Veterans mortgage program

Timothy and Penny Bundy, Juneau, were among 419 veterans who have financed homes through the Alaska Veterans Mortgage Program since May 2006 when program changes allowed more veterans to qualify.

More Alaska veterans are benefiting from AHFC's Veterans Mortgage Program (VMP), thanks to a provision signed into law by President Bush in May of 2006.

Since then, 419 veterans—nearly 10 times that of the previous year—received a low-interest rate to purchase their home.

The VMP had been limited to veterans who entered active duty service prior to January 1, 1977, and who applied for a veterans' loan within 30 years of their discharge. The number of eligible veterans had decreased dramatically in recent years.

Under the new law, the pre-1977 requirement was eliminated, but veterans must now apply for a mortgage within 25 years of discharge. Qualified veterans may be retired or active duty personnel who have completed their initial military obligation.

AHFC recommends that veterans sign up for one of its free HomeChoice seminars and work with their lender to determine loan prequalification. A veteran who qualifies for the VMP likely would also qualify for a VA Guaranteed Home Loan, making it possible for 100 percent financing.

Alaska's weatherization program featured in *HOME energy* magazine

"Fairbanks, the largest city in the Interior, can dip to -60°F in the winter and soar to over 90°F in the summer," according to Mimi Burbage, AHFC's program coordinator for the state weatherization and housing rehabilitation programs, in the July/August edition of *HOME energy* magazine, a highly respected trade publication for advanced building science in residential rehab, weatherization, and new construction.

Extreme temperatures such as these found in Fairbanks are well known to Alaskans, but this and other challenges encountered by providers of Alaska's weatherization program recently drew interest from home energy specialists across the nation, the result of a three-section article authored by Mimi Burbage of AHFC, Ralph Lee of Rural Alaska Community Action Program, Inc. (RurAL CAP), and Ian Sharrock of Alaska Community Development Corporation (ACDC).

According to Sharrock, heating fuels in rural Alaska consists mostly of natural gas at $0.81 per hundred cubic feet (a 100 percent increase over the last four years), and heating oil ranging between $2.40 and $3.70 per gallon. In addition to the logistical barriers of providing services to remote rural villages, Lee states that houses in the villages are smaller than those in most communities. "Homes are very basic, ranging from 250 to little more than 1,000 square feet; most range from 500 to 600 square feet, and many of them house up to 10 family members."

A gallon of stove oil costs from $4.50 to more than $7 a gallon, depending on the village, according to Lee. Prior to weatherization, many homes use 500 to 1,000 gallons in one winter.

Alaska's weatherization program, which assists approximately 620 families statewide annually, is funded by the U.S. Department of Energy, the Low-Income Heating Energy Assistance program (LIHEAP), and AHFC. It operates through a partnership between ACDC, RurAL CAP, Interior Weatherization, the Municipality of Anchorage, and Tanana Chiefs Conference.

The article, titled "Alaska Weatherization—In Alaska, it takes more than trains, planes, and automobiles to get where the work needs to be done," details the complex logistics of providing weatherization services in the rural areas of Alaska. Sharing Alaska's weatherization stories provides energy specialists throughout the country a better understanding and appreciation for the challenges facing Alaskans.

Learn how to make your home energy efficient

Attend a free energy workshop

Each winter, AHFC's Research & Rural Development Department conducts a variety of workshops to help Alaskans make their homes more energy efficient. These free workshops, open to the public, are scheduled for:

Weatherization – Oct 25, 2007
- Tips for increasing overall energy efficiency
- Techniques for sealing up air leaks around the home
- Money saving options for upgrading the home

Heating Systems – Nov 8, 2007
- Types, pros and cons of systems
- Choosing a system
- Optimizing your heating systems safety & efficiency

Lighting – Dec 6, 2007
- Types of lighting & their efficiency
- Calculating savings with energy-efficient lighting
- Designing & optimizing daylight & lighting for your home

Ice Dams – Jan 10, 2008
- The surprising causes of icicles & ice dams
- Fixing roof ice problems
- Preventing problems in the future

Indoor Air Quality (CO, Radon, Mold, Ventilation) – Feb 7, 2008
- Information on radon, carbon monoxide, and mold
- Identifying and fixing indoor air quality problems
- Preventing problems in the future: new & existing homes

Peak Oil: The Economics of Energy Efficiency – March 6, 2008
- Will oil prices go down?
- Understanding "Hubbert's Peak"
- A look at local, state and global perspectives on supply vs. demand side solutions

New Construction (energy efficiency, green building, healthy indoors) – April 10, 2008
- Latest technology & techniques
- Building to Alaska energy standards
- Green building, healthy indoors, and affordable solutions

Crawlspace and Attic Venting – May 8, 2008
- Do they work: hot roofs and closed crawlspaces?
- Best practices for trouble-free crawlspaces & attics

Workshops are held 6 to 8 p.m. at 4300 Boniface Parkway, Anchorage. To register, call 330-8194.

Alaska Housing FINANCE CORPORATION

Housing for Alaskans.

www.ahfc.us

P.O. Box 101020
Anchorage, AK 99510-1020
Tel. 907-338-6100 or
Toll Free 1-800-478-AHFC
ssimmond@ahfc.state.ak.us

THIS YEAR, YOUR CORPORATION...

- Helped more than 2,800 Alaskans purchase homes with $565.7 million in loans. Of that amount, $333.4 million went to 1,814 first-time home buyers.
- Provided $14.3 million in AHFC multi-family loan financing. Since 1991, AHFC has provided $689.7 million in competitive loans, many combined with grants and tax credits, to assist developers in building and/or upgrading 14,368 units of rental housing in 42 communities throughout the state.
- Using AHFC funds and $2.9 million from the Denali Commission, awarded $30 million in grants and federal tax credits to build and/or rehabilitate 433 rental housing units under the Low-Income Housing Tax Credit Program, Senior Citizens Housing Development Fund, and HOME programs. Since 1987, AHFC has helped develop 3,699 units of affordable rental housing throughout Alaska.
- Completed weatherization upgrades to 581 homes, benefiting 1,773 individuals. Seventy-six percent of the households consisted of elderly or persons with disabilities. Thirty-seven percent of the household residents were Alaska Native and 51 percent included children.
- Conducted 179 free HomeChoice home-buying seminars in 31 communities, attracting 3,076 Alaskans.
- Provided 419 veterans with low-interest home loans totaling $114.7 million.
- Provided rental assistance to 5,000 families through the Housing Choice Voucher Program and AHFC-owned public housing. Forty-four percent of these households include seniors or persons with disabilities. AHFC pays $25 million a year to private landlords for rental assistance for Alaskans who earn less than 50 percent of the median income.
- Since 1986, AHFC has contributed more than $1.5 billion to Alaska's State budget revenues through cash transfers, capital projects, and debt service payments after paying all of AHFC's operating and capital expenditures. AHFC's assets now total $4.9 billion.
- Provided $12.5 million for 63 teachers and nurses to obtain 100 percent mortgage financing. A total of 346 teachers and nurses in 32 communities have used AHFC's Teachers and Nurses Housing Loan Program since it began in the fall of 2003.

Alaska Housing FINANCE CORPORATION

Alaska Housing Finance Corporation

REPORT TO Alaskans 2007

AN UPDATE ON YOUR CORPORATION

AHFC promotes energy conservation

Long before energy efficiency was a media buzzword, AHFC was providing incentives to help Alaskans cut utility costs and save precious natural resources.

In 1993, AHFC began offering interest-rate reductions to home buyers to encourage energy efficiency for new homes. Initially, the builders were skeptical that buyers would be willing to pay a little more up front for an energy-efficient home. However, it wasn't long before the long-term energy savings became evident. Builders now use as a marketing tool the 5★ or 5★+ ratings, developed by the U.S. Environmental Protection Agency and the U.S. Dept. of Energy. Most buyers now insist on an energy-efficient home, because they know it helps reduce energy consumption, which in turn lowers greenhouse gases and energy costs.

In Skagway, Rod and Rebecca Jensen, with daughters Amanda and Hailey, are among the nearly 10,500 families benefiting from AHFC's interest-rate reduction to promote energy-efficient homes since 1993.

AHFC provides an interest rate reduction of .125 to .500 percent for newly constructed properties exceeding Alaska Building Energy-Efficiency Standard (BEES) and .125 to .750 percent to increase the energy-efficiency of a newly purchased existing home. (AHFC must be notified at the time of the purchase.) All homes constructed on or after April 1, 2007, must meet BEES 2007.

EPA announced on July 12, 2007, that Alaska was one of 15 states with more than 12 percent of its newly constructed homes earning the Energy Star rating. These homes are typically 20 to 30 percent more energy-efficient than standard homes; therefore, homeowners find that Energy Star construction materials quickly pay for themselves over the span of a few years.

Nationally, Energy Star homeowners are realizing savings of more than $180 million annually on utility bills.

AHFC has provided $2.1 billion to finance 10,497 energy-efficient homes in Alaska. More than 750,000 Energy Star-qualified homes have been constructed in the U.S., with the trend continuing to grow.

Sarah Palin
Governor

Governor's message

Greetings!

In this Report to Alaskans, there are a number of informative stories about the positive results being achieved under various housing programs administered by Alaska Housing Finance Corporation (AHFC).

There is also some good advice offered by AHFC's CEO/Executive Director Dan Fauske and its Board Chair Frank Roppel on how Alaskans can minimize their risks when purchasing or selling a home.

The men and women who work at AHFC take pride in the job the corporation does for the people of this state. At the same time, they recognize that they are just one part of a statewide team involved in helping Alaskans find safe, quality, affordable housing.

Given the size and complexity of our state and recognizing that the cost of transporting building materials to some locations can at times exceed the cost of the material itself, the challenge of providing access to affordable housing is often enormous. It requires active participation and pooling of resources from agencies of the federal, state, and local governments, tribal governments, churches, non-profit community organizations, and the for-profit business sector. Often, it may involve neighbor helping neighbor, or a family reaching out to another family member.

Ensuring that our fellow Alaskans have adequate housing is a challenge for all of us. AHFC's role, to a large extent, is to secure the financing for many of the housing initiatives – large and small. Working with its many partners, the corporation is helping Alaskans across the state find their homes.

Sarah Palin, Governor

AHFC awards $30 million to generate $90 million of new housing

Thanks to $30 million in grants and federal low-income housing tax credits awarded by AHFC in February, communities across the state are sharing in more than $90 million of new housing construction and renovation of existing housing designated for seniors, low-income families, and persons with disabilities.

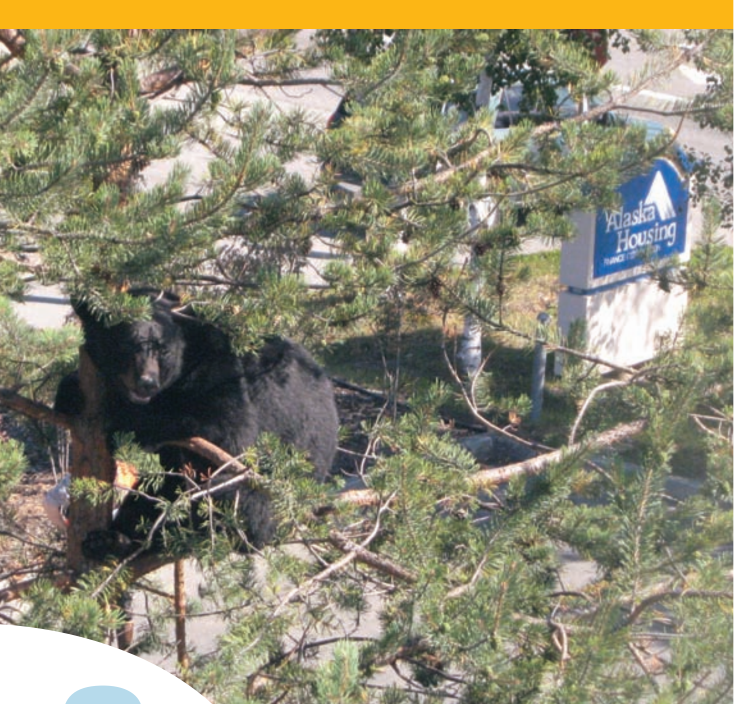
In addition to providing $5 million in corporate receipts, AHFC administers the federal tax credit program in Alaska and, in partnership with the Denali Commission, provides incentives on a competitive basis for statewide housing development.

Governor Sarah Palin lauded the team effort among government agencies, developers, non-profit organizations, and local housing agencies to provide affordable housing for those most in need of assistance. "We just read a story out of Anchorage the other day that said 20 percent of residents report paying more than half of their income just for housing. These programs can help lower those costs," Palin said.

Projects receiving grants and tax credits for 2007 will produce 433 units in 14 communities. Through its multi-family loan programs, senior housing grants, HOME funds, and low-income housing tax credits, AHFC has been instrumental in making possible nearly 3,700 units of affordable housing in 42 communities across Alaska since 1991.

AHFC's Mission

To provide Alaskans access to safe, quality, affordable housing.



Governor expands duties, size of Homeless Council

Among Gov. Sarah Palin's first official actions this year was to strengthen the Alaska Council on the Homeless and to expand its duties to include assisting the State Administration and Legislature to develop an affordable housing trust within Alaska Housing Finance Corporation.

The governor took this action as recommended by a number of statewide faith-based and community organizations, which have declared housing to be the most serious challenge facing Alaskans in need today. AHFC's 2007 Winter Statewide Homeless Survey reported a total of 2,768 homeless persons, 1,152 of whom were from families with children.

When established in 2004, the Alaska Council on the Homeless was comprised of state commissioners and agency directors. Gov. Palin added six new members: a representative of regional Native housing authorities, one representing municipal governments, and four "with experience and expertise in housing development or as consumers of affordable housing."

She directed that after a trust is established by the Legislature, the council's job will include annually evaluating housing needs and establishing a statewide homeless action plan to recommend to the AHFC Board of Directors. AHFC will manage the funds from the trust, once it is established.

This past year, AHFC awarded $1.4 million to 16 nonprofit organizations that provided more than 188,000 bednights of shelter for 8,192 homeless Alaskans. AHFC also leveraged $2.4 million in federal McKinney-Vento Act funds by providing matching grants to 10 agencies that assisted 250 homeless individuals.

Teacher, health professional, and public safety housing in Alaska

Lack of available, decent, safe, affordable housing has been identified as a primary reason remote rural communities have a difficult time recruiting and retaining good teachers. In 2004, AHFC introduced a program to help rural communities with the construction and rehabilitation of professional housing. The program provides long-term loan financing and proceeds from AHFC's annual earnings to help in the development and rehabilitation of affordable housing for teachers, health professionals, or public safety officials. The program is having a positive impact on rural school districts. More teachers are accepting job offers and renewing their contracts to stay in communities where this housing is available.

Tuntutuliak Teacher Housing

Jamie Stacks is superintendent for the Pribilof Island School District. Three duplexes built under AHFC's program in St. Paul have been occupied for one year. She reported she is delighted to have the new housing, which has made a positive impact on the quality of education through the district's ability to recruit and retain teachers.

"Historically, when we interviewed applicants, one of their first questions was about housing quality," said Stacks. "Seems just about everyone 'Outside' has heard the horror stories of freezing pipes, cold rooms, mold and mildew in Alaska's teacher housing in rural communities.

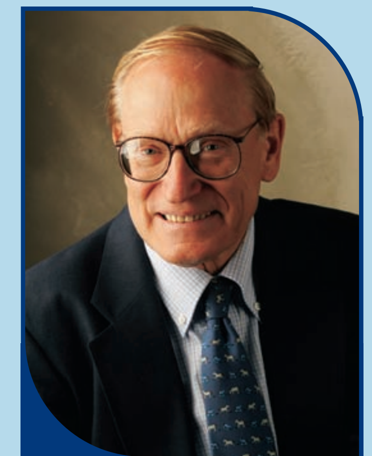
"Same goes for teacher retention," according to Stacks. "The first couple to move into the new housing was from Michigan. They had intended to stay only one year when they signed on, expecting to find poor housing opportunities in St. Paul. But once they got here and found the new apartments that were just being completed, they changed their minds. They renewed their contracts and are returning this September."

School districts throughout the state have seen similar results. Norm Eck is superintendent of the Northwest Arctic Borough School District and is based in Kotzebue. Eighteen new housing units were placed in service in 2005 and are serving teachers, health care professionals, and public safety personnel. He notes that the housing is definitely having a positive impact. The annual turnover rate has been cut in half, and the teachers who moved into the new housing in 2005 are still there.

According to Eck, one teacher, who is also the coach, moved to Kotzebue from Southeast Alaska and planned to stay only one year because no housing was available to bring his family. Thanks to the new housing opportunity, he moved his wife and three kids to be with him and remains on the teaching staff today.

Over the past four years, AHFC, in partnership with the Denali Commission, has awarded $29 million for the rehabilitation, acquisition, or new construction of 168 units of rental housing for teachers, health professionals, and public safety officials in rural Alaska.

The Kimbers enjoy a water view from their home in Sitka, purchased using AHFC's First-Time Homebuyer Program.



Frank Roppel
AHFC Board Chair

Dan Fauske
CEO/Executive Director

Dear Fellow Alaskans,

We are pleased to report that your housing finance corporation is doing well. Our revenues are steady, our financial ratings are strong, and our cost of debt is low, which allows us to save money and pass these savings on to Alaskans in the form of lower interest rate mortgage loans.

In addition to its general lending activities, AHFC also administers a number of special housing loan and assistance programs that benefit qualified Alaska residents. This Report highlights some of these programs.

For instance, we are enthusiastic about the success of the rejuvenated Alaska Veterans Mortgage Program. Established 25 years ago, this program was designed to benefit those who served our country up through the Vietnam era. It did this by making military service prior to 1977 a requirement to qualify for a veterans' mortgage loan. As a result of this limitation, AHFC was seeing fewer veterans each year who qualified.

Working closely with Alaska's congressional delegation, we succeeded last year in persuading Congress to eliminate the pre-1977 limitation. This opened the program to all current Alaska veterans who apply for a mortgage within 25 years of leaving the service. As a result, 10 times the number of veterans are receiving this benefit today than could have qualified a year ago.

Another program, instituted just four years ago, is already exceeding the long-term goals we set for it. The Teacher and Health Professional Housing Grant Program is designed to assist school districts, local governments, and tribal governments in building multi-family housing units in remote villages for rent to teachers, health care workers, and public safety personnel. The program's initial focus has been on teachers, due to the near-crisis educational situation in many rural communities that for a number of years have faced increased difficulty in recruiting and retaining qualified instructors. Annual turnover of teachers in some villages exceeds 50 percent, due in large part to inadequate housing.

AHFC, in partnership with the Denali Commission, addressed the problem through a combination of grants and lending activities. The results to date have been very encouraging. Since 2004, dozens of communities have either received this housing or are currently in the process of obtaining it. More teachers are remaining in these communities and returning for additional years of teaching because of the available housing. Recruitment has also become easier according to school superintendents, who say they show pictures of the new housing to get applicants interested.

In addition to the many positive things AHFC has done over the past year, we are also proud of some things we have not done. A notable example of this is the current crisis in the sub-prime lending industry. After careful consideration by management and our Board of Directors, AHFC decided not to offer sub-prime mortgages because of the inherent risks to both the borrower and lender. As numerous stories in the news media lately have shown, this was a sound decision. The Corporation and its borrowers have managed to avoid many of the problems associated with adjustable-rate mortgages, 40-year loans, interest-only payments, and other such instruments. Instead, AHFC's policy has remained to offer quality mortgages at affordable rates.

The current subprime loan crisis highlights the importance of ensuring that borrowers understand home financing. This is a priority for AHFC, and we strive to equip Alaskans with the knowledge to make informed decisions when it comes to buying, selling, or maintaining a home. For several years, AHFC has offered its free HomeChoice seminar, where prospective homebuyers learn about shopping for a house; how to qualify for a mortgage loan; which loan programs are available and the risks associated with them; the use of earnest money agreements; home inspections; working with a real estate agent; and many other important subjects. For a schedule or to register, visit our website at www.ahfc.us.

As we head into yet another Alaska winter, the need for affordable housing is greater than ever. This Report is filled with stories of how AHFC is helping Alaskans save money by saving energy. Be assured that your housing finance corporation will be helping Alaskans across our great state achieve their dreams of safe, quality, affordable housing. As always, it is our pleasure to serve, and we look forward to another wonderful year.

Sincerely,

Franklin C. Roppel, Chair

Daniel R. Fauske, CEO/Executive Director