annual Rural Energy Conference will be held in Anchorage on October 12 and 13 at the Egan Convention Center. This conference, titled "Energy Costs and the Rural Economic Crisis," is sponsored by DCRA, Rural CAP, the Alaska Energy Authority and The Alaska Rural Electric Cooperative Association. A conference agenda is enclosed.

As before, please contact me as soon as possible if you are unable to attend the HPDC meeting.

See you on the 13th!

Sincerely,



Heather Arnett, HPDC Aide

Alaska Housing Market Council

ALASKA HOUSING MARKET COUNCIL Housing Policy Development Committee

Meeting of the Full Committee

AGENDA

October 13, 1989

9:00 a.m. to 5:00 p.m.

Anchorage Legislative Information Office
3111 'C' Street, Main Floor Conference Room
Anchorage, Alaska

And all other State Legislative Information Offices
(Open during Legislative Interim)

- I. Call to Order - Roll Call
- II. Approval of Agenda
- III. Approval of Minutes
 - a. Full Committee Minutes - 9/8/89 - 9/9/89
 - b. Subcommittee Minutes - 9/8/89 - 9/9/89
- IV. Presentations on AHFC, DCRA, and ASHA housing programs
- V. Finalize Mission Statement, Policy Statements #2 - 13 and action plans
- VI. 12:00 p.m. Lunch
- VII. 1:30 p.m. Public Testimony
- VIII. Finalize Policy Statement #1 and action plans
- IX. Adjournment

**ALASKA HOUSING MARKET COUNCIL
HOUSING POLICY DEVELOPMENT COMMITTEE**

**Full Committee
Minutes**

**September 8, 1989
Sheraton Anchorage Hotel
Anchorage, Alaska**

CALL TO ORDER

The meeting was called to order at 9:15 a.m. by Chair Cynthia Parker.

The following members were present:

Fred Aii, Covenant House
Sharon Araj, University of Alaska, Anchorage
Representative Kay Brown
Jeri Swensen, Division of Mental Health & Developmental Disabilities
Stan Hoofard, Housing Services, Municipality of Anchorage
Barbara Chmiel, Housing Services, Municipality of Anchorage
Nancy Adams, Juneau Alliance for the Mentally Ill
Senator Pat Pourchot
Rick Barrier, Malaspina Properties, Anchorage
Mike Harper, DCRA, Anchorage
Sam Helms, Public Member, Fairbanks
Caren Mathis, Dept. of Commerce, Anchorage
Representative Steve Rieger
Bill Swain, Jack White Co., Anchorage
Bob Arwezon, Real Estate Broker, Anchorage
Paul Carr, Carr-Gottstein Properties, Anchorage
Kelly Gunnels, Denali State Bank, Fairbanks
Leo Kaye, Wasilla Senior Citizens Advisory Board
Cynthia Parker, Anchorage Neighborhood Housing Services
Jesse Bartlett, ASHA, Anchorage

Staff Present:

Glenda Straube
Heather Arnett
Mark Romick
Brenda Glaze

Public Present:

Amos E. Heacock, Anchorage
Nancy Isabell Thompson Heacock, Anchorage
Don Foss, Baranof Island Housing Authority, Sitka
H. Prent Gazaway, Anchorage
Jean Smith, Realtor, Anchorage
Jacquelyn Canoose, Cook Inlet Tribal Council, Anchorage
John McCool, ICBO Code Committee, Anchorage
Charles E. Logsdon, Palmer Senior Citizens Advisory Committee
Bryon D. Coney, Panoramic View Apartments, Anchorage

APPROVAL OF AGENDA

The agenda was unanimously approved.

APPROVAL OF MINUTES

The minutes from the July 28, 1989 full committee meeting in Homer and the August 25, 1989 chair meeting in Bethel were both unanimously approved.

DRAFT POLICY RECOMMENDATIONS

The committee discussed the 13 draft policy recommendations. Rep. Rieger stated that he had a few language change suggestions for the recommendations, but otherwise approved of the statements.

The full committee approved all 13 statements.

POLICY STATEMENT #1

DISCUSSION OF PROPOSED HOUSING COMMISSION

Rep. Brown distributed a suggested structure for the proposed Housing Commission.

She was concerned that by establishing a Housing Commission, a new layer of bureaucracy would be created. This would be viewed unfavorably by the Legislature. A Commission that "streamlines" the way state housing programs are structured and delivered would be preferable.

Under Rep. Brown's proposed structure of a Commission, the boards of AHFC and ASHA would be eliminated and the Commission would become the board to administer and oversee all state agencies with housing responsibilities and all state housing programs.

Rural housing service delivery would still occur through DCRA.

She envisions a 10-member board with the executive directors of the various agencies serving at the pleasure of the board.

Mr. Kaye asked what type of legislative action would have to occur to create a Commission.

Rep. Brown responded that creation of a Commission would require modification of state statutes.

Mr. Barrier suggested that perhaps AHFC's board would handle day-to-day decisions and an Executive Board/Commission would decide policy issues.

Rep. Rieger stated that he is not opposed to the idea of a Commission, but remarked that we should explore improving the current situation first, i.e. how housing in the state is handled by the Governor's office.

Mr. Carr stated that he would feel more comfortable if there was one board that set policy, but did not have the responsibility of administering all housing programs.

Rep. Brown said that it's important that a Commission has the power to enforce policies.

Mr. Ali added that he doesn't think the state can afford a Commission without teeth - at this point.

Mr. Harper stated that, in concept, he agrees with the idea of a Commission, but he doesn't think it should run the day-to-day operations of the various agencies.

10:00 a.m. PUBLIC TESTIMONY

Amos E. Heacock, North American Brotherhood Foundation, Anchorage

Mr. Heacock stated that his organization has been approved by the IRS as a non-profit corporation. They use their expertise to reduce the cost of community economic development and housing. They have the ability to implement housing in "distressed areas."

They can possibly guarantee a 20% lower cost for lower-income persons. Development has to be from the "bottom-up." The Foundation would represent the buyers of condominiums and other housing.

(Mr. Heacock added in a later note that the primary problem in the state is filling housing with jobholders. With no provision in Alaska for accepting co-operative mortgages, he stated that it is premature for the Foundation to establish a definitive program).

Nancy Isabell Thompson Heacock, Anchorage

Ms. Heacock emphasized the importance of low-income persons becoming homeowners. She added that it is very important for a person's self-esteem to feel pride of ownership in their home.

H. Prent Gazaway, Anchorage

Mr. Gazaway commented that some of the policy statements seem a bit wordy. He recommended that in Policy Statement #2, the word regionalized be changed to localized. He disagreed with Policy Statement #4, which focuses on low-income housing. He felt that the statement should address improving the availability, accessibility, and affordability of housing for all Alaskans, with an emphasis on housing for persons with limited or low-incomes.

Jean Smith, Realtor, Anchorage

Ms. Smith represents Safe Haven Cooperative in Anchorage. She stated that there is no financing available in the state for co-operatives. She has approached every agency about this. She does think that AHFC has the authority, under statute, to finance co-operatives, but the agency does not issue such loans.

She urged the committee to "keep thinking co-operatives."

Jacquelyn Canoose, Cook Inlet Tribal Council, Anchorage

Ms. Canoose stated that the CITC is expecting a large influx of people into the Anchorage area this fall and winter. She said that there is an urgent need for low-income housing. There needs to be good coordination between ASHA and rental assistance programs and more education for the public. She added that there needs to be a better check on tenants when their income increases.

Mr. Hoofard asked if Ms. Canoose was aware of the HUD program which allows non-profits to lease HUD properties for \$1 a year.

Ms. Adams added that the non-profits cannot charge rent, however.

Ms. Straube stated that the non-profits have to pay insurance costs and other operating expenses.

John McCool, Architect, Anchorage

Mr. McCool has been a practicing architect in the state for over 20 years. He has been a member of the International Conference of Building Officials Code Committee in the state along with representatives from the Architects Institute of America, the

Department of Labor, the Municipality of Anchorage, the Department of Transportation and building contractors.

He said that the Federal Trade Commission has stated that 31 states have statewide codes. In this state, no private or public buildings have any seismic codes. Nine different state agencies regulate housing and are often at odds with each other. Some of these codes must be adopted and changed by statute, which is a very difficult process.

In 1987, the Code Committee's draft bill made it to the Senate Labor and Commerce Committee, but died because of disagreement as to which agency should do code enforcement.

Mr. McCool added that national codes are updated every three years. Federal accessibility standards are updated less frequently, but are still good building standards.

If a statewide building code (based on national codes) is adopted, public hearings could be held when code updates are issued and regional amendments could be instituted.

Also, a code appeals process should be implemented.

Mr. Helms stated that a Uniform Building Code is needed in the state, but such a code would not work well in rural areas.

Mr. Rieger asked if there should be a grandfather clause relating to buildings already constructed, if a statewide code is adopted.

Mr. McCool responded yes, that the Fire Code has that provision.

Mr. Hoofard stated that codes are a big issue, for instance, how would code inspectors get to Bethel or other rural parts of the state?

Mr. McCool said these issues would be addressed in phases; the first priority is to get a statewide code adopted.

Byron Coney, Panoramic View Apartments, Anchorage

Mr. Coney is the trustee for the Claire Reischling Testamentary Trust. He is presently in charge of the Panoramic View Apartments on Government Hill. They were built in 1949. There are 268 units in 14 buildings with basically sound construction. They have potential as low-income housing; but the project is struggling to survive.

Mr. Coney concluded that the logical solution was to transfer the project to a non-profit corporation.

By the end of September, 1989, the Anchorage Housing Trust will