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Dear Applicant:

Enclosed is information on the Second Mortgage Program for Energy Conservation and how to apply.

Prior to application, borrowers obtain an energy rating/audit as the basis for making cost-effective energy improvements. Borrowers then select from the list of energy upgrades included with the rating. The maximum loan amount available for this program is \$30,000.

Typically borrowers are allowed up to twelve months to complete your project. It is important that both your project costs and time constraints are budgeted and followed.

Construction or renovation must be made to meet current International Residential Code requirements, and no health and safety hazards may exist upon completion. If the construction of your home began after January 1, 1992, the Alaska Building Energy Efficiency Standard (BEES) applies and the project will need to meet the Standard. If the construction of your home began after July 1, 1992, the project will need to meet Minimum Construction Standards for the State of Alaska.

An Alaska Housing Finance Corporation representative will determine value, however if value cannot be determined, a Broker's Opinion of Value (BOV) or an appraisal may be required.

Information in this letter is general and brief; therefore other restrictions may apply.

For additional questions, or help in completing your loan application, please contact me at 800-478-2432, extension 8444. You may also contact me by e-mail: [dsims@ahfc.state.ak.us](mailto:dsims@ahfc.state.ak.us)

When your package is complete, mail it to my attention, Deborah Sims, AHFC, P O Box 101020, Anchorage, Alaska 99510.

Cordially,

Deborah Sims  
Mortgage Assistant II



## Minimum Qualifications:

- Loan funds must be used for **only** those improvements listed in the initial energy rating and may include materials, freight, and third-party labor costs, as well as the initial energy rating. **(Borrower or borrower’s family may not be paid for their own labor).**
- **Project** must improve the energy efficiency of the structure
- **Project** must be 100% complete when loan is fully disbursed
- Loan-to-value cannot exceed 90% of value for single-family and duplex residence and 80% for tri-plex and four-plex owner-occupied properties; (the amount of existing debt on your property plus the new loan amount, divided by the value of your property after the improvements have been made)

Example:	Existing debt	\$114,000		
	New loan	<u>\$ 30,000</u>		
		\$144,000		
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	Value	\$160,000	=	90%

## Loan Terms:

- Maximum loan amount: \$30,000.
- Term: Maximum 15 years
- Payment frequency: Monthly (Minimum of a \$100.00)
- Collateral: Deed of Trust on the subject property
- Interest Rate: Taxable Program 15-year rate, a fixed rate, set on the date loan package is received
- Owner-occupied properties are limited to single family residence, condominiums units, duplexes, tri-plexes and four-plexes

## Loan Fees:

All fees are collected after your loan has been approved, with the exception of the Credit Report fee which is due at the time application is submitted.

- One (1) percent Loan Fee (.01 X \$30,000. = \$300.00)
- 1/8 of one percent Commitment Fee (.00125 X \$30,000. = \$37.50)
- Recording Fees (approximately \$42.00)
- Credit Report Fee-\$21.25 (one borrower) and \$22.00 (two borrowers)

The above fees are typical, however other fees may apply.

