

ONCE *upon a* TIME



ALABAMA HOUSING FINANCE AUTHORITY
2002 ANNUAL REPORT

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For **THOUSANDS**
of Alabama families,
a **BASIC,** DECENT HOME
truly is a **CASTLE.**

2002 IN REVIEW

Once upon a time, Dot Hollingshead fell through the floor of her crumbling mobile home. Soon afterward, she moved into a new house of her own thanks to AHFA's partnership with Habitat for Humanity.

Dot's story may not be quite a modern-day fairy tale, but for thousands of Alabama families, a basic, decent home truly is a castle. For this reason we work to ensure that young couples like the Alexanders can afford their first home. We offer low interest rates and down payment assistance so that the Horace family can find room enough for their family of eight. And we build apartments so that a hardworking single mother like Wanda Bernoudy can find a safe and decent place for her young children, and so that recent widow Naomi Flurry can get a new lease on life.

Through economic ups and downs, we strive to maintain a steady presence in the marketplace with a variety of programs for our partners. No annual report would be complete without a sincere acknowledgement of these contributors—the mortgage lenders, developers, home builders, Realtors and others—who keep our programs in mind in their day-to-day dealings. Together we've made a positive difference for our state, creating some 6,000 jobs and producing industry sales and earnings of \$577 million this year.

Journalists say that everybody has a story to tell, so we've let a few of our program participants do just that. Best of all, every chapter has a happy ending.



Dr. Shelton E. Allred, Chairman



Robert Strickland, Executive Director



WE WERE TRYING *to find*
the lowest **INTEREST**

MORTGAGE REVENUE BONDS/ DOWN PAYMENT ASSISTANCE

When Willie and Angela Horace were shopping for their new house, they had a few special things to consider: their six children, ranging in age from 6 to 12.

“Basically, we were looking for a house that was big enough to fit us,” said Angela, a day care worker. “I was ready to stop renting.”

Managing such a large family has taught the Horaces to be savvy shoppers. So when they found the ideal home in Phenix City’s Hunter’s Ridge subdivision, Willie and Angela turned their attention to low-interest-rate financing for first-time home buyers.

Willie, a truck driver and grocery store worker, said, “We were trying to find the lowest interest rate we could get.”

Their search led them straight to AHFA’s MRB program, a 6.33 percent mortgage interest rate and \$1,525 in down payment assistance. The papers signed, Willie, Angela, Marquez, Latisha, Willie Jr., Corion, Keyondre and Keyondra quickly settled into the 1,365-square-foot, three-bedroom, two-bath, ranch-style house.

“We just want to pay for it and try to enjoy it,” said Willie. Angela said, “We’re going to stay here for a while.”

ST RATE
we could **GET.**



We WALKED IN *and*
KNEW *we* WA

STEP UP HOME LOANS

Montgomery is nearly 200 miles from the Gulf of Mexico, but David and Laura Alexander's new home has three palm trees in the backyard.

Those trees helped differentiate the three-bedroom, two-bath home from 47 other houses the couple had toured.

"The main thing was the fenced-in backyard," said Laura. "[This house] was perfect. We walked in and automatically knew we wanted it."

When college sweethearts David and Laura moved from Tuscaloosa to Montgomery to start law school, they weren't thrilled about the idea of renting again. After their wedding in March, the Alexanders' desire for a house escalated. "We were in a hurry," said Laura. "It was a rush to the mortgage company."

Though David drove to their former apartment by mistake for a week after the August move-in, Laura notes that the biggest change from renting to owning is yard work. "We had to get a lawn mower," she said.

For Laura, a runner, the quiet Briargate Estates neighborhood is ideal. "It's safe," she said. "It's wonderful living here."

automatically
WANTED IT.



I'd seen it on **OPRAH.**
I had seen **JIM**
but I **HAD NO I**

HABITAT FOR HUMANITY PARTNERSHIP

Dot Hollingshead's story is a series of setbacks: a mobile home past its prime, a mentally impaired adult daughter, limited income as a maid, and even a blind carpenter brother-in-law. But the most important aspect of Dot's story is a deep, abiding appreciation for the blessings in her life, particularly a two-bedroom, two-bathroom Habitat for Humanity home in Dothan.

"Every day is a wonderful day," said Dot. "I have a house."

When she fell through the floor of her mobile home after taking a bath, Dot's family and friends rallied to help by putting her in contact with Wiregrass HFH.

"I really didn't think I was going to get it," she said. "I had seen it on Oprah. I had seen Jimmy Carter, but I had no idea I'd ever be there."

Two years after construction was complete and Dot and daughter April moved into their "real mansion on the hill," Dot, or 'Sparkplug' as she's known to HFH volunteers, continues to help out by cleaning the affiliate offices weekly.

"I like to be around the people who gave me the gift," she said.

MY CARTER,
DEA *I'd ever be there.*



There's a **FREEDOM**
to just make it **YOU**

HOME FUNDS/HOUSING CREDITS/ MULTIFAMILY LOAN CONSORTIUM

Forty years ago, Naomi Flurry moved out of her parents' house and in with her late husband, Bill. Now after five years of caring for Bill through his declining health, Naomi is building a life for herself at Florence's Double Creek Apartments.

"Here I am at 59 and for the first time, I'm starting over alone," said the mother of four, grandmother of six, former nurse, and former mayor of Killen. "Coming here has made it easier to make the transition."

With social activities, a community garden and beauty parlor, the AHFA-financed development for elderly residents provides plenty of distractions.

"The neighbors out here are so friendly," Naomi said. "We're just like a little community. These people will be like family."

The grieving behind her, Naomi is eager to explore the opportunities available to her, including spending more time with her grandchildren. "I'm as happy as I can ever be without Bill," she said. "I've always been so independent. I'm real excited about going on with my life again."

HERE R HOME.



You don't even know
IT'S AN APA
until you **WALK**

MULTIFAMILY MORTGAGE REVENUE BONDS

Just separated from her husband and now on her own, Wanda Bernoudy is building a new home and new life for her family at Mobile's Cottage Hill Pointe Apartments.

Funded in part by AHFA's Multifamily Bond financing, construction on the 156-unit complex began in early 2002 and, by fall, the Bernoudys were unpacking in their two-bedroom apartment.

"Everything was so new," said Wanda, an administrative secretary for a healthcare facility. "I was so ready to move in. That first night, I slept like a baby."

The interior design of the apartments was one of Wanda's selling points. "I love the floor plan," she said. "You don't even know it's an apartment until you walk out the front door."

Five-year-old daughter Keona and 3-year-old son Kevin share a bedroom with a view. "Their window looks out on the playground," said Wanda. "They love the playground."

Keeping busy with work, Keona's cheerleading and dance classes, Wanda and her family are making the transition to Cottage Hill's quiet atmosphere. "I love the serenity," she said. "I'll be here a while. This is home for at least the next five years, I know."

APARTMENT
OUT *the front door.*

SINGLE-FAMILY PROGRAMS

MORTGAGE REVENUE BONDS

The Mortgage Revenue Bond program offers 30-year, lower-than-market interest rates on FHA, VA, Rural Development and conventional mortgages to first-time and lower-income home buyers. To fund the program, AHFA through the banking community sells tax-exempt mortgage revenue bonds to investors. Proceeds are used to purchase mortgages from a statewide network of participating lenders, providing them with funds to make loans to home buyers. During FY 2002, AHFA issued more than \$66 million in low-interest loan funds for 812 Alabama households. Since 1980, AHFA has issued more than \$2.4 billion in MRBs to supply mortgage financing to more than 44,000 Alabama families.

DOWN PAYMENT ASSISTANCE

The Down Payment Assistance Program was created for Alabamians with less than \$5,000 in liquid assets who earn no more than \$37,600, or 80 percent of the state's current median income. AHFA provides up to \$2,000 on FHA, Rural Development or conventional loans as a non-interest-bearing second mortgage. The assistance must be repaid when the property is sold or the AHFA mortgage is paid in full. Since its inception in 1990, the program has helped more than 5,500 families, including 219 in FY 2002.

IN FY 2002,
more than **1,000 ALABAMA**
became **HOME**

HABITAT FOR HUMANITY LOAN PURCHASE PROGRAM

Through its partnership with Habitat for Humanity, the first of its kind in the nation, AHFA purchases loans from Alabama's Habitat affiliates. The affiliate receives the funds in a lump sum while AHFA receives the mortgagors' monthly payments for the life of the loan. AHFA has dedicated \$10 million to the program since 1992, funding 202 Habitat homes. In FY 2002, loans topping \$1.4 million were purchased for 39 families.

STEP UP

The Step Up program is Alabama's first down payment assistance program designed specifically for moderate-income home buyers. AHFA provides up to 100% financing through this pilot program in partnership with Fannie Mae. In conjunction with the down payment funds, AHFA offers a 30-year, fixed-rate mortgage with an interest rate just slightly higher than the current market rate. Program participants also must complete a home buyer education workbook. In FY 2002, AHFA provided this down payment assistance for 244 households with \$21.7 million in mortgage financing.

MA FAMILIES
OWNERS

because of our work.

MULTIFAMILY PROGRAMS

HOME INVESTMENT PARTNERSHIPS PROGRAM

HOME, a federally funded program, provides participating jurisdictions like Alabama with annual allocations which may be used by developers to buy, build or repair affordable housing.

AHFA's responsibilities include developing a comprehensive demographic survey and long-range strategy to address affordable housing needs. AHFA distributes HOME funds through a competitive and unbiased application process, and monitors the apartment complexes closely to ensure that they operate under the law.

Since the program's inception in 1992, AHFA has allocated \$145 million in HOME funds to build 166 apartment complexes to house more than 6,100 families. In FY 2002, AHFA used its \$15.6 million allocation to fund 16 developments containing more than 400 units for families and elderly and disabled citizens.

HOUSING CREDITS

AHFA helps developers and property owners purchase land or buildings and build or repair housing to be rented to low-income families at affordable rates.

This financial incentive, created by Congress in 1986, provides a dollar-for-dollar reduction in federal tax liability for developers of income-restricted housing. In exchange, the developer must reserve a portion of the units for residents who earn a fraction of the median income.

As administrator of the program, AHFA directs a competitive application process to ensure the credits are distributed statewide to areas with the greatest needs.

This year, **WE HELPED**
2,500
for **FAMILIES,** *the* **ELDERLY**

Since the program's inception, AHFA has issued \$74.4 million in Housing Credits to build or repair 537 apartment complexes that are home to more than 22,500 families. In FY 2002, AHFA used its \$7.9 million allocation to fund 19 developments containing 1,200 units.

ALABAMA MULTIFAMILY LOAN CONSORTIUM

The Alabama Multifamily Loan Consortium is a joint venture of AHFA and the Alabama Bankers Association. These entities are working to unite the state's banks and savings and loan institutions to provide long-term financing for affordable multifamily housing development and rehabilitation. The consortium currently has 45 members who have committed a total of \$41 million, funding 23 loans and 1,300 units of new multifamily construction across the state to date.

MULTIFAMILY BONDS

AHFA provides financing for multifamily housing through multifamily bonds, which offer developers lower-than-market interest rates in exchange for reserving a portion of their units for tenants earning less than the local median income. Multifamily bonds are issued on a project-specific basis.

Since the program's inception in 1983, AHFA has issued nearly \$684 million in multifamily bonds to refinance, repair or build 107 apartment complexes with more than 15,800 units, including 1,035 units in FY 2002.

**BUILD
APARTMENTS
and MENTALLY ILL.**

The Alabama Housing Finance Authority is a public corporation and instrumentality of the State of Alabama created July 25, 1980, by Act No. 80-565. By statute, AHFA is governed by a Board of Directors which provides policy direction, authorizes bond issues and program development, and evaluates AHFA efforts. Their leadership is a vital, guiding force in meeting Alabama's housing needs. AHFA has a 33-member staff comprising four divisions. The executive director is designated by the board to manage the staff and day-to-day operations.

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Additional information is furnished in the Audited Financial Statements which accompany the Alabama Housing Finance Authority's 2002 Annual Report.

The bonds of the Alabama Housing Finance Authority are not obligations of the State of Alabama and are not repaid with tax dollars. AHFA is a self-sustaining organization which pays all operating expenses from program revenues.

If you are an individual with a disability who needs assistance with this document, please contact the Alabama Housing Finance Authority in writing at www.ahfa.com or Post Office Box 230909, Montgomery, Alabama 36123-0909, or by calling (334) 244-9200 in Montgomery, (800) 325-2432 in Alabama, or (334) 271-6785 for TTY communications equipment.

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