

COMMITTEE

Regulation Review

DATE

11-11-81

COMMITTEE MEMBERS PRESENT

SUBJECT

AHFC

| NAME | ADDRESS | REPRESENTING | PHONE # | TESTIFY (yes or no) |
|---------------------|---|----------------------------------|------------|---------------------|
| John Burton (owner) | Mobile Home Management | Consignments | 338-4481 | yes |
| Thomas Thurman | 4140 Chockmate Dr | individual | 331-5145 | no |
| Matt Sullivan | 746 W 16 th Ave Anchorage | 1 st Alaskan Mortgage | 276-0117 | NO |
| CHUCK HADDY | PO. Box 10-1314 ANCH. 99511 | NEW WORLD INC | 345-3854 | NO |
| Julene D. Wiley | Box 505 Moose Pass, AK | individual | 288-3214 | NO |
| Ken Pollock | 2603 Lord Barrow Dr Anch | ZOOI REALTY | 276-2001 | NO |
| al Stills | 5029 Knight Ave | VOX CORP. | 338-1987 | YES |
| Ray Buder | 3201 C. St. Ste. 201 | C. C. REALTY | 272-2117 | YES |
| DWIGHT ROWDEN | 2101 LOUSSAC DR. | ERA-ROWDEN INC | 276-4663 | YES |
| George S. Oliver | 8411 E. 12 th Ct - Anchorage 99509 | Admiral Realty | 279-8586 | NO |
| ✓ Chuck Booher | 4124 Irene Dr. Anchorage | Skymay Realty | 274-8561 | YES |
| Nathaniel Cummings | 2621 North Elm Ave Anchorage | | 277-1269 | NO |
| Jan Klined | 2323 Eagle Run Rd | myself | 260-2559 w | no |
| Sheila Rae Marten | 801 Airport Hgts Sp 261 | Mobile Home Manag. | 338-0011 | NO |
| | | | | |
| | | | | |
| | | | | |

COMMITTEE TAPE LOG

TAPE NUMBER 1

COMMITTEE Regulation Review HEARING DATE 11-19-81

MEMBERS PRESENT Aboud, Moss, Randolph
by conference phone: Callotta, Hopman.

LEGISLATION CONSIDERED AH7C Present Mark Cannon
Leroy Redkey

9:15 am

| METER NO. | PERSON SPEAKING/ACTION |
|-----------|--|
| 54 | J. M. (Jack Anderson) * need copy of news cl. 11/18 paper |
| 160 | Jim Engladinger, P.S. Mobilattomes |
| 257 | Leroy responds - asks for letter from Jim |
| 432 | Darlene ^{Hurst} Intia AK Real estate |
| 589 | John |
| side 2 | Leroy - Dick |
| 290 | Dave Rabatch - Realtor (consultant) * need copy |
| new tape | Dick & Leroy & Mike |
| | Pappy |
| | James Magowan - Edin Real Estate Comm. ^{non-official} |
| | Dick - Leroy - discuss program with a fee |
| | * written testimony |
| | Mitch, Leroy - seminar on AHFC is in planning. |
| | Mark - Dick turns chair to Mitch |
| | Senator Pat Redey |
| 45 | Jerry Duval - says ^{being absent in Oct caused} his loan to sit 23 days |
| | Mark - Leroy - Mitch - Leroy - Mark |
| | Moss |

| | |
|-------|---|
| 186 | Randolph back. |
| 204 | Ley. ^{Charles} - Oldi-Broten 1) wants permanent fund A 2) decrease in home value disqualified 3) gravel drive created a problem |
| 327 | Willy Radcliffe 1) What % of money goes to want income level 2) Blacks having trouble getting loans |
| 460 * | Pappu Dick says if AH7C doesn't get statistics on who's income bracket is receiving funds the committee will Mitch |

COMMITTEE TAPE LOG

TAPE NUMBER 2

COMMITTEE Regulation Board

HEARING DATE 11-19-81

MEMBERS PRESENT Randolph, Hood, Mow, Colletta wa conference phone

LEGISLATION CONSIDERED AH7C

Lance Parish
Leroy H. H. H.
Mark Carson

METER NO. PERSON SPEAKING/ACTION

Tape 2
Side 1

Elaine Taylor Taylor Construction Services
- second mgmt. ??

Side 2
0

Leroy - will make a copy of second's available
but legislature has the ball on this.

34

April Lee - Ann Barker

1) Loan auto. to low.
2) Review 1% is not enough benefit

* Dick's
request
get him

92

Cy Barker

1) Having bank review and investigate lending
AH7C a short out-view and approve or disapprove
only.
2) Appraisal Process double standard
R-3 or R-4 property can't be financed
because of load to house & Ratio
3) Recommends housing credit

Tape 3

Joann Burton - mobile home mgmt

Loans million mobile 50% mobile home loans turned down
18 million home Barker says approx 26% we app
how many are turned down

Pappy

275

Arlene Wil

488

Ray Bresler

Leroy

side 2

Leroy

Ray Bresler - HOF Program

mark

135

Dwight Bourden - Realtor
wants permanent fund used
doesn't understand AH7C seller
services guide.

240

Chuck Bower, Skyway Realty
LaVonne, City.

Legislative Teleconference Network



TELECONFERENCE CONFIRMATION/CONTACT

INSTRUCTION: Please complete, sign and return by 10/17
to: Juneau Teleconference Office
Capitol, Rm. 30

TO: Ronnie Colter, A.R.R. Committee

RE: 10/16/81 Public Hearing on Teleconference re: AHFC

TELECONFERENCE OBJECTIVE/GOAL: to solicit comments from public

PLEASE ATTACH THOSE ITEMS CHECKED:

Legislation to be discussed;
list bill numbers _____

Summaries, position papers, etc.

Agenda (if applicable)

Other Special Documents

Attach List of SPECIAL WITNESSES OR
SPEAKERS.

PUBLICITY: Please attach a copy of your Public Service Announcement. Indicate if you wish to have any of the following additional publicity done by local moderators.

Call Media

Call Local Individuals (attach list)

If Public Hearing, who do you want to
hear from? List agencies or people
who would be interested in this topic.

PLEASE ADD ANY COMMENTS HERE THAT YOU THINK WILL BE HELPFUL TO OUR MODERATORS AND WHICH
WILL ADD TO THE SUCCESS OF YOUR TELECONFERENCE.

See contact: 465-4821 JOHN ELLIOTT

- Continued on Reverse Side -

SPONSOR: Administrative Reg. Review Committee TAKEN BY: Networth
 SUBJECT: Public Hearing on the Housing Finance Corp. DATE/DAY Oct. 16, 1981
 MAILING ADDRESS: 921 W. 6th Ave. TIME: 3:59 Pacific
Anchorage 99501 1:30P Alaska
 zip
 PHONE: 272-6341 CONTACT: Ronnie Colter DURATION OF T/C: approx 3-7 hrs

SITES PARTICIPATING:

- | | | | | | |
|---------------|-----------------------|-------------------|------------------|-------------------|-------------------------|
| ALL ALASKAN | <u>Anchorage</u> | <u>Dillingham</u> | <u>Duneau</u> | <u>Mat-Su</u> | <u>Seward</u> |
| | <u>Barrow</u> | <u>Fairbanks</u> | <u>Ketchikan</u> | <u>Nome</u> | <u>Soldotna (Kenai)</u> |
| WASHINGTON DC | <u>Bethel</u> | <u>Haines</u> | <u>Kodiak</u> | <u>Petersburg</u> | <u>Valdez</u> |
| | <u>Delta Junction</u> | <u>Homer</u> | <u>Kotzebue</u> | <u>Sand Point</u> | <u>Wrangell</u> |
| LIO | | | <u>Sitka</u> | | |

Sen. Stevens *Off-Net Dial In LTN Locations. Available by special arrangements.
 Sen. Murkowski
 Office Governor
 SPECIAL OFF-NET LOCATIONS/PHONE NUMBERS: _____
 * chair. Rep. Randolph, Fbx * committee

Signature of Sponsor Contact Person _____ Date _____

*** TELECONFERENCE OFFICE USE ONLY ***

MODERATOR NOTES

Publicity and Back-up

Technical Problems

Other Comments

POST TELECONFERENCE NOTES

SITE/LOCATION: _____

LOCAL MODERATOR: _____

T/C Started: _____

T/C Ended: _____

T/C BROADCAST OVER RADIO OR TV

YES _____ NO _____

If yes, what stations?

DID SITE RECORD THIS TELECONFERENCE?

YES _____ NO _____

TESTIFIED/PARTICIPATED _____

UNABLE TO TESTIFY _____

OBSERVERS _____

TOTAL # _____

Billing Information

Billing Address: 921 W. 6th Ave

NO CHARGE Anchorage AK 99501
zip

Charge To: _____
(Area Code) Phone Number

CATEGORY: Legislative Non-Legislative _____

AMOUNT PAYABLE: _____

TELECONFERENCE HEARINGS



April 11, 1978

SPECIAL EDUCATION BILL TO BE HEARD ON TELECONFERENCE NETWORK

The House Health, Education and Social Services Committee, chaired by Representative Charles Parr, will hold teleconference hearings on HB 848, special education, Thursday, April 20, starting at 6:00 p.m. *Pacific Time*

HB 848 is designed to remedy past inadequacies and inequities by defining the needs of exceptional children in a broad and flexible manner, recognizing that these children have a variety of characteristics and needs, all of which must be considered if the educational potential of each child is to be realized. The bill would provide the opportunity for a full range of special programs for exceptional children and require that programs which hold out the promise of being special actually benefit children assigned to them. The present formula for distribution of state aid for special education programs would be replaced with one - which encourages local and regional school districts to develop and operate adequate special education programs in full compliance with Public Law 94-142.

*br. of
synopsis:
type of
testimon
you want*

AREA RESIDENTS INTERESTED IN PRESENTING TESTIMONY OR OBSERVING THE HEARING MAY PARTICIPATE VIA THE LEGISLATIVE TELECONFERENCE NETWORK AT THE ANCHORAGE LEGISLATIVE INFORMATION OFFICE, 1024 WEST SIXTH AVENUE.

*location:
all
410-14
KTN*

INDIVIDUALS WISHING TO TESTIFY SHOULD CONTACT THE ^{TELECONFERENCE} OFFICE AT 278-3668 BY APRIL 19, 1978.

Copies of the bill and additional information are available from the Information Office.

example

MEDIA DISTRIBUTION

Anchorage

Alaska Journal of Commerce
Alaska Review
Anchorage Daily News
Anchorage Times
Associated Press
Chugiak-Eagle River Star
Great Lander Shopping News
Tundra Times
KAKM - TV
KIMO - TV
KTUU - TV
KTVA - TV
KANC Radio
KBYR/KNIK Radio
KENI Radio
KFQD Radio
KHAR/KKLV Radio
KRKN Radio
KSKA Radio
KYAK/KGOT Radio

Barrow

Barrow Cable TV
KBRW Radio

Bethel

Tundra Drums
KYUK - RV/Radio

Delta Junction

Delta Paper

Dillingham

Bay Advertiser
Bristol Bay Times
KDLG Radio

Fairbanks

All Alaska Weekly
College Polar Star
Daily News Miner
KTTU - TV
KTVP - TV
KUAC - TV
KCBF Radio
KFAR Radio
KIAK Radio

Haines

Lynn Canel News
KHNS Radio
Haines Cable TV

Homer

Homer News
KBBI Radio
KGTL Radio

Juneau

Alaska Fisherman
Juneau Empire
KINY Radio/TV
KJNU Radio/TV
KTOO Radio/TV

Ketchikan

Ketchikan Daily News
KATV - TV
KRBD FM Radio
KTKN Radio

Kodiak

Kodiak Times
Kodiak Daily Mirror
KMXT FM Radio
KVOK Radio

Kotzebue

Manueluk Media
KOTZ Radio

Mat-Su

Frontiersman (The)
Valley Sun
KABN Radio

Nome

Bering Straights
Nome Nugget
KICY Radio
KNOM Radio

Petersburg

Petersburg Pilot
Petersburg Cablevision
KFSK Radio

Sand Point
(no media)

Seward

Phoenix Log News
KRXA Radio

Sitka

Daily Sitka Sentinel
SATV Cable TV
KCAW Radio (Raven Radio)
KIFW Radio/TV

Soldotna

Cheecha'o News
Peninsula Clarion
KSRM Radio

Valdez

Valdez Vanguard
KEEI Radio

Wrangell

Wrangell Sentinel
KSTK Radio

Friday, October 9, 1981
PRESS RELEASE

Office of Rep. Dick Randolph
Chairman, A.R.R.C.

FOR IMMEDIATE RELEASE

Dick Randolph, Chairman of the Administrative Regulation Review Committee, today announced that public hearings will be held in Fairbanks on Friday and Saturday, October 16-17.

In 1975, the Alaska Legislature established the Administrative Regulation Review Committee with the purpose of reviewing administrative regulations for appropriations and compliance with legislative intent. According to Randolph, the committee has not been very active in recent years, and it is his desire to make the committee an effective tool for eliminating regulatory red tape that frustrates almost every aspect of Alaskan life.

"Those wishing to testify about problems they're having with state government regulations can be assured that their testimony will be taken seriously," Randolph said. "I hope to introduce major legislation reforming inappropriate regulations during the next legislative session."

Topics to be covered are Permitting Regulations, Alaska Housing Finance Corporation, State Land Use & Disposal and Games of Skill and Chance. Following that testimony there will be an open period during which time attendees may testify regarding any regulations of interest to them.

The hearings will begin at 9:00 a.m. each day at the Fairbanks Legislative Affairs Office located at 315 Barnette Street. The public's participation is encouraged.

Easy Gilbreth

~~SA~~

9am

AA7C

~~Games of Chance~~

266-2207-

Jerry

Wobble 1:30

Oct 16-17

Portland

9

Games of Chance

Fri

Permuting

1:30

Land Use - (tele)
& Disposal

Some ad for 7BX paper. Public Service Amer

PSA's - 1st 3 days of the week.

Radio Stations - Leg. Affairs
(media guide)

dbl space PSA's

KFAR - 452-2125

KFRB - 452-5121

KIAK - 452-1931

All AK Weekly PO Box 970

FBX Daily NewsMiners

J. ANDERSON
P O BOX 3098 ECB
ANCHORAGE, AK
99501



277-9293

11/19/81

Northwest to recovery

The storms wiped out half of the edge's wave deflectors, uprooted anchor cable and forced replacement of two mechanical devices that control movement of the drawspan motions.

Cold rain pelted parts of Washington Tuesday and winds gusted in the mph range. But it was a typical winter storm.

BLUE RIBBON COMMISSION ON THE STATE PERSONNEL ACT

Public Hearing on discrimination against
minorities and women in state employment

Tuesday, November 19, 1981

Morning Session 10:00 a.m.

Afternoon Session 1:30 p.m.

Legislative Information Office

1024 West Sixth

Phone: 278-3668

Blue Ribbon Commission, Pouch YG, Juneau, Alaska 99811

STATE OF ALASKA LOAN PROGRAMS

DO YOU NEED A LOAN AT GOOD INTEREST RATES TO

Buy a house or duplex; expand a business; buy a limited entry permit; attend college; develop a farming operation; install energy saving materials in your home; buy or repair a commercial fishing boat; design and construct a salmon hatchery; remodel a building in order to operate a child care center; extend power lines to new customers; renovate a historical structure; expand your mining business; remodel a building to operate a residential care facility; or develop and market a product pertaining to a natural resource?

The Alaska Legislature has created low interest loan and grant programs for all these and many other purposes. To enable a person to learn the particulars of all of these programs quickly and easily, a guide has been compiled and is now available.

The guide may be purchased in either of two versions:

The Complete Edition, available as an annual subscription, which includes:

- An Executive Summary of each loan and grant program
- Explanations of requirements to apply for each loan
- Replacement pages for programs that have been changed
- New pages for new programs which have been created
- Routine reports listing the
- Latest interest rates
- Current funding status
- Proposed program changes

The Abridged Edition which includes:

- An executive Summary of each loan and grant program
- The latest interest rates for each program
- Only those programs which are currently funded

The Complete Edition is available at a cost of \$225 for 1 year, \$375 for 2 years or \$500 for 3 years. The Abridged Edition is available at a cost of \$50. To obtain a copy of either version of the guide, send your order to:

SPECIALIZED PROFESSIONAL SERVICES, INC.

P.O. Box 194, Auke Bay, Alaska 99821

(907) 586-4100

AHFC
November 19, 1981

①

Jack Anderson, Polar Energy, 1450 W. 12th. Ave. Anchorage, AK 99501

A 41 year resident of Alaska, twice past president of the Anchorage Chamber of Commerce and founded and served as first president of the Alaska State Chamber of Commerce. I served as regional marketing manager for Flying Tiger Lines. I have two interests here this morning. One is that I think the legislature should be highly commended for the programs that they have funded and various loan endeavors. I have no loans pending ~~against~~ before any State agency. Nor have I at this ~~point~~ in time ~~plan~~ to apply for any.

moment plans
I respectfully request that the legislature look into the administration of the programs that they have formulated as I believe that the administrative rules that have been written by the people who have been appointed by Hammond and hired by the State to manage the programs have ~~contravened~~ the intent ~~of~~ contravened

of the legislature to the extent that the administrative regulations are so defined as to make it nearly impossible for an average, ordinary citizen to apply and secure a loan. I have consulted many in the fishing industry I would like to insert for the record this morning an advertisement which appeared in yesterday's Anchorage Times which I would qualify by saying that I think specialized Professional Services Inc. has done a real service for the Alaskans and certainly they deserve to tell it but it is something they should be doing for themselves. I don't want to take away from their program in any way shape or form. It just serves to highlight the inadequacy of the administrative program as being done by the state employees and for \$500 you can subscribe to a book that tells you how to apply for state loans. My name and telephone number is on that.

The second point that I would make is that we are driving the fishery of Alaska. We are the ~~target~~

target source of protein in the world today. Offshore, deepsea fisheries you name it. We have a situation in Kenai where we have one poor Alaskan who ~~owes \$500,000~~

owes 3 million dollars which is an insignificant amount in our total budget program and we've got Martin's Seafoods here in Anchorage and I don't represent either one of them, this is just an illustration and point. They are going to be driven to foreign ownership be it Polish or Japanese or some other gov't who's going to have to come in here and bail out these companies and give them some long term money. You can't loan them 2 million dollars and expect them to repay it in one fishing season. nor can you have loan rules and regulations as the banking system does. that fish are not considered a viable commodity and therefore they are ~~not considered a~~ loanable collateral not considered as loanable collateral because we don't know whether the fish are going to run or not. I hope the legislature will address it self as to providing some capitol financing for the seafood industry to assure employment in our outlying areas. ~~and employment~~ I see someone as looking at employment for the elderly Gosh that employment down here in the dock or in Kenai or in Homer Seafoods in Kodiak, I was in Kodiak last week. These seafood plants are very significant employers and very significant in the local economy. I also would respectfully ask that the legislature look at using our permanent fund to buy house paper. Whether it is apt. condos, or homes. I suppose it would sound radical but if it was ~~possible~~ I would pay off everybody's mortgage that lived in Alaska and give them a chance to free up that capitol and that equity in their home to go into entrepreneurship activities of business. I believe that the state agencies that manage these loan programs have failed in their responsibility to the community and that the legislature should make some studies on the feasibility or the practicability of running these loan programs ~~threw the commercial banks.~~ The savings and loan institutions the credit unions and the commercial banks. They have loan officers and loan committees and loan groups and programs and they know how to administer a loan. They don't ask you for ten years tax returns when you may have just gotten on the tax rolls. They have a feel for the community they have a branch in Bethel, Nome and so on and so forth. Which would create the necessity of these people coming into Anchorage at high cost and to apply to a group of people that generally are not well advised as to the management of a loan program and I don't mean to harass anybody or to point out anybody or to take sides but I think the legislature has done an outstanding job in trying to make funds available to Alaskans. I'm not a bit concerned that some of those loans go sour. If about 10% of them go sour it doesn't make any difference if it employs a few people and tries to get a business going and I commend you for these hearings and thank you for the opportunity to appear.

Anderson.....

Senator Colletta- Jack is the booklet that you are referring to a booklet done by Gary Jenkins. ~~xxxxxx~~

Anderson...I'm not sure who owns that Mike or who has developed that but what they have obviously done is gone thru all of the agencies and collated and collected ~~age~~ and anotated the regulations that prevail and corrently apply. I ddd a consulting job for a fish firm that I have not named nor will I name and we figured it would cost us between five and six thousand dollars to qualify and to present the proper paper work thru a certified public account and legal people to apply for the loan with the seafab Bank or with the Ak Renewable Resources Corp. as they are ~~xx~~ presently managed.

Senator Colletta..I had an opportunity during the municipal league convention in Anchorage to see a publication that a former state employee, Gary Jenkins has compiled and it does list the activities of the 54 lending agencies. If you have not seen a copy of that yet I would strongly recommend that the committee procure one with the idea that possibly suggesting to AHFC in particular to enter into some type of negotiations with the publisher not for the entire volume because it was quite expensive but for those parts that pertains to their respective agency or mass production of something. The volumes that I saw although ~~these~~ the fees are extremely high they are totally out of the reach of the individual to just procure but he has built into that the changes that naturally occur each year. B I think that there is a lot of merit in what Jack is suggesting and most certainly to make those programs that we as legislators are implementing readily available and understandable by the consuming public as a whole. It's something I think we should really look into.

Randolph...These hearings are not restricted to AHFC and are open to discuss other loan programs. I think your suggestion of paying off home mortgages is radical but has merit and I think that we need some way of equitable distribution and a mortgage loan program ~~by~~ be a way to do that.

ger
Jim Engelringer, P & J Sales Inc., 600 E. Benson, Anchorage, AK 99503

Mr. Rothey at one time did come over to our offices. We had had some problems we felt with AHFC and the time that was taken to process loans. HWe spoke to all of our salesman and it was very enjoyable and we appreciated him coming over.tremendously. At that time he assured us, at that time it wa s taking approx. 15 - 21 days turnaround time or we thought it was taking that long from the time the applications were submitted to the lending institutions to AHFC before they were returned to the leading institutions with approval or disapproval. At ~~that~~ that time when he came over he assured us that the turnaround time was being reduced by the addition of more people, more processors on AHFC's part and streamlining their procedures. Unfortunately at this time it is now taking 5 to 6 weeks so something evidently went wrong with the streamliging process or the ~~beurocracy~~ bureaucracy involved in this. I feel that a 5to 6 week turnaround time fro a mobile home loan is far too long. At the same time we also own Penney & Jensen Real Estate and our real estate loans are being processed and being returned from AHFC in 2 weeks. There is some inadequacy there in some manner.a We feel that based on the manner in whcih the appliaations are coming back requiremenets that are being put on by certain processors at AHFC there doesn't seem to be a standard that they are following. We've had an application disapproved and resubmitted with the same information and it goes thru a different processor and it comes back approved. We had one particular application that was approved, it was an identical type of circumstances with two friends that arrived in AK at the exact ~~time~~ same time and had actually grown up together these two couples. One loan was approved and one was disapproved. There doesn't seem to be an adequate set of standards and I think that although the program did come under investigation and evidently there was some criminal intent involVed because certain people have been indited. The mortgage Company of AK program which was a direct loan program for mobile homes, I'm not saying that particular company but a similar company would be ideal or much better program than the one we have at the present time. Undetthat program we were able to get response and approval on loans within a two wee k period of time. They did not go thru the entire update mortgage process that AHFC is requiring at this time. Mobile home buyers are not used to that they are used to be able to walk in as with a car and ~~can~~ unfortunately and there is a certain stigma involved in that idea ~~and~~ they can come in ~~and~~ today, buy their home, move into it within a few days. At the present time ~~aw~~ we're talking 2 to 3 months ~~minimam~~ so ~~that~~ ~~people~~

As a dealer I am paying 22% ~~interest~~ flooring on these homes and this has to be passed on to the consumer so we're inflating the prices in. This slow process is causing the inflation of prices and I think that's what we're suppose



to be going against or at least that all of our gov't say they're against this inflation and yet we're causing it.

Leroy..... I enjoyed meeting with your people and at that time we were still meeting a 15 to 20 day turnaround and we've sure reached some peaks and valleys since then but we certainly are not at a 5 and 6 week turnaround. I can be more than happy to come over to our office and see the submission we have in relationship to ~~Randy~~ Penney & Jensen and you give me the numbers and the names and I will show you the date that we received the application and so forth. We are currently underwriting as of the 5th of November and as of this morning at 8 a.m.. We are back logged, we do admit that, but we do not have anything in our shop that has been there for 5 or 6 weeks that I am aware of. If we do then I think it is the responsibility of P & J or any other mortgage lender or seller to bring that to our attention. We certainly cannot make any type of changes without knowing where the pitfalls or the hang ups are. My question to you in relationship to your comments based upon flooring costs and so forth. It is in your opinion inadequacy of people within the financial community or mortgage companies that are willing to work with you and to adequately serve the mobile home side of it. I think certainly there must be a willingness on the part of financial institutions to write mobile home type loans and mobile home paper. Are you experiencing those difficulties because my question is that I hear rumblings throughout ~~the state~~

other parts of the state that there are not enough institutions that are willing to do that.

Engelringer...In Anchorage we have National Bank of Alaska, First Nat'l Bank and City Deposit and that's just about all at the present time that we can submit papers to. The other lending institutions, one particular one was accepting them. They have now decided the only loans or applications that they will accept will be on mobile homes that they are the lender at the present time. If they are not the lender they will not even accept their own customers applications.

Leroy...If we modify the procedure to the stand point of where it was in the past in the last twelve to eighteen months do you think that more lenders will be willing to work with you as a mobile home sales person/dealer from the stand point of basically operating similar to the motor vehicle title system that had been prevalent prior to AHFC involvement and as maybe more prevalent in other states that do not have ~~has~~ housing finance programs for mobile homes.

Engelringer....I don't feel qualified to answer that at this time..

Leroy...I would appreciate a letter from you and your firm indicating to me which application have been in our shop for five weeks. I will respond to you.

Engelringer...I ~~have~~ had lunch with the processing officer of the lending institution with First Nat'l yesterday and she advised me that she has received back her first application recently which she submitted on the second of October.

Leroy...If you will give me those names and I'll be more than happy to respond within three to five days.

Darlene ~~Maxx~~ Horst, Intra Alaska Real Estates, ~~RDxBoxxAx29x299x~~ 2730 Pelican Anch. 99502

I have spent the last almost year working on a condo conversion. We have had fairly good rapport with AHFC and they do a very good job. There are a lot of things and problems that we came up with and that is understanding what their present standings are for loan approval of these. I feel ~~there~~ there should be established certain requirements and regulations there's no doubt about that. We cannot expect people not to have these and go by them. We did experience that they did change these in midstream. We got a requirement list directly from them along with the institution that's handling the loans for the individuals but we found in working here many institutions were not clear on what their requirements were and each had a different interpretation. I feel we should spend a little time in educating the institutions and ~~maybe~~ make sure they do understand these programs to help these. When we sent people directly to various banks and lending institutions everyone came back with a different story. It took us about six months and we finally got the requirements turned in. We had not a really long turnaround period to get our project preapproved with certain stipulations that we complete such as painting this or repairing this or seeing that these things were done

Horst....



which is not adverse or you know were well taken and did need to be done. I would suggest that when given requirements don't change thus without approval of the review committee, set certain standards. ~~Bank~~ Changes do need to be done, we cannot all go along for years on the same mode of rules because changes make every day of the week. When changes need to be done review them implement these changes on a certain date. Let the people know and advertise that changes will be made and new requirements are becoming effective on ~~the~~ "X" date. Anything prior to that should be given consideration under the old laws because we had this very big problem with appraisals. We were told to get a certain kind of appraisal when our package was submitted it was turned back and we had to get another one. We had to go to an additional expense of almost \$8,000 to provide this which is really bad because we were into our program as a savings for the owners. It was literally to save them from bankruptcy and losing everything they had. I think that AHFC does do a very good job, the HOF program is good, very stiff to meet the requirements. A lot of people either received the wrong information, the local people that want to buy a house. I'm talking about your regular young adult working person who does not have an opportunity to buy a house except for AHFC and that faced everybody in the state, myself included. I don't know, there should be some review on the income limits, I think there are a lot of people out there who could, who would sacrifice and make the payments on a house and give up a lot of their other items but we are restricted and that was our problem at the lending institution that we would send people over and they would say well they make \$100, they don't make enough money for this program or they make a hundred dollars too much. They are penalized for that. So I think a review and a little more work on income limits could be established. I have some comments on Mr. Anderson and Jan. The point that Mr. Anderson made about a person publishing a book giving all the information on state. We cannot go to our local lending institution and find out this ~~is~~ information, they do not know. I have no idea where the communication breakdown is but I think that is a very strong point that should be addressed either by the state or by AHFC or by the lending institutions but there is a very large breakdown on communication. Having condo units to sell we wrote 32 applications to sell 12 units and all these people went in and every single one of them got a different ~~interpretation~~

interpretation that all went to the same lending institution so I think that is a very viable thing is having some black and white for a change. Who's fault is this that people cannot get the right information. I think that there should be some consideration by the state as to working capital loans to businessmen. I've worked for some very large companies here and at the time I came to the state and the pipeline was going and no one had any problems getting money here or anywhere. People had loans and working capital loans and signature loans and lines of credit at all our local banks and I know these businessmen do not have that anymore. The bank just doesn't have it but there viable 20 to 30 year businessmen and they are struggling because of this. I think we should consider more home loans and at bringing it back down to a more realistic interest rate because even people like my husband who worked for Atlantic Richfield makes an excellent salary here but I'm sorry to say we wouldn't qualify to buy the house that I live in now because we could not make the loan payment. We do not have an extra fancy house or an expensive house we have a plain everyday normal house but I understand today that my house might cost \$150,000 if I wanted to sell it. I couldn't buy another house for ~~\$100,000~~ \$150,000 like it but I certainly couldn't make the loan payment if I had to have a roof over my head today. So I think these are questions that should be addressed and I think the state is doing an excellent job in giving us the opportunity to address these and perhaps help in the development of the state ~~but~~ because it certainly would go toward the developing the state of Alaska.

Randolph... Would you be more specific about changes that took place in midstream.

Horst.... I talked directly to AHFC toward the end of April, I have a notebook with the exact day. I talked to a woman there who has been very helpful to us and she gave us a list of requirements. I also went to two local institutions they gave us a list we began working on these, secured the papers and all of them had this certain date and when we turned in our applications they said gee you have ~~to~~ to have additional things and they would not consider our application with the requirements that they told us at this certain date so we had to turnaround and start over on some of the new requirements such as the appraisal. Required a narrative appraisal which took, there were only two appraisal companies that were to do this. We understand that ours was the first one that required it and it was a ~~good~~ deal of expense. They incorporated the appraisal that we had already paid for but the total thing

5

was to cost \$8,000 to \$10,000 to get.

Abbaax...

Abood...When these changes come about who makes the changes, AHFC, Legislature, Attorneys or the Fed's.

Leroy,...In relation to what Darlene is speaking about the changes that occurred in the condo program was brought about at the direction of the Board of Directors to review the condo and to look at the condo program in general and for staff to make recommendations in relationship to the approval process, the number of units that AHFC would purchase within a condo project, the number of units in a project and the size of that which I think many people did testify it was at staff recommendation and ratified by the board of director that these changes would take place. The single probably the largest changes that Darlene has indicated that we then required a narrative appraisal of the project meaning the project in total. How did it in layman's terms shake out and so it was at that point in time, I believe it was in late June or July that the actual change took place.

As late as a year ago or when we made the most recent seller servicer guide changes have availed a copy of the seller servicer guide to the AK Asso and the AK Board of Realtors. A copy of the guide is available for you to go over there. It became such a problem for us to print maybe 1300 to 1000 to hand out to each and every licensed realtor in Alaska that we made them available at certain places. There is a copy with the AK Asso or the AK board but I'm not sure so you may pick up the applicable sections that you are interested in there. The home ownership program, we are reviewing that currently. Whether there will be a review out in the near future it's hard to say but we are looking at it from the stand point of the impact that it is having on the housing markets of the city and of the state in total and hopefully we'll have a recommendation to the board of directors and to council and to implement appropriate changes.

xxxxxx.please made those available to legislators
Randolph

Leroy,...they will be and there will also be public meetings on those.

John E. Feero, 9230 Campbell Terrace, Anch. 99502

I have a daughter in the Juneau area get a home loan, it started in August it was finished up in November the 4th. at the 12. something interest. A couple weeks later we read where they were going to go down to 10% interest again. This loan was approved in October, we thought it was going to be the 10% money. At the same time there was a two week resident in the state applying for the same loan in Anchorage, and this individual closed his loan Oct. 31. at the 10% money. We know him to be here for give him four years and then he is out of the state. I would like to ask the legislator and possibly the housing to put in a 1% penalty for anyone selling a home after four years, something in that order. What I would like to see is some protection for the Alaska before we become a social state. Anybody wanting any extra money come to Alaska. Get that cheap loan, make the profit on the increase in the value of your home, the home I got last year has increased 25,000\$\$\$, it's scary. That isn't just for tax purposes here that will end up being everybody will end up getting it. I live in the south end of town property there you can't even talk to anybody unless you have lots of money. As a concerned Alaskan I'd like to see us try to put some kind of a stop in here that would be equal. I don't know that there is a way for the three weeks that these Alaskans are getting stuck with the 12% or they are getting penalized or are they going to get a break later to go back down to 10%. If you want to know I'll give you the loan number thru the United Bank. My daughter gave me that permission if you wish to pursue it.

Randolph...I know there has been some tax information out on the tax relief situation and I think an explanation of that might be in order at this point.

12

Leroy,,, Under a piece of legislation that came out of the US Congress in Dec. 1980 is referred to as the Mortgage Subsidy Bond Tax Act. It set a moratorium on selling tax exempt, where the interest income on mortgage revenue bonds where it would be tax exempt it set a moratorium on the interest or on that type of bond financing. The legislature during the past legislative session authorized AHFC to sell up to \$200 million, the maximum legal limit for any one state in any one calendar year allowed us to sell up to \$200 million of these type of bonds for housing. The treasury imposed very stringent regulations upon those of us who entered into this market place. Whether your daughter qualifies or not I do not know at this time. The cost was legislatively mandated to the home buying public to be 10% for non-veterans, 9% for eligible veterans. Our cost on the mortgages is considerably higher as all of our programs are but we were able to pass this savings on to the home buying public. The basic criteria is that they have never owned a home in prior to 3 years of the execution of the mortgage. Whether your daughter would qualify under that program I do not know. The catch ~~is~~ 22 in your daughters situation if there be one is that it does not allow for refinancing under this type of program. So we have the ~~the~~ Dept. of Treasury saying that yes you ~~are~~ may sell these but those individuals that were subjected to a rate increase on their last mortgage do not have the capability to go back and refinance at the lower interest rate based upon impositions placed on us by the US Gov't.

Feero... That's what I thought basically was going on but it is not fair for the Alaskans for three weeks those that got the loans during that time. We were running parallel with this individual in town, Anchorage we know is a transient community. We're lucky to have a person or old timer of 5 to 10 years particularly I'd say 100's of them, I'll be here were out of here in 3 to 4 years. ~~There~~ They're up here on Gov't contracts and I'd like to ask that consideration be given to a 1% penalty for non Alaskans. I can't see us, Alaskans, subsidizing these individuals as they come up. God help me if Zobel is in the crown but that's the way I feel About it.

Randolph... I concur with you I think that whenever we start using federal money with Fed. mandates on how it is used then we decided whether or not to use the money. If we do use it we're stuck with all the things that come with it and it does in fact very obviously discriminate against Alaskans and against current homeowners because no refinancing is going on and people who move in are probably in a better position to take advantage of these situations than other people who have been here for a long time who are established, ~~who~~ have a home and they do work in a negative way relatively speaking for people who have lived in Alaska for a long time and who are in fact established. That ~~is~~ is a fact and if we are going to use those programs we're stuck with those guidelines.

Feero.. The other one I have is an agency within the state gov't that loans money. This is a different organization than this one. This organization lent some money I'm in an area where it's nice to know ~~or~~ for you folks, I'll not mention that ~~the~~ fishing firm involved. They borrowed some money from a state agency Three Million \$\$\$ they borrowed from outside another 600 Million \$\$\$ and they borrowed some more from the state for another 1 1/2 Million, then they had to be refinanced. The state agency, I don't know who their lawyers were, but they were in a n area where they took second position. They were in first position on a mortgage. This organization is supposed to be going into a bankruptcy and the state turned around and goes into a second position and let's the other bank take the first position and I as an Alaskan resent this. I'm tired of these two bits on the dollar from our state agencies as they're lending money to certain people as they're going down the tube. If you're interested in it please call me at the US Coast Guard. I'm the vessel documentation Officer here and I'll give you the information on the state agency involved and it might be of some real interest.

Randolph... Bob Shelley to look into this and Feero to give Bob his card.

Dave Ribacchi, Realtor, 6448 Tolhurst Court, Anch 99504

10 year realtor. self employed as real ~~estate~~ estate consultant. To my knowledge I have no customers or clients who have transactions presently pending before AHFC ~~or for that matter any~~ It was in the capacity as consultant that as Mr. Rothey might be able to amplify on to where required that I served as an officer of a seller/servicer, a lender here in Anchorage for approximately

7

It was in that capacity as a consultant as Mr. Rothey might be able to amplify on, that it were required that I serve as an officer of a seller service a lender here in Anchorage for approximately seven months. To explain I had a client who was a principal investor and he asked me to serve as his representative in that institution. I believe that during that time I was able to become reasonably familiar with the contents of the sell servicing guide, and went from an attitude of a realtor who was dealing on the residential market in 1979 and 1980 with one attitude toward AHFC to an individual today with an entirely different attitude.

I'd like to start out by saying and asking all of the individuals here today to stop and consider that if we were to find the very entrepreneur in the world and hand them 1.2 billion dollars and tell them to go out and create an organization, it would have a very great demand placed upon it the day it opened its doors and to function smoothly and accurately and perfectly during its first 14 or 15 months of operation that organization or that entrepreneur would be very hard pressed to perform that task. Yet that's precisely the task that's been laid on the desks of the officers and board members and staff managers desks at AHFC. When they opened their doors as we know them today late in 1980 there was a backlog that I know of of over 725 loan applications that had been pending since they went out of business in April of 1980. That was during the time that Senate Bill 1 was formulated and passed and executed. They did a remarkable job in putting those loans thru the system, getting them out of the street and getting them into their homes. While they were processing those 750 or so loans they were also receiving applications from the seller servicers around town building up a back log that went into the future. In the last seven months up until the 30th. of October where I had the opportunity to be an officer signing off on some of those loans I came to some interesting conclusions.

First of all the underwriting principals are known by all of the seller/servicers in town. I have found personally that many people engaged in the receiving of an application and processing of an application in conventional language the loan processors at banks have had a tendency to not want to take the heat themselves. They've said well there is some questions about your application so we'll go ahead and process it through and send it over to AHFC. That isn't the way the market place has worked conventionally. Now the California State real estate licensee and as an Alaskan real estate licensee before AHFC I remember our reliance on the Veterans Administration, FHA, FNMA, FDIC for loans. First of all you didn't send a package down to them for an answer. You send it down to them for purchase. When it went to them it was complete, it was final and it contained all the information that was required. The second point was when your package went to FNMA and it was sent back with some exceptions or questions or rejection. You didn't call up the FNMA Regional Mgrs. in LA and complain to them and you didn't write Sen. Stevens or Sen. Gravel and demand that they fly down to LA and rectify your refused loan. To a certain extent the points that I hope that I have made there are that the seller/service as opposed to lender as I again would like to emphasize here that the lending institutions here in town are not lending their money. They are lending AHFC funds that have been obtained thru appropriation and bond sales perhaps have a communications gap as well. There are however, and in the midst of some comments about the ability of the managers over there to have put together this corp. Some areas that I would call technical in application and dealing directly with that seller/servicing guide that has been a source of consternation to consumers to AHFC to the seller/servicers and the industry. There are eight of them that I have delineated. The first two deal with the home ownership fund and one are asset limitations in that fund and the second is income determination. Three, property qualifications. Four, questions regarding income stability of applicants. Five, regarding employment stability of applicants. Six, Some questions of residency requirements. Seven, questions regarding the acceptability or questioning of appraisals and last a broad item dealing with discretionary actions. In the asset limitations in the home ownership fund as I understand the program for applicants under age 65 they are allowed approximately two times their loan limit in order to qualify for the loan having assets two times that loan limit. Frequently when an applicant is answering the questions of a processor and someone says what is the value of your jewelry, the person might over state that value out of pride or out of ego or out of not knowing the market place. That could very easily and in some instances on discretionary items or items subject to market discount can push their assets over a limit. If the processors isn't very able and very attentive to what they are doing that application is going to go over to AHFC and where an individual might be allowed total assets of \$58,000 suddenly be found having assets of \$60,000 to \$60,000

8

on the basis of error or pride or ego or whathaveyou. There are some reasonable ways to deal with that and I believe that the corp. at this time is listening to the community in dealing with it but it is a point of some concern. In the income verification area there is another problem that frequently occurs. Individuals who have received recruitment bonuses, meritorious bonuses, in another time frame or one time awards of cash from an employers but whose income might be under the particular HOF limitations for their family status will have that income averaged into the total earnings for the year. If it is a one time payment it could be possible that that would boost their total income qualifications. It is a little bit of a complex situation to discuss I don't know that a great deal of time has to be explored here in discussing it and pulling it all apart and analyzing it. Mr. Rothey is very well versed in it and again it's something that is being addressed and of course I'll make copies available of this to the committee. The computation of income due to one time payments or other amounts of money have caused a great deal of confusion for consumers. Salary exempt employees of corp. An individual working for the Alaska School District for example is paid an annual salary. What that means in terms of certain payroll practices is that they receive 24 paychecks a year. If the application isn't written to reflect that they can be erroneously computed at 26 weeks a year boosting their pay by one month or approximately 8% and again putting them over limit. It is a question that should be addressed perhaps be the board to clarify that section of the seller/servicing guide. Property qualifications, an extremely difficult subject for the staff at AHFC to address, and they really have to rely on the seller/servicers, the people who are taking these applications to put it together. Several instances have occurred and have been reported over the last several months that discretionary entries, the value of an improvement on the property as opposed to the value of the land. There are hard very firm underwriting principals available again to all the lenders. If they would follow those principals and they would present their applications to the corp this type of problem would be avoided. Again unfortunately you have a marginal property 25-30 old home valued at \$30,000 sitting on a lot valued at \$35,000 there is a reasonable risk in underwriting a loan for that property it should be handled at the seller/servicers level or at the level the application is taken and not pass on to AHFC and have them subjected to the questions and the anxiety and all the other negative followup that comes from that. Unfortunately in many instances the practice is quite the opposite. Questions regarding income stability and employment stability again one could say that they might discriminate against certain individuals. The self employed person who for example uses their net income as the basis for qualifying for a loan. Or individuals who work out of union hiring halls or work in a particular industry that generically you might call itinerant oil field workers, construction workers. They might have five or six employers in a year and might be declared instable as far as employment or income when in fact their tax returns, credit history and all the other written material that we would use to judge them as credit risks would be quite satisfactory. Residency requirements again is something that has been addressed several times by federal courts as to what constitutes residency we seem to have tried to perfect that to a greater extent in creating AHFC causing them a problem. A military person sent to Alaska nine years ago living continuously in a purchased mobile home in the same trailer court for nine years using sports licenses as a resident drivers license, but not paying ~~TX~~ taxes could be denied residency status. Now the fact that they were a resident of Alabama when they came to AK and nine years ago Alabama had a much lower income tax rate than AK did than simply telling them that they should be paying a higher rate of taxes when federal law and state law allowed them to pay the lower Alabama tax. In the mean time the military transfers them to a station in another state, they are out of AK for two years they arrange for a return for purposes of retirement, they are back in the state for two years and it's possible that they would be denied residency status and the benefits that go with it under the program for state veterans preference

Again I believe it's an issue in this case and could be clarified thru dept. of law simply allowing AHFC to have a uniform standard to go by. Instead we have one set of rules one place and another set another place.

Randolph...Couldn't that individual declared his residency by voting in Alaska I think even the military person has the control to decide where his residency is.

Rabacchi.....I agree. I also still hold in my wallet a thing called a residency permit that was issued to me I believe in 1974 or 1975 in order to allow me to be a general manager for a sub contractor on the pipeline and it didn't consider voting as a qualification of residency. They are some clarifications that could be made.

9

Rothey...Are you referring to the State ~~Veteran preferential~~ Interest Rate Program in the determination of a veteran, non-veteran. We have approached the ATT. Gen. office along these lines and he has made a similar determination based on the old state VA Program and basically what he says is that it is up to the individual, to establish their objective intent not their subjective intent and we do ask an individual to show to us drivers license, voters registration, income tax returns, so forth and so on. So we do ask for those type of things. Where it does create a problem as Dave has mentioned is from the standpoint of an individual that may be here for some time and is subsequently transferred and comes back but has taken advantage of serves and so forth of other states, the right to vote, so forth and so on. The corp. under it's existing regulations and statutes require and individual to be back in the state one year prior to being eligible under that particular statutory provisions.

Colletta....My recollection with Senate Bill 1 was finely padded and the original intent behind that was to create exactly what Dave has eluded to. It was a secondary mortgage market not the prime lending institution and it raises a point there where we keep picking on AHFC and we completely disregard that the financial institutions that are processing this. As I recall we had a provision in there to make certain that the financial institutions would submit good paper to us because if the delinquency factor of the loans that were purchased by us reached 1% they would no longer be eligible for submission of their applications until that deficit had corrected itself. But it sounds from what I am hearing from Dave that that is not happening. All they are doing is taking application and reaping the rewards without doing any of the work.

Rothey...We do have within our discretionary powers the right to limit a seller servicer in participating with the corporation in it's activity if there delinquency ratio exceeds 1%. It is certainly not our intent to preclude any seller/servicers from participating however we as AHFC has our problems. I will offer that the seller/servicers have the same problems, the tremendous amount of work load the backlog and maybe we're at a point in time when we need to just sit back and say woe and take a look at what we're doing and the packages that we are submitting and the approvals that we're making and work out our solutions in a discretionary manner.

Colletta...That sounds like a reasonable approach, maybe we can prevail on the chairman to limit just exactly that type of activity. You're talking about what 13 or 14 different private entities in Anchorage submitting all of this paper to us and we're going thru the processing and can't accept what they're submitting to us. You'll never catch up on that workload.

Rothey....We have currently 35 approved seller/servicers thruout the state of Alaska and we receive in excess of 50 files a day or around 25 million \$\$\$ a day.

Randolph...What % of those applications that come to you that are flawed and ought not to be submitted.

Rothey...It's difficult for me to make that type of determination. We often put a file into what we consider a pending status based on receipt of what the underwriter felt was additional warranted information. The only statistic I can offer is of all the applications that the corp. receives we have a declination rate of about 15%. Subsequent to that some of those mortgages are resubmitted and then subsequently approved. Right around 10% of every file we see is.

RandolphDo you perceive a major problem as Dave indicated with the banks not being totally candid with their clients and taking information and sending you an application and a packet, a proposal that they know you're not going to be able to accept. Does that cause any substantial problems.

Rothey....I think that we do have and it's not prevalent with all institutions their are institutions that will submit a file to us just so the consumer and or the seller and the realtor will leave them alone temporarily. There are loans that are submitted that should not be submitted at all.

Randolph...In the FBX hearings this came out and another problem that we perceived up there was that the banks were not being, not communicating with the consumer about

10

the racket interest, the increase, other areas filed along to build a house and found out three months later that they didn't qualify anymore or if he did qualify he couldn't afford it anymore in his own mind. Did that same thing happen from specific institutions in a larger..is that an across the board problem or is that situation basically taken care of now and is just an organizational situation that you indicated earlier.

Rothey,,,I think it was an across the board problem, I don't think the effect was heard as loudly in Anch. as it was in Fbx because Fbx had a unique situation where 47% of all the approved applications had no mortgage financing to back them up at all. In Anch. I don't think it was as severe. I think it goes back to one of attitude. Taking off my AHFC hat, I think that we have become spoiled. We have expected some much from the state of Alaska that we are unwilling to accept the reality of what is really going on around us and I personally believe that the rogers racket has done what it was intended to do. It has got to this program to some resemblance of actuality. We hope putting on the corp. hat that we can lower the interest rate to the home buying public but we can only do that by taking advantage of the marketplace when it is our advantage. We had two choices during the recent rise in interest rates, that was to have no mortgage program at all or to have a program and bear the burden and the brunt of public comment and we chose the latter. I'm very proud to be with the corp. I think the corp. is doing what it was intended to do however we will always have the problem with people only wanting to know what will effect them the best and not worry about the overview of the total program and the responsibilities that go along with that program.

Randolph.....Is it safe to say then that the lending institutions are by and large working in an effective manner with AHFC.

Rothey...I'm very pleased with the lending institutions. We've opened a dialogue not only with the lenders but with the realtors thru their local trade asso. and I think only the situation can get better.

Randolph...I guess what I'm getting at is Sen. Colletta suggested this committee try to take some action to legislate to solve this problem. Is there enough of a problem to worry about???

Rothey....I think there is a problem but I would invite members of this committee to sit with AHFC and the Anchorage, Alask. Asso., The Homebuilders Asso., The Alaska Mortgage Bankers Asso. at any of our regularly scheduled meetings and take part in the problems that we all face in dealing with each other.

Randolph...Would you see that I have a schedule of those meetings?

Rabacchi....Two of the items dealing with appraisals and discretionary actions are technical and complex in nature and I would prefer that those are submitted in writing and as I said a copy will be submitted. In summary I would like to go back to the opening comment which I try to establish a tone. That is that we created a billion \$\$\$plus operation and gave them a very short time to come on line and produce a very high quality product, a product that is very emotional and very serious in nature. Spinning off of Mr. Rothey comment that maybe we've come to take things for granted the State of Alaska in this program and other programs has been very very good to us. Personally and not all of my colleagues in the Real estate industry will agree with what I'm about to say. Things have been very good for us and it's time that we sit back and reflect a little bit on those good things and take stock of what we have and figure out a way to put a little continuity into the program. I endorse the comment that perhaps members of this committee or other legislative members sit in on some of the organizational activities that are going on in this area. Mr. Rothey has committed to me that on a regular basis

with the special interest groups from our industry and has met with consumer groups as well. The point that I hope that these hearings and the outcome of these hearings are is that we do take stock of what we have and find a way to continue them for the future. We have a requirement to ourselves, you have a requirement as elected officials of those of us who are licensees or managers in state chartered organizations have requirements by law or implications to provide for the welfare of the community as well as our particular industry and I think that if we can kind of keep the tone up front, speak to each other openly and plainly and let the market decide some of the conditions that we're going to live under, recognize that as a fact of life, many of our problems are going to decline and hopefully that is what the outcome of these hearings will produce.

Randolph...I concur with your concluding statement.

Moss...In FBX when we had our meeting up there there was some comments made about the initial application of the loan and the money was committed for three months ect. and in a lot of cases the loans were not closed out until after the commitment time and consequently the interest rate is not the same. Have you had difficulty here with the same thing.

Rabacchi...The brief answer is yes but on the other hand this is not a phenomenon that is restricted to Alaska. The same thing occurred throughout 1972 all over the lower 48, occurred again in 1974. It is a practice in my opinion, not an expert opinion, but it's my opinion it is a function of the marketplace. If the cost of money goes up and the commitment for that money at a given rate has expired. It can't be held at the lower rate, we as consumers simply have to and again it's a hard phrase that we don't like to hear but we have to bite the bullet and take the higher rate. It's a function of market and if we are going to be entrepreneurs and prudent responsible business people we're going to have to analyze the market and make our decisions based on what's happening not on what we want.

Moss..What about comments from the consumers? Do you get a lot of comments that they don't understand the system. I wonder maybe if a loan applicant really understands the pitfalls in this particular instance. ~~I don't believe they do~~ Do feel that we have had enough PR and everyday language for the people that may be in the market for loans to understand what we're trying to do here and also the shortcomings of the program.

Rabacchi...~~XXXXXX~~ I don't believe they do. Maybe we haven't had enough public relations or public information but again the subject of escalating rates or inflation, what we're really talking about is inflation and is complex and I don't believe the average consumer truly understands that until after several months and they look at the buying power of their paycheck. They don't understand that the same shrinkage of their consumer dollar is manifested in the interest rate they pay on their mortgage loan. It is complex, it's a difficult subject to address, it requires a great deal of time and patience to deal with it and I don't believe this committee or AHFC, or the State of Alaska can deal with it. It is simply a complex issue that takes time and understanding to deal with.

Randolph....One thing I'm very concerned about and been quite vocal about is that we really fear the box we're getting ourselves in where the only secondary money market is in fact the state. As long as this program works well it is in fact going well, we have something going for us but we don't have any competition at all in the money market. Are we getting ourselves a boxed in opinion, are there some severe dangers of setting up systems tomorrow that that's it and there is no room for the market really to work outside the conflicts of this narrowly defined program we have.

Rabacchi....That could be a concern and I think it is something that we should all keep our eye on. I know that Mr. Goldbar is concerned about that issue, his deputy, Leroy is concerned. However the marketplace does seem to be responding speculation is that we will see entry of FNMA and FDIC loans perhaps in June or July of next year speculation. But the way the rate is falling it looks like that could happen. I heard an interesting rumor yesterday that the Alaska Permanent Fund had allocated some blocks of money to some of the leaders at an attractive interest rate. I understood that there is 10% down money available

on the seller/servicer that I talked to said it was preferred for single family residences and that it is available at 14.47% and again that's a rumor and bears being verified and that it another source of funds that are available. The pension fund system will come back on line as another source of money and of course perhaps the most unpopular comment that I could make out of this is that the banks themselves have huge blocks of funds that when the market condition is right they could very readily make available for long term loans. So competition is there the market condition has to allow it to be brought into play.

Randolph...Accept for your inclusion there as almost a postscript that maybe the private banking industry will get back in business when the market conditions are right but it is the only inference other than gov't money which is the pits(?)

James Magowan, 620 East 10th. Ave., Alaska Real Estate Commission, Anchorage
Executive Director

Responsible for the licensed real estate brokers and asso. brokers in the state of Alaska. I'm not exactly sure what my official capacity is here today. I think before I start with my prepared remark here I'm going to comment on one of the issues that was raised in Dave Rabacchi's testimony and this is the issue of secondary vs. primary mortgage market and how this is handled. I do have a background in the real estate industry and I have dealt with financing before. One of the things that I perceived in the comments that were made here and the comments that come thru my office is that the situation and relationship between AHFC and the primary lenders, ie: banks seller/servicers is different from that of FNMA and FDIC or somebody like that. When I was in the real estate industry we used a lot of FNMA financing. We took the borrower down to the bank and the bank qualified them and made the loan and then the bank took it to FNMA and if they said sorry Charlie that doesn't meet our requirements then the bank has the loan out of their own portfolio therefore the bank was the one that said yes or no. After the bank bought it then they tried to sell it which meant that the bank was very careful but they had to make the decision and I suspect that one of the problems that we have with our own local home grown secondary mortgage market is that it is possible to go to the secondary market before you buy the package and this means that you can lay off some of the heat, in other words it's very easy for the lender to lay off the heat on AHFC so instead of making the tough decisions themselves they go to AHFC with the package and AHFC turns it down and they can say that AHFC disapproved you or if they don't get all of the paperwork done or some thing it is easier to kick it on to AHFC than to tell the people you're not going to get your money until you get your paperwork in. Maybe we have a systemic problem here that could be resolved by looking at that relationship.

Randolph...Where does the responsibility lie is a point I have discussed. If we went to that type of system it would clearly clear up many problems that do exist with the problem we talked about a little earlier.

Leroy....I think Mr. McGowan's comments are well taken. The Federal Nat'l Mortgage Asso. will prior approve a mortgage for their purchase however they charge a submission fee for the review of that particular package and if it does not meet their qualifications or their standards for that period of time you lose your fee and they send the package back to you and they give you a form that says this was the problem if you want to resubmit send us some more money and the package once again. Our efforts as a public entity are to deal with the lenders to deal with the people as best we can. We were often criticized earlier in the program that we were not available to the public at all. Now we are totally available which is causing some problems quite frankly with the financial institutions because we will sit down with the applicant and go over the declinations or sit down with the lender if they have a particular problem and we may breed a little too much familiarity with each other.

Randolph...Is there anything wrong here where you have a situation where your guidelines clearly delineated the lending institutions would know up front that if they presented you with a package that qualified that you would in fact buy it and they could in fact guarantee the consumer that the situation that their package wasn't going to be bought and they are negligent in putting the package together they would still end up with the loan.

12

systemic
?

13

Leroy...I don't think there is any problem with the loan but even the best laid guidelines are subject to interpretation. What may be a matter of interpretation for X Y Z is not the same for A B C and the packages will still come in with variations of interpretation and it's up to us or FNMA or whomever the secondary market is to say this is not in the spirit or this is not the intent of what we are saying. I don't think that we can come up with a set of guidelines that would address each and every situation. If we did it would probably fill this room.

Magowan.....As the Executive Dir. of AK Real Estate Comm. I'm going to read this just to keep it in line time wise.

I receive over 100 formal written complaints against real estate licensees each year and at least 1000 to 1500 complaints or inquiries from concerned consumers and licensees regarding difficulties or problems they are having with real estate transactions. Most problems with real estate transactions and involve the real estate licensee come to the attention of the commission either formally or by written complaint or informally by a telephone call or a visit from a concerned individual. During the past 1 1/2 year there have been several reoccurring complaints to the real estate commission which appear to be problems stemming from the operation of the finance industry and AHFC rather than from any action or improprieties by licensees. I would like to make the committee aware of the nature of these complaints and the difficulties that the consuming public and real estate licensees sometimes encounter as a result of the manner in which AHFC operates.

I would point out before going into the specific problems we've seen that AHFC has contributed to the continued existence of stable and healthy real estate industry in the state of Alaska. This industry right now is the envy of the real estate industry in about 50 of the other 49 states. We are the best real estate market in the U.S. today because of AHFC and I say that because of my contacts with the officials in other states.

This testimony is submitted therefore not as a condemnation of the program but it's constructive criticism of a program which appears to be a major benefit to many AK consumers and a major industry within the state of AK. The greatest problem seems to arise from a lack of the availability of a firm commitment of funds at a fixed interest rate during the application qualification process for AHFC loans. We have had a high number of complaints from people who felt that perhaps the licensee had misled them because they initially qualified for a home loan but prior to the loan being granted the interest changed. The change in interest rate changed the monthly payment. The increased monthly payment exceeded the amount they could be approved for and that people were subsequently denied a loan and were unable to purchase the property. In a number of cases brought to the attention of commission this had a domino effect. The people were purchasing a home from someone who was selling in order to purchase another home which meant that the second transaction was also affected by the disqualification of the borrows on the first transaction causing the second transaction also to fall thru. There has been cases where at least 2 or 3 homes were involved in a multiple sale purchase situation. While these difficulties are usually not a result of any malfeasance on the part of a real estate licensee the people who feel injured by the circumstances frequently complain about the licensee feeling that somehow the licensee could do something about it.

One of the most frustrating complaints to come before the commission was a gentleman who had applied for a subsidized 6% loan and was told that he did not qualify for the subsidy program because his income including overtime payments was above the amount which was eligible for the 6% program. He accepted this as a fair decision and felt that as long as he was making the money to make the payments there was no reason why he shouldn't pay his full obligation. He resubmitted his application for a non subsidized loan and was told that he did not qualify for ~~the~~ this loan because in that program his overtime income could not be counted and therefore he did not make enough money. This was a true catch 22 situation and was very heartbreaking to this particular individual and his family. Obviously I couldn't do anything about it either. We have had a number of earnest money disputes come before the commission which the buyers were initially qualified but the interest went up pushing their payments above the qualification level before it closed. The lending institutions then rejected their application the brokers had demands

Magowan

14

for the money put upon them by both the seller and the buyer. The buyers felt they did not qualify therefore they should get their earnest money back. The sellers felt they initially qualified and at that point the earnest money was earned. The fact that they later failed to qualify should not count. The brokers of course were caught in the middle and there is no way that the broker can make a decision which everybody would think is fair. A number of complaints have also been received from individuals who have perhaps still qualifying for the property when the interest rates went up suddenly, find out they are obligated to a far greater payments and thought perhaps licensees had deliberately misrepresented the amount that they would have to pay in order to get them so far committed to the transaction that they would not be able to back out.

The source of these difficulties appears to be two factors, the time it takes to process a loan application and the inability of a lending institution to commit funds at a particular interest rate prior to final approval of the loan package. It may be that the processing time can not be drastically reduced. If some form of pre-commitment practice could be adopted this might be a major benefit to buyer sellers and those dealing in real estate as licensees. Possibly the use of non refundable commitment fees can be paid when the commitment is received to off set the interest lost when the money lies fallow awaiting closing of the transaction. A further step in making pre-commitment of funds feasible would be to scrutinize the procedure and qualification requirements to minimize the apparent arbitrary nature of an individual qualifying for a loan. This I would say is one of the things that comes out of the people calling me quite frequently is that both the licensees and those making application seem to think that when you submit an application it's just a matter of see how the dice falls. No one seems to feel that the procedure is well defined, they think it's luck.

Moss....This is what I was trying to get at a moment ago. On this commitment time would that take care of some of the problems that you're addressing right here, the domino effect ect. by changing the commitment time where a person knew the irregardless of where the interest rate went on the market that at least he's committed to that interest rate and that amount of money for that period of time. What is it now...100 days.

Randolph....The problem with that is that the lending institution comes to you for a commitment on a block of money right. You guarantee that interest rate but that does not necessarily guarantee an interest rate to any specific vendors at the other end. The bank has money at that interest rate.

Magowan

...They have the ability to take those funds and commit them to individual applications if they so desire.

Moss. Is this commitment time a feasible time really under the conditions we're working under today. Should that time be extended say to 180 days rather than 100 days. That solves part of these problems.

Magowan

...I would say that what I see happening now indicates that the commitment time is causing a problem however I think it is a little more than that because the bank gets a commitment but we also need individuals to get commitments. The bank may have committed say one million dollars at a given rate for a given period of time and they may have a million and one half dollars worth of good applications for that money. Who gets that rate is going to be determined by which applications get processed and completed first. That type of a situation never gives an individual any kind of confidence. On the other hand if you just have a longer commitment time what this does also is that it encourages what I can marginal application of people who probably won't qualify but give it a try it doesn't cost anything. I guess being from somewhat of a business background my inclination would be to say let a person come into the bank and say I want to make a loan of \$100,000 to buy this house. I believe I qualify. The bank says if you believe you qualify here's the deal we will commit that \$100,000 to you but the interest rate on that \$100,000 is 10% or whatever it is and you're going to have to pay the interest rate during the times that we are scrutinizing your application and if we turn you down you still have to pay the interest because we're going to take that money and set it aside, no one else can borrow it and it's going to cost money to have it sit there. If you do that then the individual has to sit back and I believe in a little bit of responsibility in our society. The individual has to sit back and say gee do I feel confident enough in my qualifications to gamble \$1,000 a month that I will qualify. Maybe we could even

have a committment fee which is half credited to the loan if they qualify and totally lost if they don't qualify. What I'm looking at is giving an individual the ability to reserve a block of money for their loan for whatever period of time they choose as long as they're willing to pay the tab in the meanwhile.

Aboud....I understand. What about the poor guy that says yes I am qualfied he's gone to the bank he's got his qualifications then they take it over to AHFC or some other agency and they so no we've just had a little change in our deal that you weren't aware of. If he could depend upon the rules, regulations ect. holding still long enough for that given time then I think a man could make or a person could make an intelligent decision to pay that interest in the event it didn't go thru for some other reason besides his own particular qualifications. Would you assume that would be a proper thing.

Magowan...A combination of a committment fee and a clear cut qualification procedure might also have the effect of cutting down the instance of applications submitted by those who know they don't qualify but simply try because it doesn't cost anything and at the same time it would provide assurances to those who are qualified and apply in good faith. What I'm saying is yes, make the rules clear , make the money available, then the people trying.

I am the ex. dir. of the AK Real Estate Comm. the statements and opinions I have expressed here today derived from the experience and calls I have received in that capacity. The opinions and suggestions that I have expressed however are not necessarily those of the real estate comm. They are not an official position or statement of the commission. They are a statement from me as an individual. My statements are the observations of a person who happens to hold a particular beucratic position. The responsibility for the propreity in the equity of my comments is solely mine so I take the full heat for my remarks.

Randolph ask for copy of testimony. Colletta still on line.

Leroy...Jim, do you feel that it would be more beneficial to the real estate profession and the financial institutions to have a sell/servicer guide that is more initiative that leaves no room for judgement, or to be concrete and absolute.

Magowan...I'm sensing here that you want something .nat is concrete and absolute so that everyone can go in and say hey if I meet X Y Z I make it but

Leroy...There has to be some descretionary judgement placed upon someone. Whether that is us, the financial community, or you as the sellers of the property or the buyers. We have to have a happy medium.

Magowan...You can't come up with anything perfect and let me say this too I'm not familiar with you guide. The only perpective I can speak from is one from who sits at a desk when people come in and say here's what happened to me and I think maybe the licensee did something wrong and I have to take a look at it and say I see what happened and I understand how hurt you must be but it looks to me that the licensee is just as much a victim as you are. They spent all their time trying to put it together, they don't collect a commission and you're unhappy with them. If we tried to regulate tighter we'd just create more problems. I don't envy you the position of trying to work it out but I think that there are some systems that can rationalize this thing more to where people feel less at the mercy of fate and more at the mercy of their particular qualifications. You might have some things that you can put down and say if the person meets these qaulifications we will buy the loan, no question. So the ...ing in ...tion can say okay you meet the qualification and if you've told us the ...ur loan is bought therefore if you buy a committment at this rate you' ... no problem. A second set of situations where you say if a person meets these qualifications in our experience about 70% of the time they get qualified so the lender can tell them okay you have a 70% chance if you want to submit it and pay the tab for a committment we'll do it and if you want to submit it without a committment we'll do that also but understand you'll pay whatever interest rate happens to be going with your loan when it gets approved if it ever does. If it take six months and goes up to 30% you're going to pay that just let the people know.

16

Rothey.... Our efforts in this line are going to I guess come out probably in the next publication or whatever. Through the Anchorage route we will start an educational seminar and I believe we're scheduling for some time in Dec. and will welcome licensees in Anch. to attend. I do feel we have set the minimum but if we need to expound upon the minimum I would offer you an opportunity and any one of your group to review and make comments of the guide.

James

Parrish....One of the problems with individual commitments would be the fall out were rates to drop. how do we handle an individual that would come in at 15% rate and now there down to 14%. We used to be on an individual commitment basis and that was a severe problem. The other problem that we ran into was that the legislation that required us to allocate our funds geographically how do we make that determination when we have X number of \$\$ available at our door and its all dependant upon a first come first serve basis. In that case the rush is to our door vs the rush to the banks and there's I think less flexibility in a bar where being able to get included. Right now has the opportunity to call in 35 different originators and finding out whether they have the 10% money or the 12% money otherwise we would just have one ~~pool~~ block of funds that aren't at our doorstep.

Magowan...This program has been a salvation of real estate industry in AK and if given the choice of keeping it like it is or discontinue it. *would keep it.*

Senator Pat Rodey, Maj. Leader of Senate, Chairman of Free Conf. Committee that set up AHFC in its present form several years ago

Some of the problems are a result of the sheer volume of work that has come thru the private financial institutions and the AHFC. We've seen demand in housing and we're trying to meet that demand and it posing a great threat on the real estate industry, on the private financial institutions that handle the transactions among AHFC which is the secondary mortgage. When it was set up it was intended that AHFC follow a tough private financial line of thought. They have done that. We have seen the gov't programs that have been developed for financing where the state does everything and the state is actually the banker of ultimately coming to disrepute and have been an embarrassment to us. It is appropriate for the state to be a secondary financier but I think the primary market should be reserved for the private market. I don't think the state has any business in the primary lending business any more than it has any business in the primary real estate business. The way AHFC has handled itself has been what the free conference committee intended in using private standards for underwriting. It doesn't mean we can't work with those people who are actually involved in those transactions to insure that the criteria are clear and as precise as possible., I'm sure it's very frustrating for both the buyer and seller and the real estate agent. Unfortunately we've made it a bit complicated and it requires an agent and a buyer to have a very complex knowledge of banking of the New York Bond market and we've also required that AHFC by statute adjust its rates for whenever it receives money at a higher cost due to a bond sale. They are locked into that and they have been criticized for it but it was the legislative decision both two years ago and last year with the ratchet. I don't completely agree with the ratchet. I think it is particularly unfair to people of moderate means because the normal criterion in AK for dollars earned in capacity to buy a house I don't think is quite accurate. I think it is particularly unfair to people below \$90,000. Certainly we need to be market sensitive. On the senate side, I and other members will be willing to work with your committee and commend the members of this committee for taking the time to look at AHFC and to look at the ways we can make this program better. I think its particularly questional informal discussions things, we're talking about regulations, and the informal discussion with AHFC and I've been pleased by the way that they have been received by my constituents here in Anchorage and by the business community and by their willingness to work to straighten out some of the wrinkles in the program. I think the general consensus is they are happy to have AHFC here.

Jerry DeVall, DeVall/Wardwell Realty, 2500 W. 66th. Ave.

Agent for 11 years. Thankfull for program. But there are a lot of things causing problems. Why should it take 5 weeks to 3 months to get a loan closed. Why does it have to go from the bank to AHFC? Is there any way to get the two closer together so it doesn't take ten days at AHFC. It seems like that delay is causing the interest rates to go up just qualifying people. It seems that in the mean time the owners of the house say you've

17
passed your time limit I'm not going to sell the house to you now. We're trying to get homes to people who want homes and why are the requirements,... I think I could get a top secret clearance easier than I could get a home. People are trying to get a home.. Some of them might have a little mar on their record, they got a divorce and the wife ran up a big bill on him which he refuses to pay and BankAmericard says you've got a slow pay. What we're saying is that only the top only the elite only the people that have no records, no marks, nothing they're just perfect. There is a lot of people here that are construction workers, they work during the summer and make big money and they're unemployed for a couple of months during the fall. What do we do with those people when we say we can't give them a home. Is everybody perfect.

Rothey....The sheer volume of business that we do demonstrates that we are not serving just the elite, we look at over 211 loans a week, that doesn't speak to only the elite.

Rothey....15% of all applications received are disapproved. I think those numbers are very favorable if not somewhat better than the nat'l numbers. The corp. does have problems but we want to work out those problems. We have a staff that looks at loans. You talk about individuals that have mars on their credit. Our responsibility is not only to you, the seller or the buyer but also to the lady in Idaho who holds that bond and wants to be assured she is going to receive her principal and interest payment when those are due. If the underwriting of the files suffers to any degree, I will assure you today that in a very short period of time their will be no AHFC because you cannot generate capitol at a rate that the public will be willing to pay. In the eyes of the financial community of wall street, the financial districts of San Francisco, this program is very highly regarded. We have increased the credit rating of the program to a AA-. That credit rating is higher than the state of AK. That is imperative for everyone at this point to understand that this program does loose some applicants. If we made every deal, we might as well close the doors and write everyone a check in this room for \$100,000 and everyone else. That was one of my suggestions when this thing started to get out of hand. It would certainly take a lot of pressure off of all of us.

Abuod....How long is it going to take before we go out and continue to bond.... we've got this money supposedly and we're going out into the bond market and we're paying a high rate of interest and then some if they can get it. How many billions are we talking about that we have to loan than going out into the bond market where we're going to sell the bonds.

Rothey....Mr. Mark Cameron and I spent a considerable amount of time in the month of September and October just trying to secure financing to keep the program operational. I was out of state except for 9 days trying to raise new capitol and make the subsidy dollars go further. We'll be able to do a billion dollar program with somewhere in the neighborhood of 60 to 70% of the subsidy dollars that the legislature allocated to us last year because of the very means which we've been able to captivate in the financial community and their confidence in AHFC. Mark you may elude to the number of financing that we've done.

Cameron...We were authorized this year by the legislature to sell bonds in the amount not to exceed \$592,000,000. We would expect to fully utilize that authorization this year. In addition we were given \$222,000,000 of funds to subsidize those loans which would be financed also by the bond market. The amount of bond authorization depends on the volume the rest of the year.

DeVall....I know you needed to go out of town but as a result my loan sat in AHFC 23 days and in between the bank kicking it back and soforth those people didn't get their house.

Rothey....We sat down and went over the file with you in the office. We discussed the reason for the declination, we went back to the financial institution and I don't know what happened subsequent to that. It was declined, it was resubmitted and based on your tone it was subsequently declined again.

DeVall...Do you when you require a letter signed by the applicants that states that we understand that AHFC has no liability in establishing the interest rate that you're going to be charged by the time it is closed

Rothey...There is a letter to that effect.

DeVall...Once you had all those files logged in did you in fact send all those files back to the bank to get that letter signed and then go back thru to get them all logged in again and receive a new stack order.

Rothey...In FBX the testimony was that the Ex. Dir. of the corp. authorized or requested or I guess mandated that a letter be sent out. There was a cut off point for every file that was in process that time. That letter was not required at a subsequent point in time if the file had been declined and ~~the letter would have been required once again~~ → That doesn't answer my question and I think that the letter is a valid authorization.

DeVall...I'm saying that by sending those files back from your office to the banks you've just knocked the whole roster in a disarray to who's who. The bank gets it the people have got to come in, sign a letter, they go back and they start all over again.

Rothey...Who do we penalize, the guy that's been waiting there or the guy that's had his opportunity and it wasn't there the first time. The question is if we have to look at an application two or three times..two times at the most hopefully, that that detracts 15, 25 minutes from the individual who had been sitting up there before. Who do we penalize? The guy who's next in line or one that had been to us should go right to the top of the stacks. It's a philisophical judgement call. We have with our direction have been told that it starts over once it's been thru. When did that letter become effective, About 1½ months after the FBX hearing on Oct.16.

DeVall...I'm saying that in my eyes and the people that I have talked to is time. Time and qualifications. I know that if it takes, maybe because you're under so many requirements to make sure that this little lady in Tuscoloso. Can't we get a separate program for people with black marks.

Rothey...We can do anything ^{with} the Legislature gives us the money to do it.

DeVall...That's what I'm looking for is to speed it up..

Rothey...With a billion or 750,000,000 dollars we can guarantee the program will continue indefinately but we cannot guarantee the repayment of those mortgages and I think you and I have a philisophical argument going here and rather than take up the time of this committee I'd be glad to discuss it with you at a later time. .

DeVall...Do you need more staff?

Rothey...We could use more people. We have 10 people. You're asking me to tell you the everyday...How many phone calls do we get from realtors wanting to know where the transaction is? How many from the seller, buyer and bank? The thing is not compounded and the ability is to sit down and look at a single entity for one-half period of time. It's the overall sphere of the program. How many deals have you lost this year?

DeVall...Do you feel you could do a more efficient job with more people?

Rothey...Sure.

Moss...I hear a 10 to 14 day figure. Is that the first time they look at the loans or do you have a sequencing when loans come in.

Rothey...We date stamp them on the date of receipt and log them in by loan number. We look at them as a daily transaction. We were at a larger backlog and we wittled it down to 3 to 5 days then 7 days. The internal processing in our shop and I'll be very honest with,, we do have a backlog but it's the overview of the whole problem not just our inability to look at a file in a prompt timely manner. What's the backlog you have now, as of today when I left this morning we are underwriting the Nov. 5.

Moss...How many people or applications are we talking about.

Rothey...250 to 300 loans that all came in after Nov. 5. It will be 10 to 14 days before we see them all and 10 people are looking at loans.

19
Moss...With time off for Thanksgiving you're not going to be able to look at those loans before the end of this month. This makes the 90 day deal shot all to hell on the commitment.

Charles Gregory, PO Box 1920, Able Construction, Anchorage 99510

Lived in Anchorage area for approx. 17 years. Started building in 1973 and had real estate experience prior to that. Licensed realtor now. A couple of years ago I remember scrambling for everything I had. The interest rate now is to the point where I couldn't build anymore because people wouldn't buy. If AHFC is worried about their backlog, let that interest rate raise just a $\frac{1}{2}$ of a point more and you won't have the buyers out there to buy. It's being proven across the nation right now if you raise that interest rate enough people will not buy. It's not because the demand is not there, it's because they can't afford or they simply will not pay the interest. The bond market is not the right track. As the bond issues go out the bond market down in the lower 48 is waiting to get an indication from AK that there are going to go down there and go into the bond market. I think it was proven here recently when we made the bond issue and not many days after that the market started coming down again. I don't know how much of a need we had at that time for the money but it seems kind of funny that the next few days the bond market started coming down.. I think those people are waiting for AK to come out there because we do subsidize that loan. Why should we give away however much billions of dollars that we're going to give away by subsidizing this loan. If you want the subsidy why not stop off at our permanent fund. I know you're going to say legislation won't let us do that and I know you're going to sit here and say we need legislation. That's a good, good, feeling and I imagine they're going to hear something from us on that too.

The fact is is that if we've got to have legislation it's a good point to say why not use some of this permanent fund instead of just throwing it away. Leroy mentioned that if he had \$750,000,000 a continuous program would occur. I took that to mean that you could have a program that would be self generating. That was a very good point. That is my feeling as well as some other people here.

I tried to last year to borrow \$60,000 to buy a condo. AHFC turned me down. One of the reasons they turned me down was that I had moved down in value because I was scrambling trying to keep myself good (credit). I had no bad credit but I had some apts. *employment instability*

Another situation, a police officer with three kids came to me and said can you build me a house. I told him he couldn't afford it. He found a lot for \$26,000 with water and sewer. I was paying \$33,000 or so. We took this house that I had and instead of a garage he said I can do with an unfinished basement can you do that. It cut the price back and I did it. I took a little less profit and figured a way to build this house out of pocket and I didn't have to go the bank for my 22% interim loan and the 2% up front. I saved \$4,000 by not going thru a bank. House appraised at \$98,000 and I sold it to him 92,000. We eliminated a lot of things including the asphalt drive. When the loan was processed and closed we turned it over to the bank, they turned it over to AHFC. They kicked it back because there was a question as to the appraisal, parking pad, gravel parking pad caused trouble. Loans are scrutinized too much. You turn down 15% and after my bank goes thru them I don't see how they could even have a loan turned down. 211 a week, that's 30 people who don't get a loan. AHFC did give us a help but it wasn't AHFC that did it. We had not built for 2 to 3 years. We had to have the buildings the people needed to have as we do in apts. today.. The thin, is once you gave a decent interest rate out there the people saw a chance to move up. Most of the people who bought my 16 homes this year moved up they did not come from outside. Oil company people don't care about the interest rate they are being subsidized by their oil companies. The people who live here every day as I have lived here some 15 to 16 years are the ones that's hurting. If they're sitting in a home now there remodel it.

Moss....It seems to me like that's what we set this program up for is AKS and apparently what he says is we're addressing the wrong people.

Randolph...Most of our state loan programs do midigate towards particular in housing toward newcomers. It doesn't allow for refinancing.

Rothey...You mentioned the permanent fund and I think it is important to note that

the permanent fund currently does have the ability to invest in AHFC paper. as does the retirement system of the State AK and the Teachers Retirement System and to this point in time and to this date in time have chosen not to do so.

Willie Ratcliff, Mineral Creek Construction, 835 Nelchina, Anchorage

31 year resident. Spent most of it in FBX and lived in Anch. and Valdez the last three years. We're still missing the avg. business man, the people that have low income and even the people who have just above the limit that is set are being left out of not only the housing program of any program we see that is set up which makes AK one of the most top heavy states going on. We've only got 400,000 people and that's something we've got to get away from. Sure we've got to run a program to make sure that we don't end up with a whole lot of bad paper and I think we wind up with a lot of bad paper anyway within the program but if we're going to look at subsidized housing you got to spend the money one way or another for the people. I think people would do a whole lot better taking care of a home or something that they are proud of than they will some subsidized apt over there. People are getting tired of programs that just happen to miss about 75% of the people. There are ways of changing this and people get upset about it we will come up with ways of seeing that at least an 85% success rate in applications for housing and I don't see why we can't. What percentage is going to the elite? What percentage is trickling down to the other AKs that's getting left out? I've just been in 35 states and bla bla. People can't afford \$150,000 to 175,000 homes. We're going to have to start looking at smaller homes, condo and apts. that people can afford. It might be cheaper in the 1980's to rent and we might as start looking. If AK's a bad risk maybe we all should just leave. Specifically My complaints is that black people in the higher escilon are having trouble getting loans. So there is something between the banking communities and AHFC that we need to work up. If we need legislation then we should do it. But first look at the problem. Why are all these people not getting money, what are we saving it for. We take the permanent fund money and we loan it to people outside and when we get so much work up here that AKs can't handle it we go to Seattle and CA and they'll come around here and bid it and they'll do it. We've got the expertise here and they found that out during the pipeline and if those people listened to us they wouldn't have the overrun they had in the north country. People that live here are the ones that I'll put my money on.

Abood... I don't qualify. Maybe legislation is needed

Moss...What % of people are getting these loans that we're passing out in the low income bracket. I recall in the Legislature that they were yacking that there was quite an effort to raise that \$90,000 limit higher but that don't come anywhere close to my neighborhood. If I could get \$50-\$60,000 I'd just be happier than hell. What I'd like to know is there anyway to figure out what % that we're talking about, I'd like to have that figure that are in the lower income brackets.

Randolph...If Rothey can't do it. The committee will. It would be nice to know what % of AKs that fit into these categories as compared to the number of loans that go out in each classification.

Abood...The legislatures got to help solve that problem. We need a financial formula to effect everybody.

forfront

Randolph...Mr. Radcliffe brought up a pertinent point to the , and that is thru our loan program we are in fact serving a very small % of folks. The money does in fact belong to all the people it doesn't belong to the govt. Since 1978 I've been very interested in finding ways of distributing wealth producing resources to folks

Ratcliff....The trend is outside that we're going to have to start living cheaper as far as housing. If you can build build , \$10,000 cheaper and a person can buy it they'll buy it.

Elaine Taylor....2028 Otter, Taylored Construction Services, Anchorage

Specize in remodelling and building additions. These are people who are committed to their neighborhoods and homes and to AK and they are choosing to

21

than to move. These are the people that stabilize our communities. The majority of our contracts are with people who have prior commitments with AHFC. Many of these people think these commitments are at a specific interest rate and are angry when the bankers call them and say if they are not closed by a certain date their interest will be higher. The same quality of work cannot exist if the only thought is to meet a deadline. We lose time from weather or from shipping and believe me you don't tear a roof off when it's raining or take out a wall when it's 10 below. We are not allowed to start our construction until we do get an okay from AHFC. I believe the fluctuating interest rate and time frame are a problem that need to be addressed in this market. Secondly I understand that second mortgages are going to be available for remodeling from AHFC. This rumors have been around for six months. Economically it makes sense for AHFC to have seconds rather than requiring people to give up loan interest rate loans and have the state subsidize these loans. My question is will these seconds be available? When? Please be realistic about the time frame of commitment when these seconds are available.

Rothey... AHFC has been authorized to research and come up with a second mortgage program for rehabilitation. This program as indicated thru the letter of intent is to be implemented in a report generated to the legislature by well the report by Feb. 15, 1982 and after the findings of the corporation as the letter of intent is worded than the legislature will make a decision as to whether the corp. is to proceed with this type of program or not. We have drafted temporary or preliminary criteria which I have given to about a group of ten seller servicers requesting their comments and their procedures or whether the procedures are workable and I think in this instance we have deviated considerably from the program that we operated under thru Senate Bill 1. I would be happy to make a copy of these procedures available to you however I would also caution you that we need to have the concurrence of the legislature before we implement this program.

Taylor... I hope that the legislature looks at using the permanent fund to finance this rather than going to the bond market for this.

Moss.... Do you have any suggestion as to how the fluctuating interest problem could be corrected.

Taylor... When people are adding on to their own homes I think they need a wider time frame and I think that by making it available through the permanent fund rather than the bond market that that can be dealt with.

Rothey... The time frame that we give for the approval of property and credit runs for six months. Is that insufficient? The problem is that most people when they get an okay from AHFC they are somewhere within that 90 days

2408
Six months is sufficient. But the problem is that AHFC kicks it out all of a sudden sometimes even less than 90 days later the interest rate raises. The commitment is not at an interest rate and people payments will fluctuate possibly \$100.

Moss... You're committed for 90 days on the interest are you not.

Rothey.... We are not committed the financial institution is. The corp. or the staff of the corp. is making a recommendation to the ex. director and to the board of directors as to system of allowing us at the suggestion of this committee to come up with an alternative to the four month commitment and we are basically going to offer what we consider to be a convertible standby commitment. Which would allow the institution to come to us after the first 100 days commitment is up and take care of those individuals who may not have dropped or did not qualify or take advantage of the same prevailing interest rate and once again I caution you that this is all subject to approval.

April K. Lee, ERA, Star Realty, Asso. Broker, 411 E. 45th. Ave. 99503

Representing self not firm. In real estate 5 1/2 years. 23 year resident. The way the low income person is being benefitted and the very high income person is because the new program the HOA and the new program that is just now coming out for the person who hasn't owned a home in three years have loan amounts which are so low that they are attracting those people that can afford them in other words the moderate buyer who can afford the \$120 to \$150,000 home has no loan program whereby

22

the interest rate is attractive and they're being left out in a certain sense because the loan limits for the new program may be \$74,610, \$90,630 for an existing as prescribed by the Dept. of Treasury, IRS which involves the whole US. No just AK. \$90,630 on new construction. Builders are going to have to build cheaper homes and find cheap lots which may cause cheap housing. It may sink or it may unless they have the money to. Thinner walls, and this and that.. If you want to have a house you don't want someone to stop making payments on because the roof starts leaking or they is some structural problem because they just didn't have enough money to meet this program and building it with quality construction.

Older persons who want to buy and who have tax exempt income: They receive 1% benefit in their payment of growth in going from 28% gain of PITI to growth than a person who has taxes of let's say 35% taken out of their income. So the older person who has tax free income and can verify that all their income may be \$2,200 to \$2,500 is tax exempt really receive no benefit in the fact that they don't have this much going out for taxes and that much more available every month. I have seen some with this situation.

Another problem is the AHFC will decline a file because of an income problem. There's an HOA problem, The buyer has overtime which disqualifies them and it takes it goes back to the bank three or four times and then the fourth time that no longer is a problem, they have cleared that up but the condo project that the buyer is selecting has an expired approval for that condo project and the sell and the buyer are way into extensions on there agreement and no longer. I had another property where the buyer was self employed and making a million dollars a year but he had just under two years in the business and he had a salary previously and they were incorporating his salary in that to one year and nine month thing so that his salary brought it down so that he was just over in % payment to income and when they said maybe this is okay and then disqualified the property saying that because it has so many bedrooms and bathrooms, it was two males buying it and they were on a joint checking account. It seems to me that a problem arises not a that, the point isn't really timely and another thing regarding the condo approval maybe you could send a letter if there was a person who had enough time to the condo project when their project is about to expire to get in the necessary forms of FNMA form which has the reserve or replacement fund. So they are aware if there is any person in that project selling so that they are aware that this must be in in a timely manner and this problem is resolved.

Cy Barker, Broker, Cy Barker Co., 1030 W. 4th. Ave.

Real Estate for 8 years. I think the real estate industry in general is very grateful for the AHFC program and my remarks are basically practical. Getting a buyer and a seller together and getting an application to you people back approved and closed. I think the most basic problem that we have is AHFC has got to get some education out to the public to the banking industry as well as the real estate industry so that when new programs become available they get the whole picture. Everyone should understand and these are general principals but they work, any real estate person who writes up an earnest money agreement should know after his initial interview the chances of that person of getting a loan thru AHFC. I feel very strongly about that. If we just take an earnest money and say we're going to run an application thru a bank and say you're going to get the loan it's wrong. Everyone should know that 1% of the house price is going to be the approx. monthly payment and you've got to make 4 times that amount to qualify and that the indebtedness ratio cannot exceed 33 - 38%. Those are basic principals so that the individual that wants to buy this dream home they don't qualify those two rules they've got a problem and real estate agents know that going into the bank. If he's going to try and rush it thru and take a chance that we might sneak this one by this is one of the reasons I feel that some of that 15% has created a problem. So what I'm suggesting is that the real estate person has to take into consideration is a general credit history and he's a dumb bunny if he says hey we don't worry about your past history whether you have bankruptcy of what. Applicant screening is a priority. If you're in business for yourself you're going to have to supply the paper to back up what you're saying.

A'ood...A great number of the problems with AHFC turn downs could be eliminated to some extent by more attention being given by the real estate agents to qualify these people.

Butte
Barker...Education first to the public, bankers and real estate. After the real estate agent brings in the person, the banking person has to be alerted to these ratio to and I think the banking industry at times frankly has tried to slide one thru. The banking industry can be educated on that as well. I also feel that AHFC has to be flexible too.

Moss...What weight does a persons net worth carry. Let's say that a person only has an income of \$1,000 a week.

Barker...We don't care what your net worth is the bank is concerned with what you make gross per month combined you and your wife. Questions asked applicants. In the long run and you get into the credit history and the people fall into those 25-33% peramiters and obviously if he's short he's got a net worth of a million dollars obviously looking at the overall picture that's going to have a bearing on the application. The thing the public is unaware of are these peramiters to start with. It's a very brutal process so that the applicant knows what is expected of him when he goes into the bank. Generally speaking most real estate people will tell you, buyers are liers and sellers are worse. The buyer won't always tell you the things they tell you in an interview so I go with my applicant asking their permission of courseto the banks. You then know the whole story. If they don't meet the minimum requirements then we start over.

If I take an applicant to the bank and they take the application and run it by their loan committee these are very knowledgable people. What I don't understand is that they have to give their empermoder to that loan application Couldn't there be some way thatAHFC could consider the loan committee's expertise and cut that 10 days down to three days and take a quick look at it and boom it's approved. There's really no need to take an pplication and disect it and xray it after four or five top knotch people have already done the processing. I believe there are some double standards. I had another real etate broker call me and ask me to go with him to a lending institution to just sit in and listen to a process and observe. I listened to the banker say ... first time the application went in teh VA accepted it and AHFC rejected it. second time the AHFC approved it and VA disapproved it. So what we're going to do this time is we want you to put 10% down not 5% so we're going to load this thing and hopefully get the loan approved. That's a lousey way to do business. Everyone should be able to resubmit a loan with a clean slate. I would go so far as to have the chairman or the ex. director make sure he's got somebody that if a new application comes in with a previous history that he shuffle it somebody who can give it a very objective look to. The appeal process I think is double standard again. I know of a situation where a lady went in cried a few tears and quite frankly she got the loan approved. I'm not saying that maybe there wasn't something up to snuff but I don't think that lady should have been given any different considiration than the man who applies thru a bank and waits to get a telephone call of approval or disapproved. Not thru appeals committee but an appeal thru the applicant. If I owned an R3 or R5 lot and I've got a little house sitting on it and I've put some money into and rehabed it it 50 or \$60,000. I know a lot of them in that price range but you want to know something we d-n't g-gt AHFC financing beacuse I'm told they are in an R3 or R4 zone. If there is real need in the housing market that what AHFC has got to do is step back and say hey it may be an R3 or R4 lot but its a nice house, it meets minimum requirements. Why can't the \$2,400 month applicant buy this house at \$60,000.

Rothey....The land value and the value of the structure must be at least equal. I think what Mr. Barke is eluding to is that the land value may be \$40,000 an the structure may be 20,000 or 30,000. We don't want the corp to be in a position of having real estate as collateral because a value of a building is going to go down considerably faster at that age and it's up to the appraiser to make that determination ~~but~~ when we see the land value and the total value come in at at least an unequal ratio it's not that we don't approve all of them.

Barker...I disagree because I don't know of any land or any house that has gone down in value and it's ammyth to say that we don't want to take the chance of investment because that house is going to depreciate in value. It just doesn't happen in fact I think that if you get a qualified person in a \$60,000 their pride of ownership and upkeep of that land is going to make that house be a standoff and enhance it.

Rothey...I can show you 23,000 loan files where that is not the case and we have statistical information that shows that that is not the case and we have to

24

operate on this program on a state wide basis.

Barker....Disagrees and would like to discuss further.

If we take a new program say at 9 or 10% and make it work and not be negative and if there is a void or a vacuum I think this type of a communication can say that this is what we need to do. I would like to see AHFC make a recommendation to the legislature that every AK who owns a home or doesn't own a home should be given some kind of a credit towards a home. The credit could be used by one who already owns a home for refinancing. I think it is wrong that I own a home and have \$60,000 loan on it and it's worth maybe \$160,000 and I can't cut some of that equity out of it to do something with it. What I'd like to see is a creative bit of financing that every home owner be given a credit not for full equity but lets say 25 or 20 whatever a good ratio would be, a once in a life time you as an AK can take 20 to 25,000 of your home equity and get a check thru AHFC but it has to be reinvested in some kind of real estate.

Randolph...Lottery drawings ought to be used against real estate and not only land.

Barker....Anyone who knows the bond market. I would like to see AHFC people involved in buying bonds to consult with people who know whats going on in the investment industry so that when you do buy bonds you don't get stuck at 12 3/8 and maybe could have gotten an 11 1/2 and maybe a 10.

Rothey...The problem of going to the bond market is not necessarily one of always picking the wrong time which we certainly have done more often than not but it goes back to the regulations which we have to work under. That is the public notice requirements by which we must notice our meetings and the bond sale five days prior to the actual happening. We have to be in the market place many times when we don't want to be. In order to keep the program going a decision has to be made whether we go then or postpone or not. I think that the financial advisors we have in the bonding or investment firms we're working at we've got probably the finest team we've ever had working for us on Wall Street.

Randolph...Thanks to those of you who have testified and come out this morning. We will reconvene at 1:30. Colletta still on line. He is to call.

Abood...Calls to order. Moss in attendance. Randolph in and out and turned chair to Abood.. Rothey and Cameron in attendance.

Jo Ann Burton, Owner Mobile Home Management, 338-4481

Representing Mobile home owners which at the last educated guess was well over 10,000. We feel that the AHFC has not given mobile homes sufficient financing or sufficient interest and we are wondering why we can't get the 6% loans on mobile homes or the 10% on mobiles. These homes are quality and within the reach of these people that need the financing and yet you folkd refuse to finace them..

Rothey...I'm some what perplexed those funds are all allocated funds that are given to us by the state legislature. I don't have the correct numbers in front of me, was it \$20,000,000 no \$18,000,000 for mobile homes during the last legislative session. We are processing at about a million point nine of mobile home application each month at 12 3/8 %. To address the 10% program, those stipulations are by the IRS and says that mobile homes may not be financed with the proceeds of tax exempt mortgage revenue bonds. So that criteria has been established by someone outside of our control.

Moss...Did they do that by regulation and since the last session was over. What criteria?

Rothey...To the best of our knowledge we have no indication by what criteria was used. Mr. Cameron may expound upon that.

Cameron....I don't believe they did give out any rational. This is Federal regulation.

Rothey....During the last legislative session as you probably remeber that the low home interest rates were at that time at 10 3/4% interest based upon testimony that we had given as well as testimony which was received from I believe it was representative Bucholt who requested that mobile home loans have the same interest rate as the regular program of AHFC. At that time that is why the mobile home

25
interest rates went from 10 3/4 all the way up to 12 3/8% because it is locked in to that ratched interest rate of 12 3/8 that is where it will maintain itself until the 3% differential comes into effect. To answer the later of your question. There is a question as to whether we can do that with a 6% loan statuorily under the home ownership assistance program as it relates to single family dwellings.

Abood...Do you feel that mobile homes should have a lower rate of interest than a home owner.

Burton...I feel they should be given at least the same opportunities if a home owner is allowed at six percent than the mobile home owner should be allowed that same interest.

Rothey...It would take a look at the statutory provisions of the home ownership assistance program to make that determination as to whether mobile homes would qualify under that type of financing.

Burton...On the 12 3/8% interest why will they not finance the add ons and lean twos.

Rothey...There becomes a question with mobile homes as to what is personal property and to where is our collateral in a mobile home. It is in the unit itself. The addition the add-ons even though they have some value to the homeowner don't necessarily mean value to us as the mortgage holder or the lean holder. From the standpoint that mobile homes can be taken and moved, we are not necessarily in a position to finance \$2,500 worth of add-ons such as lean twos wannigans and so on that may add value but if the mobile home in a repossession we have to it, we cannot take those additions with us and consequently we suffer the potential of having a loss in the acquisition thru a foreclosure action.

Burton... From what I've seen the lean to's and add ons are just as moveable as the mobile homes and they're usually do add a lot of value to them. We allow up to \$1,500 for additions to the unit. Whether it be furniture lean to's wannigans so forth. *← Rothey*

Moss...When you make a mobile home loan if they're on a piece of property that belongs to them is the ~~maxim~~ property itself encumbered also in this loan or just the mobile home itself.

Rothey...To protect ourselves we would want to have a right to the benefit of the use of that property either thru a lease hold estate and an assignement of that estate or in an outright deed to the land as additional collateral.

Moss...If the mobile home is on a piece of land and you have that opportunity would that then make it fessible to enlarge that loan for any extra's that went on there.

Rothey...If it would be affixed to a foundation I believe yes.

Burton...What can we do to get more money for mobile homes at a cheeper interest rate?

Rothey...I think that should be posed to the legislators. We don't sell bonds for mobile homes even though we are looking at that possibility.

Abor ...The AHFC is operating within the law, in order to change what you want now the legislature must change that. It is actually a legislature responsibility.

Burton...We have found that we have an average of 50% turn down rate on mobile home loans. Why is it so much higher on mobile homes than it is on regular homes. This is banks accepting and with the banks prescreening people that we bring to them. The people that the bank actually says you look good okay it's a good chance that your loan will go thru. 50% of those you folks turned down.

Rothey...What the bank may tell you or the customer meanign that the mobile home or the mobile home buyer is meeting the criteria of the corporation in the financing and that is basically their ability to afford that debt under the very same guidelines that we would have under regular program..

Burton...We deal with people that are lets say mid to low income and in order for them to buy a mobile home at the current interest rate, they have to earn \$1,400

and they have had to have earned that \$1,400 over the past two years and that really puts a lot of people out of a home. I think that with a little more thoughtful application that you could make it so these people could afford mobile homes. A lot of them are paying \$700 a month rent and we could put them into a mobile home that they could be purchasing and building equity in for \$400 a month and yet you folks turn them down. 26

Randolph....Would you agree that the 50% turn down rate on mobile homes is correct?

Cameron...No. I have statistics here that show that the highest we've had since Dec. 1980 is 26% in Oct. it was as low as under 11% and generally runs around 15 to 18% denial.

Rothey....We'd be happy to give the statistical information to the committee that we are averaging on a n approval ~~has~~ basis about 120 or 115 mobile home applications every month. Based upon receiving an average of 125. Maybe that is a little low.

Burton...Is there any way that we could get the minimum income requirement lifted.

Rothey...What is your suggestion?

Burton....If they don't earn \$1,400 a month they can't buy even a mobile home and for a lot of people like cooks and cooks helpers their highest income they will ever go is \$1,000 a month. These are people that could buy mobile homes and would be proud to have a mobile home to call their own.

Rothey....We currently write paper on a 28% ratio. I don't have the solution to the problem.

Randolph....A person earning \$1,000 a month certainly can't pay \$700 a month rent.

Burton...That's why they're trying to buy mobile homes.

Rothey...We can study the 6% money for this purpose and certainly let the legislature know our recommendations.

Randolph...I think your comments go along very closely with Mr. Radcliff's and that is a huge segment of people out there who are being left out who in fact should make better use of whatever program we have to touch as many people as possible.

Rothey...Maybe some of the applicants are being turned down at the financial institutions and never come to the corp.

Burton...Yes that is part of it. We had one turned down a couple weeks ago that they qualified in everything except their job and they were a cook and they had been a cook for 5 years previous but had only been on this job for five months and they were considered non permanent yet they had excellent credit, excellent everything along the line but they were turned down because they were considered non permanent. I've got another one that I expect to be turned down, he is a railroad worker and he is also non permanent although he's been with the railroad 7 years; he's non permanent because they lay them off once a year and rehire them the next month. They don't have to pay the retirement.

Rothey...I don't have the facts in front of me to argue the point. I'd be happy if you would like to come into the office or write me a letter and we will look at the applicant and their name and see the reasons for the declination.

Aboud....There are times when I couldn't get a loan at the bank for some reason or another I don't know how you're going to go to another agency such as AHFC and get a loan if you can't get one at a bank. I have been in an unstable job situation since 1946, that's hardly instable. I guess there are those cases that I imagine would have to be taken on a one to one basis to figure out.

Rothey...They evidently did not feel that the file warranted appeal or they would have appealed it which is then reviewed by more or less a jury of their peers primarily the ex. directors designee or board member and or his or her designee and a member of the private lending committee so there are these protection things available whereas we may make a decision that is not correct in the eyes of the appeals committee. I think that is an avenue you should have or should discuss with the financial institution you are dealing with.

27

Burton....Of the 18 million allocated for mobile homes, how much is left.

Rothey....When it's gone its gone. We don't have the ability to allocate any more. It comes from the legislature in a budget request.

Cameron...Doesn't know how much is left. The last time he looked it was 8 to 10 million left. The interest rate will not be lowered without legislative changes to the sections of our statutes that set the rates.

Burton....There is a real need for financing in the mobile home industry and I hope you will take into consideration what I've brought before you.

Moss....AHFC was formed by the state because the banking industry in AK really could not meet the needs of the people. Consequently although AHFC gets a lot of flack they do work by some of the same rules that the banking industry does. Hopefully AHFC would have a little less stringent strings tied to something. Philosophically the people should go to the banking industry first because I have a little problem with the gov.t running private businesses and this is essentially what you are doing with AHFC. ~~With~~ The legislature and with the oil money the state has got has provided funds into a program that to me AHFC should be your second choice. AHFC thru the state as you're getting a subsidy there to some extent thru interest of course you pay more money with the banking industry than to AHFC. If AHFC goes broke financing mobile homes than how are you going to develop a banking industry in the state that will finance in the future. We don't know that these resources we've got are going to last. I think the first amount of money we put in the mobile home business was about 10 million if I remember and one of the reasons for it was because of just the point that you brought out. There is a segment of the states population that they can't buy \$90,000 to \$150,000 homes, they're low income people. AHFC and other loan programs are supposed to supplement the private industry and one of these days we're going to put private industry completely in the background. We're trying to develop private industry in the state and any loan program or any subsidy that we've got here we talked about this today, they're discriminatory. If I want to borrow some money and I get a low interest rate because of the states participation in it and you want something else. The point of it is that if I get my loan that's discrimination against you because you're not interested in the loan you're interested in a welfare check. Everyone of these programs is discriminatory.

Arlene D. Wiley, Box 505, Moose Pass, Alaska Individual

17 year resident of AK and homemaker from Moose Pass

Husband letter to be read: Last February my husband and I purchased a home in Clam Gulch with the help of a commercial loan at a very high interest rate. The bank advised the AHFC had a program which allowed us to refinance the house for a construction loan given a certain amount of work on the house be done. This house needed a lot of work and we had a little difficulty in finding \$1,000 worth of work into the home immediately. Application for the AHFC loan in April was made because my husband is a commercial fisherman and I was a self-employed person at the time, our banker advised that AHFC would not approve the loan even though our assets were over five times the amount of our requested loan. The house and land itself had an appraised value well above our loan request. In order to qualify for the loan, my husband went to work for a construction firm in May. We sent a verification of employment and forms to the bank. We sent in all income tax records requested. We filed financial records and insurance forms and followed a list of needed things to be done for AHFC which had been given to us. There were many trips to Kenai and Anchorage from Moose Pass where my husband had to seek salaried employment which meant a disruption in our family living together in order to satisfy the need of a salaried person applying for a loan as otherwise our banks who act as an agent for AHFC we were told we would not qualify. We had to obtain three appraisals during the period from April thru September. As the bank said AHFC required it. The bank had another appraisal less than two months old just before we purchased the home. We were required to get the second appraisal upon the loan being approved even though the value of the first appraisal done in January exceeded our requested loan and the high appraisal value was quite what our loan request was made for. Since there was a refinance another appraisal would be required before the loan was closed. We feel that three appraisals during this period far exceeded the amount we should have done. Additional AHFC lists were added to the things to be done during

the AHFC what we call waiting period which require family the undue inconvenience to satisfy them. Agents for AHFC such as bank institutions should fully explain signature policies to their clients. We were not told that both my husband and I had to sign. Our loan was approved by the bank and AHFC and we turned the loan down for several reasons. The interest had escalated highly during this period even though the bank said we had to use our combined income at the time in order to qualify we were never told before hand that both of our signatures would be required. We offered a signature guarantee which banking institutions readily would accept but AHFC would not, my husband is the main source of income in our home. We live in a remote area and yet AHFC still required the loan application to be filled out based on my business that I had in Anchorage.

I feel and my husband feels that the appraisals that were required were far too many for a total of nine month period. That a complete list of requirements by AHFC be given to homebuyers and to discontinue the constant adon's required. Especially the rural people who have an inconvenience of having to come into town in order to deliver to AHFC. A new policy and or interest type during the waiting period should be frozen for the applicants that are waiting. Rural policies that were implemented during our waiting period by the DEC (Dept. of Environmental Control) that new policies as wells and so forth in the rural and bush areas be abolished as it is very difficult to do some of the things in the rural areas as you would do in Anchorage. Our loan was approved but we turned down AHFC because the interest rate was too high for us to handle.

Moss....Why does the wife who does work have to sign with the husband? If both were working I could understand but why does the wife have to do the same thing. In the process we utilized income that you had from a business did you say?

Wiley...Yes. I advised an agent who said they were representing AHFC that this was not going to be and this would not be my income.

Rothey...How did you instruct them that you were going to take title
Single title, single mortgage responsibility? Appraisals are excepted to
six months old.

Wiley....I do not feel the total fault lies in AHFC I really find that their must be more communication between the lending institutions and AHFC because in dealing with our particular officer at the bank who is working under the direct auspices of the dept. We made this person aware of the fact of our remote location we're going to be living in. Not having a lot of real estate knowledge and because this had to be done quickly since it was under foreclosure in the clam Gulch area they simply said we could get this 13% loan which was a commercial loan and we could refinance and instructed us how to do it. The fact is that I had closed a business as I was self employed because my husband's a commercial fisherman and teacher at the time that his amount of salary would not be enough to guarantee the loan approval. That was old to us so they said that we would have to include what my income was. That I can see is the way that it should at the time been done. But I was not told at the time that I should sign. A signature guarantee was suggested to me. Guaranteeing that the loan would be accounted for by my signature. It just would not carry my signature along with my husband. It's a guarantee, indemnity clause.

Rothey...You're indemnifying to AHFC that you are who you are and that you would repay the loan. I'm not familiar with that. It has no legal validity.

Aboud...It seems to me that the banks have one set of rules and regulations that they go by or will loan money in any given circumstances and AHFC has another set. Is there any possible way or is there any work being done on being able to set up one set of regulations if they pass and accepted by the banks they will be accepted by AHFC or vice versa and then we could go to one or the other to see who is going to do what first.

Cameron..I believe we have that in the form of a seller/servicer title and sales and servicing agreements with the lending institutions. There is a list of ratio and documents that have been signed.

Rothey...It's not working. It goes on to the education process. The ability to interpret this printed matter has as many interpretations as it does individuals working with it.

Aboud....Could we get one interpretation that the public could follow and we could educate them?

Rothey.....There is no way that anybody could effectively educate everybody with all of the ramification of whether you deal with the federal reserve bank the federal trade Commission with mortgage banking co. so forth and so on. We are trying to make this outreach program but it is going to take a year or so.

Wiley....If AHFC would allow the signature guarantee as the bank said they would and we would have had no problem. It was a paper for my husband and I to sign but I would not sign on the regular line. It was simply a guarantee on the signature that I would stand behind the loan and that I would in case of his death be responsible

There's no difference in that and actually signing on the loan except that I would not have title. I did this under legal advice.

Rothey...It would not have sufficed if we had used any of your income to qualify for the loan..

Wiley..Saying on behalf of AHFC that that bank official should not have included my income. More detail should have been gone into about this. It is very important that they explain signatures and the fact that we do have to budget for a lot more that could occur from having this sit for six months on peoples desks. The policies and hikes on these rates.

Rothey...Was this a Kenai Penn. Financial Institution. Wiley- Yes.

Ray Bresler, C C. Realty, 3201 C. st. Suite 201, Anchorage Broker

14 years real estate business. Herein AK a little over three. C C stand for condominium concepts which I have gone in that direction over the past couple of years and I can consider myself a specialist not an expert. I've heard a lot of things said but no one has said what I wanted to say.

Happy with AHFC. Income greater this year than any other year. We can do a good job but interest rate increases are to be expected. MaGowan mentioned that the buyer had nothing to lose so they would go ahead and try to get a loan. I agree with him there but he forget that the seller had something to loose and were supposed to be representing that seller and in all honesty that loan processor has naturally got a heart and is sympathetic with that buyer that is sitting across from them but by border line cases that the agent whose representing the seller who doesn't know what is really going on there has been some verbal communication there has been some sorry things happen to that seller. These people have left the state left vacant places that they thought they had sold and I have an instance of three DFT's and that guy is so mad at me I don't blame him but it's a position of communication. There has to be better guidelines.

With the interest rates gone up there is less loans than a few months ago. It used to be it took 3 to 5 days when it went to AHFC and now we're talking 14 days. What's the answer.

Rothey....With the advent of the rising interest rates certainly the communication that we have with the public with you as agents has increased. That's one side of it. The applications that we received up until two weeks ago were coming in at the tune of 65 a day. 65 a day plus maybe handling 10% pending just created a backlog. We never anticipated this and I'm not making excuses for myself and my people and I don't enjoy working 12 hours a day and I think that as a state aspect of revenue or agency you won't find anybody that works in our office from 8 to 4:30 its 7 to 5 you can only continue so long and when something slips and what slips is unfortunately many times attitude. Many times the problem is we need more people. I don't feel comfortable in throwing twice as many people at the problem that we have. I don't think this type of program will continue it's present volume. If it does I don't know. We're growing at the rate of a billion dollars a year. There is no one that has that growth rate in any corp. I think the problem is and we've taken the step with Bob Arison and some of his people to educate you and hope that the packages come to us in a cleaner format. Actually reprocessing the file many times because of maybe a communication problem with the bank or processor was not what it could have been. I'm sure Ray that you have gone to one institution and seen five or six new faces in a 60 day time period. Its just a tremendous turnover. I hope we've reached a leveling off period. The members of AHFC can keep up the pace we have to keep up. You've

Bresler...The HOF Program. I read in the newspaper an article on the HOF Program that state that they are running out of money. I don't know what that means

Rothey...It was in the Realtor News correct? Put in there by an individual that worked for a financial institution. It was never cleared with us. These are the problems that we face. In all good intentions that article was basically correct without realizing that these are appropriated dollars and the subsidy that goes to those dollars are appropriated also. We can only ask for more money.

Cameron...The article was not correct. There are more than enough funds to get us thru our fiscal year.

Bresler...The three DFT's I was talking about. This poor guy all three of them were HOF buyers. It isn't like somebody buying a home because they make enough money. Everything has to fit and it can be very close. D-Deal F-Fell T-Thru This fellow has experienced it so that he instructed me to still try to sell my place and I felt very good that he would stay loyal to me after those horrible experiences and its been going on for months. He wants me to sell it with no HOF. Thats what he wants me to put in MLS and I have to obey his request. The scare is what happens if we have a bunch of people trying to buy thru the HOF program and suddenly there is no more funds. What about the people that have applied, are they protected? Will they get their financing? Can they be put on a limb, we don't have any more money for that program?

Cameron...If we saw a short fall in the HOF Program we would notify the lenders and hopefully they would cut the process off at the application stage.

Bresler...Great. The definite future of this program continually there is no absolute criteria to this continuing on. When you run out of these funds you try to appropriate more. Is that the way I understand it.

Rothey...When we run out of any funds, subsidy dollars to finance the difference between the mandated interest rate and our cost of funds the program would certainly cease and if the legislature saw fit not to appropriate any other funds then of course the program would be finalized at that time.

Bresler...Does it look healthy to you? Is there a chance of no more HOF Program in the near future.

HOF- Home Ownership Assistance Program whererby the ST of AK further subsidizes a mortgagors interest rate based on the difference between the current market rate of interest 20% of his gross income and 6% interest.

Bresler....New 10% and 9% money. That has a ceiling on new construction and resale housing and I was almost tempted to bring a computer print out to you to show you how few. I'm almost entirely in the condo business now and how few resales are in Anchorage itself at 76,000 and under. There's just no place for your money. \$90,000 new construction and under and I heard something today that's extremely discouraging to me and I'm sure it is to everybody. That the builders are going to have to build cheaper places and what else can they do if they want to stay in the building business in order to satisfy this particular buyer with the other interest being quite high and a lot of people are eliminated because of this and I know that IRS has been dictating this and I'd like to offer a suggestion in respect to this in some way that it could be put together. This some people say could be a boom for condo and also it would have people more out into the rural areas because you know that homes in the rural areas are a lot cheaper and that's true. They're a lot cheaper. But is that what we want? I mean let's look at this. Imagine people wanting a house living in Anchorage, working in Anchorage, not those who work on the slope and it takes man and wife to buy most any house today and having to drive 60 or 70 miles to work from their house daily and now I speak as a man and I think I'd do that if I was in that position. What am I asking my wife to do if she loves me and wants the American dream as well as I do. Consequently you've got three hours away from your family, you've got that trend going on. It's got women driving on the road living in rural areas in which they really don't have any desire to and then after the fact they're stuck with those conditions. The reason I'm bringing this up is I've have two cases living in Palmer who want to get away from living out their so bad and buy in Anchorage they can't stand it. I worked hard with somebody that was unable to do that to sell their home and move. I'm getting to the suggestion I have in mind if there is any way that it could be put to the IRS or whoever controls this that if there could be a separate Anchorage area ceiling and a lower ceiling in the rural areas and level it off so where it can work out feasibly in respect to the the city limits.

Cameron...That application process could be made and it is specified however in the temporary legislation that came out in

conjunction with the mortgage tax act that the IRS would look at the state as a whole and there would be one purchase price limitation for the state. The figures that we are using are thefigures that are provided by the treasury that says that if you use these figures you don't stand the risk of these bonds becoming taxable. We are in the process of working out with our bond council the possibility of us using our own information our own data base to generate the purchase price limitations. The requirement is not to use those exact dollar amounts. The requirement is to have the purchase price not exceed 90% of the average area purchase price within the last 12 month period for which statistical information is available. We are in the process of developing our own information and convincing the bond council that our numbers are as actual or more accurate than those that the Treasury used. The problem there is that the Treasury is not very explicit in how it came up with these numbers. The problem is how do you prove yours more accurate than theirs when you don't have their work papers. However, the numbers would be based on the state as a whole and would not be that significantly higher.

Rothey. I think the important thing here is that many times the general public is not aware of all the things we are trying to do in good conscience and this is one of them where the other alternate of course if that if we cannot get our bond council to go along with us and the underwriters council is that we go to the Treasury and ask for a ruling. That's the next step but that of course in our preliminary discussion with the Treasury is about a six month process so we are working toward your common goal and that is to raise those rates of those loan amounts.

Bresler...Are you saying that's not likely to happen for six months.

Rothey...If we had to go to the treasury for a ruling it will take them at least six months to act upon that and we have not made any preliminary discussions with the AK representation, just with the Treasury directly so it could be as soon as thirty days if bond council agrees or six months if treasury agrees.

Cameron...Admittedly Anch. does have a higher sales price than many parts of the state, were we to break out that average by FBX JNU however we break it out the results would be a lower avg for those other areas. I'm not saying that will never happen but its possible that there will be some concern expressed that we have more beneficial program for the concentrated areas than the rural or more remote sites.

Bresler....Over half of the AK live in Anch as we all know. That lowering of other areas, maybe I'm looking at it selfishly but I'm looking at it for over half the people and I think, well where's most of the housing, it's right here and maybe I'm a little dense but what have you got 100 million 200 million for this program (Rothey 200 million is possible) With this ceiling, I didn't really go into this indepth. What we have here in Anch. we have so very few houses that fit into that category I wonder how you're even going to get that money loaned out.

Rothey...We have to look at the state as a whole. It's the state of AK, sure we've got 65% of our product here but our responsibilities aren't just Anch.

Dwight Bowden, Pres. ERA, Bowden Inc., 2101 Loussac Dr., Anch.

In business for 10 years and been in AK for 28 years and very closely associated with mortgage banking for the past seventeen.

The method of funding the AHFC, as I recall the intent of the legislature when they set it up. I think these are outrageous rates that we pay in this last couple of times out. It doesn't make a lot of sense to borrow money at 18% when we have money in our bank account that's only drawing 11 or 12. I don't know what their avg. investment rate is for the permanent fund but I think this is something that the legislature have talked about and I think this next session they have got to actually do something. to change the way that the permanent fund is invested. Lets' bring some of that money back to the state and use it. It doesn't make much sense to borrow money at higher rates than we're receiving on the permanent fund. The other point I wanted to make is having to do with a lot of the problems that AHFC has. As I recall the intent of the legislature when they initially set up the money for AHFC in 1980 they indicated that it was FHA guidelines that would be gone by. I've sat on loan committees at banks for most of the last 17 years and FNMA or FMAC guidelines are well known.

27

Any bank who made the loan and submitted to FNMA or FDMG whose had a 15% turn down rate would really have to start looking at themselves. In effect there is something of 1% of loans might be turned back. The way they work is if the banks makes a loan that is not accepted by them they have to buy it back so that's basically a penalty on them and they have to eat that loan and keep it in their portfolio so they don't make many of those mistakes. What AHFC is trying to do is they are doing the ~~initial~~ underwriting instead of acting as a secondary market. As a result of that I think the banks are sending a lot of applications over that they don't understand what the guidelines are at AHFC because they really haven't been educated and those guidelines change rather frequently. We follow the real estate market and the financing and what are they doing this week very closely and those things change and there doesn't seem to be any reason for it. It would only be necessary for AHFC as I understand it to only briefly check those loans to periodic spot checks, they pick one loan out of 15 or 20 Or 50 and they dissect it. If it is set up wrong well they go bank to the bank and raise cane with them but that would certainly help the workload of AHFC and would also help us in the industry. We understand FNMA and FDMC guidelines. We don't understand AHFC sell/servicers guide. It just doesn't seem consistent and consistent -cy is what our customers both banking and real estate believe in. I think some changes could certainly be done in that area.

Rothey...1980 legislation did not stipulate that we follow the FNMA guidelines it stipulated that we follow FNMA guidelines as they relate to the maximum loan amounts for the state of AK. The FNMA and FDMA of underwriting is not one where they review each and every file but the review them thru a computer matrix system and to be very honest with you when I was in the savings and loan industry I never lost a deal thru FNMA and FDMA because I knew what the matrix was and all I had to do was put into the computer sheet the matrix and didn't lose. The other side of it, I feel very personal to the standpoint that the bond market appreciates the review of each and every file. I don't know if we would suffer rate wise to the consumer but I do feel that until we can get this educational process completed to where we are all comfortable with the guidelines its going to be an ongoing process and I hope that we are going to be able to work with you and your trade organizations.

Bowden...Why is thatYou're saying that you feel very responsible to the bond market. I think they are getting a very good return on their money. Why can't you use the matrix system that FNMA AND FDMC use? Is that your bond underwriters decision?

Cameron...We can except we loose the flexibility.

Rothey...We can but we talk about these guidelines and people have this idea that these things are cast in concrete and you can't budge them but 50% of all our deals go out above 28 and 36. It's the perception that we some times zero in on a number and are afraid and a lot of times the banks say I can't touch this. They are unwilling to become risk takers. That's the greatest problem we face, is to educate our underwriters to say take the risk. We're doing that.

Randolph...Leaves hearing at this point.

Chuck Booher, Skyway Realty, 4124 Irene Dr. Anchorage

Real Estate Broker for 8 yrs. In AK for 23 years.
Personally AHFC is doing a pr 'v darn good job and they've got a maybe 15% turn down ratio and that means .5% of them are being made and I have a hunch that those 15% that initially turned down. A few of those are made because I have yet to have one that has been completely turned down by them. If the banks had the responsibility of buying back these loans that were turned down by AHFC I think you'd find that their ratios are dropping to 1 or 2 % also. Responsibility for some of the denials lies on the real estate agents because they don't prequalify their applicants properly., some on banks, some on AHFC. Sometimes buyer is clearly qualified and some cases their clearly not qualified and all of us sometimes get these fringe transactions, are they or aren't they. I got one closing a 3 today. \$134,000 5% down \$1,620/mo Lucky he's an oil worker and making \$70,000 a year or we wouldn't be able to sell that home. AHFC should provide refinance opportunities for those of us who already own our homes and don't want to sell it to take advantage of this program. Permanent fund and maybe even other funds should be used for real estate loans. I think we should get behind and push the construction of this knik arm cosway. So far all we've ever don , study it.

La Vonne Ertz, LaVonn's Real Estate, SRA 365 D, Anch. 99507

33

Real Estate agent for 12 yrs in Anch.

Is it possible to make a simplified copy of the regulations to be available to all real estate agents? When you go to the banks they say yes we have this book...but we can't hand out that information and part of our problem in qualifying our buyers is that we do not know all of the guidelines and if we had more specific information as to all of these border line questions for instance like these land ratios, buying an older property, R-3 or R-4 lots this kind of thing that if we knew that an older house on a 4 plex lot could only be financed say at 80% loan or only for 20 years it would help eliminate that problem since the banks don't know either it seems to take lots longer than necessary. For all of the 1400 or so agents in Anch. to run down to the board of realtors and run thru this book really is not practical.

Rothey...I don't know how we could simplify the book and make it any more condensed than it already is..We have testimony here that its not specific enough and testimony where we would make this book available in a synopsis form. Rather than going into a wholesale printing venture and I'd be the one that would open the shop. I just hope that we could work together and get these guidelines out. The guidelines are no different than you've worked with before but we only are going to make a credit decision based on what we have in that file. If we have a older home that may be questionable maybe we won't do 90% but it is the responsibility of the lender you are dealing with to make that decision. Believe me and the corp has taken it for a long time and I think you're seeing its taking a different attitude. the first level of responsibility is the pawn that financial institution can make that credit underwriting decision whether it comes to us or not and in regards to getting back to Dwight, we've been forced to process the file because they don't come to us complete and I would be more than happy to work with any committee with the AK Asso of REaltors or the Anch Board to devise something that you carry with you. I don't think there is that capability with as much detail as you're going to need to sell a house.

Ertz...Problem with bank saying everything is okay then rates change and ratios change and 100 days have passed. Bank doesn't have the answers, no one knows what's going on. There must be somebody who has the answers. I think the real estate agents are willing to take the risk and the responsibility of being knowledgeable if we had the information but when our bankers are vague and don't seem to know we all feel ignorant.

Rothey...You give Mr. Arewezone's committee the subject you wish to talk and we will be there to talk about them with you.

Fred Vaske, 5800 Glen Hi., Apt. 30, Anch.

Recently arrived in AK from S. Dakota? Unacquainted with this aspect that's in the paper. Where can I get an education on AHFC? Enormous amount of mobile homes. Thinks if attached to foundation it could be considered as a home. Any seminars.

Aboud...Your realty has the responsibility to inform. Some long term brokers still don't know, which is a problem. Also you can go to AHFC for information.

Rothey....We're setting up seminars through the asso. The first discussion period is going to be under the home mortgage bond program which will be a week from tomorrow at 9:30 at the Sheraton. This was just firmed up.

Bob Arewezone, Asso. Broker, Investment Properties of Alaska

Bob...Comments from bank of the room on the seminar..see Rothey for this info. There has been an attempt on the part of AHFC for an outreach program and we are in the process of setting up with Leroy and his people a what we call a mini course that also will be a 2 or 3 hour session and I know that Leroy and Jay Kennedy on their own have been invited to and have appeared at many of the larger offices in town to have a one on one discussion.