HomeChoice™

Steps to Homeownership

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Introduction to AHFC, HomeChoice™ and This Handbook

Who Is AHFC?

Alaska Housing Finance Corporation (AHFC) is a self-supporting public corporation created by the state in 1971 to provide Alaskans access to safe, quality, affordable housing through mortgage products and rental housing. In addition to these functions, AHFC manages a variety of programs designed to improve the quality of housing throughout Alaska, from senior housing to energy efficiency.

A Letter From Your Instructor

Greetings!

HomeChoice™ is a free six-hour homebuyer education course conducted by AHFC mortgage professionals. The class helps you to make an informed decision about the purchase of a home. It does not matter, whether it is your first or your 10th.

The HomeChoice™ class introduces you to AHFC's mortgage products and the basics of financing a home. It will not necessarily give you specific information on all the products and financing alternatives, but it will give you the background information you need to investigate all options.

The class encourages participation. You are welcome to share your experiences, your successes and your failures. We do ask that you respect the privacy and confidentiality of others in the class. Share as much or as little information about your own circumstances as you'd like.

You do not need to disclose any personal financial information, but do ask questions related to your individual situation. Your instructor is available for one-on-one discussions, or by email or telephone contact, following class.

This book contains various links to sources. Each icon has a different meaning and purpose, as follows:

Exercise to enhance your learning about a particular subject.

Video clip explaining the information.

Quick link to resources.

Helpful hint.

Welcome. We are delighted you decided to expand your knowledge about the home purchase process.

Chapter 1
Preparing for Homeownership

Chapter 1: Preparing for Homeownership

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Chapter 1: Preparing for Homeownership

Homebuying Process at a Glance

Being an informed homebuyer can be very empowering. Figure 1 starts with the first column and shows the basic steps to obtaining a mortgage and purchasing a home.

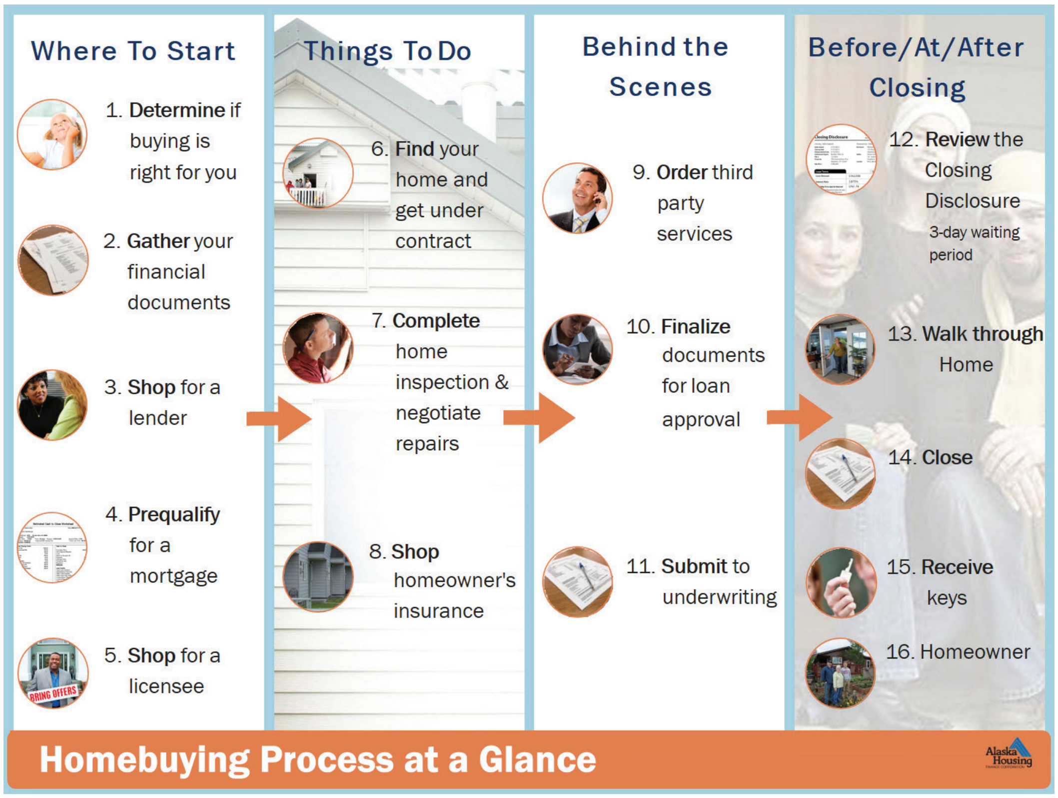

Figure 1: An overview of the homebuying process.

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Pros and Cons of Homeownership

For many Alaskans, owning their home is a dream come true. A home of your own can mean independence, security, a sense of belonging and freedom to express your individual taste. Homeownership, however, is not for everyone. Some may find the flexibility attained by renting to be in their best interest at a particular time in their lives.

Exercise: Is it better to rent or purchase a house?

Step 1. Ask yourself: Should I rent? Then list all of the advantages and disadvantages.

Step 2. For each advantage and disadvantage, assign a number value of 1 to 10 (1=not important and 10=extremely important).

Step 3. Ask yourself: Should I purchase a home? Then list all of the advantages and disadvantages.

Step 4. Add up each column. Whichever is larger provides you the answer.

Advantages of Renting	Weight	Disadvantages of Renting	Weight
SUM:		SUM:	
Advantages of Owning	Weight	Disadvantages of Owning	Weight
SUM:		SUM:	

For more information about the decision to rent or own, go to AHFC's YouTube Channel (youtube.com/AKHousing): AHFC | Alaska Housing Hacks | Rent or Buy?

Notes

Your Purchase Team

The participants in a real estate transaction vary depending on the type of loan, source of borrower funds or type of mortgage insurance. In addition to these participants, a transaction may also include a government entity or nonprofit agency providing special financing or grant options for certain income-qualified homebuyers.

As shown in Figure 2, there are many entities involved. Understanding who may be involved in obtaining a mortgage loan in Alaska may help to clarify how the process works. Think of them as part of a purchasing team in the transaction.

Figure 2: The Purchase Team

Notes

Shop and Compare

Lenders
Most mortgage lenders offer the same products, so the actual lender you choose will depend mainly upon the fees charged and the service provided. If you are unfamiliar with lending institutions, ask friends, family, real estate professionals or someone you trust.

Get ready to shop by doing the following:

Tasks	✓
Make a list of lenders. Community banks, credit unions and mortgage brokers have loan officers you can talk to about possible loans for you.	
Gather the facts from lenders on your visit. Discover the loan opportunities, costs, and the benefits of particular products. For example, you may find out about discounts for homebuyer education completion.	
Get multiple loan cost worksheets (in writing) and compare. See Figure 3.	
Compare total loan costs. Look at the total cost of the loan, including closing costs. Review the annual percentage rate. This is a measure of your loan cost over the term of the loan, expressed as a rate; and when reviewing the Loan Estimate document (see Form 1), be sure to review the Total Interest Percentage (TIP), which provides the total amount of interest you will pay over the term of the loan. Use the TIP and APR to compare loan offers.	

Some lenders have partnership relationships with investors or insurers that allow them to offer financial incentives through grant programs and/or special loan programs. Ask several lenders about the programs they offer and fees charged.

Prequalification
Most lenders offer a service to potential homebuyers called loan prequalification. If you want to know the loan amount you will qualify for, make an early application with a mortgage lender.

Once the lender has completed the processing of a prequalification application, you will receive information that sets forth details about your application. You will learn the loan amount for which you have been qualified. Since the lender will have no way of knowing when you may make an offer on a home, the prequalification is based on current rates and fees in effect at the time of your application. You will not receive a commitment from the lender to make the loan at a specific interest rate until you make a formal application for a mortgage loan to purchase a particular piece of property.

Loans

Loan costs can vary from lender to lender. Have each lender prepare estimates of costs for the different loan programs, specific to your situation, so you can compare equally.

Figure 3 provides an example:

Estimated Cash to Close Worksheet

LOAN #: 00000000001

Lender: Lender Name — Date: MM/DD/YYYY
Applicants: Homebuyer
Property Address: NHN, Somewhere, AK 99999
Loan Program: AHFC30YR
Loan Type: Conventional FIXED — Term: 30 years Purpose: PURCHASE — Interested Rate: 3.750 APR: 4.277
Loan Amount: 190,000.00 — Financed MI/Funding Fee: — Total Loan Amt: 190,000.00
Down Payment: 10,000.00

1

Estimated Closing Costs:

Origination Fee	1,900.00
AHFC Commitment Fee	475.00
Dock Prep Fee	325.00
VOE/TRV	50.00
Appraisal Fee	750.00
Credit Report	40.00
Tax Service	85.00
Flood Certification	13.50
1104 Lender's Title Insurance	340.00
Settlement/Closing Fee	450.00
Owner's Title Insurance	882.00
Recording Charges Mortgage	200.00
Total Estimated Closing Costs:	**5,510.50**

2

*Paid by Seller and/or **Paid by Other

Estimated Prepaid Expenses:

Interest: Estimated 1 days @ 19.52 per day	19.52 Int. amt.	
Mortgage Insurance Premium		mos
Hazard Insurance Premium	900.00	12 mos
Flood Insurance Premium		mos
		mos
Hazard Insurance	225.00	3 mos
Mortgage Insurance		mos
City Taxes		mos
County Taxes	1,500.00	6 mos
		mos
Flood Insurance		mos
		mos
Aggregate Escrow Adjustment	-25.00	
Total Estimated Prepaid Expenses:	**2,619.52**	

3

Cash to Close:

4

Purchase Price	200,000.00
Alter/Improve/Repairs	
Land	
Debts to be paid off	
Prepaids	2,619.52
Closing Costs	5,510.50
Prorations due	
Buydown	
Subtotal:	208,130.02
Less Credits:	
Total Loan Amount	190,000.00
Subordinate Financing	
Seller Paid Prepaids	
Seller Paid Clsg Costs	
Lender/Other Paid Prepaids	
Lender/Other Paid Clsg Costs	
Other Credits	
Paid Outside of Closing	
Deposits	
MIP Refund	
Prorations Credit	
Subtotal:	190,000.00
Cash From/To Borr:	**18,130.02**

Estimated Monthly Payment

Principal & Interest	879.92
Other Financing P&I	
Hazard Insurance	75.00
Real Estate Taxes	250.00
Mortgage Insurance	98.17
Homeowners Assoc Dues	
Other	
TOTAL MONTHLY PAYMENT	**1,303.09**

5

1

Loan Transaction Type:
Product, type, amount, term, rate, APR, down payment, etc.

2

Estimated Closing Costs:
Fees associated with your loan purchase.

- Can negotiate with the seller who will pay.
- There are different ways to help pay for closing costs.

3

Estimated Prepaid Expenses:
Fees collected at closing to cover items such as property taxes, homeowner's insurance, mortgage insurance premiums. They are necessary to set up an escrow account.

4

Cash to Close:
The estimated amount to complete the purchase transaction. This includes closing costs, prepaids, down payment, etc.

5

Estimated Monthy Payment
PITI: Principal, interest, taxes and insurance.

Figure 3: Example of an estimated cost sheet for training purposes only. See a lender about closing costs and prepaids based on your eligibility.

Types of Mortgages

There are many names for various mortgage products, but there are two types of mortgages: conventional and government insured/guaranteed. Table 1 provides more information regarding the differences between the two types.

<table>
<tr><th rowspan="2">Conventional</th><th colspan="4">Government Insured/Guaranteed</th></tr>
<tr><th>Loan Product</th><th>Minimum Down Payment</th><th>Upfront Funding Fee</th><th>Monthly Mortgage Insurance/ Guarantee Fee</th></tr>
<tr><td rowspan="4">20% down payment (or more) avoids private mortgage insurance (PMI)
Under AHFC’s Rural Owner Occupied loan programs, 10% avoids PMI
Monthly PMI goes away
Minimum down payment is 3-5%</td><td>FHA</td><td>3.5%</td><td>Yes</td><td>Yes</td></tr>
<tr><td>VA</td><td>0%</td><td>Yes</td><td>No</td></tr>
<tr><td>HUD-184</td><td>2.25%</td><td>Yes</td><td>Yes</td></tr>
<tr><td>USDA-RD</td><td>0%</td><td>Yes</td><td>Yes</td></tr>
</table>

Table 1: Conventional loans versus government insured/guaranteed categories

Acceptable housing payment ratios (the percentage of the payment to a borrower’s gross monthly income) vary. The type of mortgage you apply for will have an impact on the amount of loan your income can support.

AHFC Mortgage Products

Mortgage loans are available from many sources. AHFC offers a diverse number of homebuyer loan products. A description of all products for single-family loans is in the back of this workbook. Products for multifamily and special-needs housing are also available from AHFC. To learn more about all AHFC loan products, visit our website.

Find AHFC Loan Products at www.ahfc.us/buy/loan-programs

Eligible properties. Single-family residences, condominiums, common interest community units, Type I manufactured homes (permanently attached to a foundation), duplexes, triplexes or fourplexes.

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AHFC Loan Requirements

Borrower	Property
• Credit qualified • Resident of Alaska • Current on child support payments • Owner occupy within 60 days of closing • One AHFC Loan for owner-occupant	Homes built as of 1992... • Energy Rating – form: PUR-101 • AK Construction Inspection – form: PUR-102, or • Approved Municipal Certificate of Occupancy

Down Payment Requirements

A down payment is the amount paid toward the home from the buyer. Down payments vary depending upon the type of loan obtained. For many borrowers, especially first-time homebuyers, the most difficult obstacle to homeownership is saving the money needed to close the loan. Keep in mind, no matter what the down payment requirement, the borrower will generally incur closing costs. The following provides the various down payment options and the expected impact when selecting that particular size of down payment.

Down Payment Options	What to Expect
20% or more	A 20% or higher down payment likely provides the best rates and most options. However, consider whether the down payment drains all your savings.
Between 19% and 5%	The minimum down payment required on most conventional mortgages is 5%. You probably have to pay higher interest rates or fees. Lenders most likely require private mortgage insurance (PMI). PMI is an insurance policy that lets you make a lower down payment by insuring the lender against loss if you fail to pay your mortgage. Keep in mind that when you hear about "no PMI" offers that does not mean zero cost. No PMI offers often have higher interest rates and may require you to take out a second mortgage. Be sure you understand the details.
Less than 5%	Low down payment programs are typically more expensive because they may require mortgage insurance or a higher interest rate. Look closely at the total fees, interest rate and monthly payment when comparing options.

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Fixed or Adjustable Rate

Fixed Rate Mortgage
A fixed rate loan is just as the name implies. Once your loan is closed, the interest rate remains unchanged throughout the term of the mortgage. Consider a fixed rate mortgage if you want:

- Predictable payments.
- To refinance later if interest rates drop or your credit score improves.

Adjustable Rate Mortgage (ARM)
Adjustable Rate Mortgages, sometimes referred to as variable rate mortgages, start out with an interest rate below what is available for a fixed rate mortgage. As a result, a borrower may be able to qualify for a loan, otherwise unobtainable. However, the interest rate is subject to change on a regular basis and may go up or down, depending on changes in the index tied to the mortgage. Before deciding on an ARM, know the trade-offs.

Federal Laws and Rules

There are many federal laws designed to protect borrowers when they apply for or close a mortgage loan. Educated borrowers who understand their rights under lending contracts, and who know how to exercise those rights, launch the best defense against predatory lenders. When the knowledge base of consumers grows, the market for credit-at-any-cost diminishes. As a potential borrower, you have the right to know before you owe. The following are some of the federal laws:

Equal Credit Opportunity Act (ECOA): This law is designed to eliminate discrimination in mortgage lending. A lender may not make a loan decision, set an interest rate or base fees based on race, color, religion, national origin, sex, age, marital status or receipt of public assistance.

Fair Credit Reporting Act (FCRA): This law is designed to protect consumers from unfair reporting of credit by credit repositories. The law prescribes limitations for reporting adverse credit such as foreclosures, delinquencies, collections, suits and judgments. The credit repository is obligated to investigate claims of incorrect credit reporting and take appropriate and timely steps to correct errors.

Dodd-Frank Act of 2010: The act established the Consumer Financial Protection Bureau (CFPB) to educate consumers against abusive financial practices and enforce federal consumer financial laws.

Know Before You Owe Rule: The CFPB's mortgage initiative, designed to help consumers understand their loan options, shop for the mortgage that is best for them and avoid costly surprises at the closing table. The Loan Estimate and Closing Disclosure forms are easier to understand and easier to use than forms of the past. The rule also requires that you get three business days to review your Closing Disclosure and ask questions before you close on a mortgage.

Real Estate Settlement Procedures Act (RESPA, Regulation X): This law requires the lender to provide you with a Loan Estimate form of closing costs within three days of your application for a mortgage loan. Additionally, you have an opportunity to review your Closing Disclosure form prior to closing.

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Truth-in-Lending Act (TILA, Regulation Z): This law requires the lender to provide you with an accounting of all charges on your mortgage loan and calculate the annual percentage rate (APR). The APR is different from the mortgage note rate because it includes all prepaid items such as loan origination fees, commitment fees, discount points and prepaid interest. The Loan Estimate and Closing Disclosure forms will also provide information about whether your loan is assumable, whether mortgage insurance is required and whether a prepayment penalty can be assessed.

TRID (TILA-RESPA Integrated Disclosure): The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) directs CFPB to publish rules and forms that combine certain disclosures that consumers receive in connection with applying for and closing on a mortgage loan under the Truth in Lending Act (Regulation Z) and the Real Estate Settlement Procedures Act (Regulation X). The Loan Estimate and Closing Disclosure form requirements are for most closed-end consumer credit transactions secured by real property.

Homeownership Equity Protection Act (HOEPA): Passed by Congress in 1994, as a consumer protection amendment to the Truth-in-Lending Act, HOEPA provides close scrutiny of higher cost mortgage loans. Examples of loans subject to HOEPA are those with an APR exceeding the treasury rate of comparable maturity by more than 10 percentage points and loans with non-interest fees of more than 8 percent of the loan amount. The overall intent of HOEPA is to broaden the scope of mortgage loans subject to coverage and thereby prohibiting specific acts and practices that might further damage prospective borrowers.

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Chapter 2
Money Matters

Chapter 2: Money Matters

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Cost of Purchasing and Owning a Home

There are many costs associated with owning a home. You will need to have funds accumulated to cover the purchase of the home as well as monthly income sufficient to cover the mortgage payment and all expenses related to maintaining the home.

Type of Cost	Description	Amount
Upfront	Costs involved in the transaction. Some may be addressed below.	Varies
Earnest Money Deposit	Money held in trust to show the seller you are committed to purchasing the home under the terms and conditions described in the Earnest Money Agreement.	Negotiable (Est. 1-2% of purchase price)
Down Payment	Paid at time of loan closing and is based on the loan product you are using. See Chapter 1 for more information.	Varies
Discount Points	Typically stated as percentage. Not required for all loans. Payment of points is a one-time cost to the lender in consideration for a certain interest rate. Also see LLPA below.	Varies
Loan Level Price Adjustment (LLPA)	A matrix used by Fannie Mae and Freddie Mac to charge adjustment fees based on credit score, property type and loan-to-value.	Varies
Closing Costs	Fees for services rendered in the mortgage transactions. For example: title policies, appraisal, origination, underwriting, discount points, credit report, recording documents, flood certification, tax service, hazard insurance, mortgage insurance and survey are common.	Negotiable (Est. 3-6% of loan amount)
Prepaids	You may be required to pay up to 30 days of interest depending on the day of the month on which the loan is closed, and establish an escrow account of taxes and insurance.	Annual hazard insurance. Mortgage insurance. Seven to nine months of property taxes. Two months of premium costs.
Home Inspection	Not required for all financing options, but a wise investment to obtain an unbiased examination of the home. See Chapter 3 for more information.	Varies depending on age and size of the home. (Est. starting about $400)
Appraisal	The buyer may be asked to pay the fee prior to the closing of the loan. If the seller has agreed to pay for the appraisal fee at the time of closing, the buyer may still have to front the cost of the appraisal and get the amount refunded at the time of closing.	Varies based on home type and location of home. (Est. starting about $800)

Type of Cost	Description	Amount
Moving and Settle-in	Moving costs or need to purchase new furniture, appliances or decorative items. Utility deposits necessary to transfer the utilities into your name and telephone hookups.	Varies
Monthly Home Expense	This includes the mortgage payment (principal, interest, taxes and insurance: PITI), utility costs, maintenance and repairs, home improvement and possibly homeowner's association fees. See Chapter 3, Home Affordability.	Varies

Notes

Importance of Budgeting

A budget is a tool used to understand your finances. In order for a budget to be effective, all members of the family must use it. Bring the entire family into the budget process to teach your children about financial responsibility, meeting obligations and working toward a common goal.

No matter how you have kept your records in the past, you will need receipts for tax planning as a homeowner.

Taking on the responsibility of a home comes with a need for clear accounting of your current and projected monthly spending.

Getting Started on Your Family Budget

A household budget is a useful tool in determining the sources of your income, the amount of monthly debt and how to spend your disposable income. Use the following steps to take control of your personal finances now, rather than later!

Step 1: Start your budget

- Today is a good time to start.
- Sit down with your family to identify all sources of income and expenses.
- Note: If you want to be conservative in your income calculation, leave out the Permanent Fund Dividend, gifts from relatives or miscellaneous odd jobs.

Step 2: Develop a budget

- Include all of your expenses, such as cash, checks and credit card purchases to better understand your spending habits.
- Remember occasional expenses like car insurance, car registrations, trips to the veterinarian, or other such incidentals.
- Track credit card statements to see where you are spending money and if you are using your credit card to cover income shortfalls.
- Track figures in the various budget categories. Where did you spend more than you budgeted? Where did you spend less?
- Pay yourself first! It's one of the golden rules of personal finance. When you elect to pay yourself, e.g., the money allotted to pay a bill, you are learning to manage your disposable income more effectively.
- Find a budgeting tool that works for you. The Monthly Budget Worksheet (on page 16) is a good example.

Monthly Budget Worksheet	
Month________________ Year ___________ Some bills are monthly and some come less often. If you have an expense that does not occur every month, prorate the amount (total amount divided by 12 months). If there is no specific expense line, use the "Other expenses this month."	
Income	
Paychecks (Net Income: salary after taxes, benefits, and check cashing fees)	$
Other income (after taxes) for example: child support	$
Total Monthly Income (Add up all income)	$
Expenses	
Savings	$
Rent or Mortgage	$
Renter's or Homeowner's Insurance	$
Utilities (examples: electricity, heat, water/sewer and trash)	$
Internet, Cable or Phones	$
Repairs and Supplies (Maintenance)	$
Outside Upkeep	$
Other Housing Expenses (example: property taxes)	$
Groceries and Household Supplies	$
Meals Out	$
Other Food Expenses	$
Public Transportation and Taxis	$
Gas for Car	$
Parking and Tolls	$
Car Maintenance (like oil changes)	$
Car Insurance	$
Car Loan	$
Other Transportation Expenses	$
Pharmacy	$
Health Insurance	$
Medical/Dental Care visits (not paid by insurance)	$
Other Health Expenses (example: eyeglasses)	$
Fees for Cashier's Checks and Money Transfers	$
Prepaid Cards and Phone Cards	$
Bank or Credit Card Fees	$
Other Fees	$
School Costs (like supplies, tuition, student loans)	$
Other Payments (like credit cards and savings)	$
Other Expenses This Month	$
Child Care	$
Child Support	$
Pocket Money	$
Money Given or Sent to Family (examples: gifts, birthday, holidays, etc.)	$
Clothing and Shoes	$
Laundry	$
Donations/Charity	$
Entertainment (examples: music, movies, amusement parks, gym membership fees, etc.)	$
Other Family and Personal Expenses (example: beauty care)	$
Total Monthly Expenses (add up all expenses)	**$**

Total Monthly Net Income	
Total Monthly Income	$
Total Monthly Expenses	– $
TOTAL MONTHLY NET INCOME	$

If your income is more than your expenses, you have money left over. Decide what you want to do with the extra cash.

- Place money in an emergency savings account
- Reduce debt
- Save for a goal
- Invest

If your expenses are more than your income, you are spending more money than you are bringing in.

- Look at budget to cut spending
- Increase income
- Leverage income-based programs

Step 3: Develop a savings plan

- Have money set aside to cover the increased expenses of homeownership.
- Set aside a certain amount each payday to add to your household savings account.
- Find ways to trim expenses.
- Avoid trimming your savings.
- Make a family pact that the money in the household savings is sacred. Use it only for emergencies.

A budget is a system of tracking your expenses that allows you to choose to spend your money on the things that are important to you. When purchasing a home, expect unforeseen expenses. If you do not budget and save, you will have difficulty paying for repairs and/or maintenance when needed.

Facts on Credit Reports

A credit report details your past and current credit obligations. In addition to your credit history, the report lists current and past employers, current and past addresses, your social security number, and items of public record, such as divorces, judgments or collection accounts.

Your Free Credit Report
The Fair Credit Report Act requires each of the three credit repositories to provide consumers with a free credit report once every 12 months. There are three credit-reporting repositories, Equifax, Experian and TransUnion, which are shown in more detail as follows:

Equifax:	**Experian:**	**TransUnion:**
www.equifax.com	www.experian.com	www.tuc.com
PO Box 740241	PO Box 2002	PO Box 34012
Atlanta, GA 30374	Allen, TX 75013	Fullerton, CA 92834
800-685-1111	888-397-3742	800-916-8800

Order a free credit report: www.annualcreditreport.com

Notes

Credit Scores

Many lenders, including AHFC, evaluate your credit with the use of credit scores. A credit score is a summary of a borrower's credit report and numerical measurement that reflects a borrower's management of credit. The percentages in Figure 4 show how important each of the categories is in determining how you score.

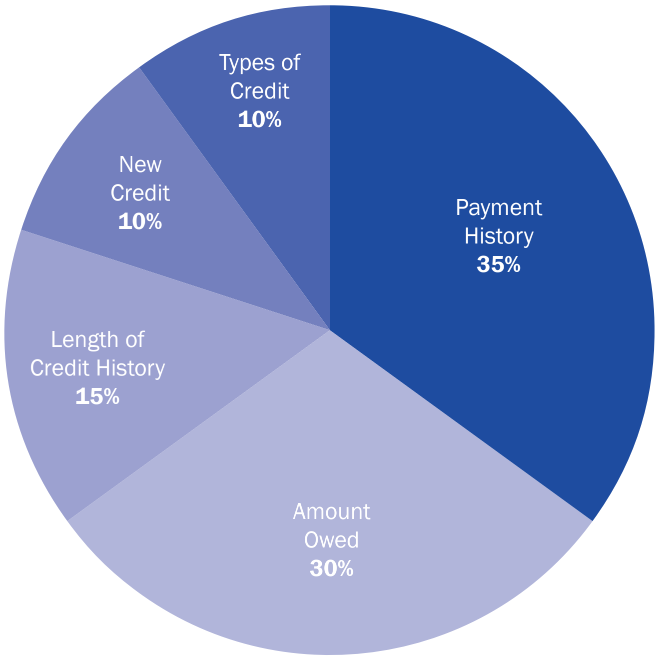

Figure 4: Credit Score Breakdown

Disputing Information on Credit Report

Sometimes problems shown on a credit report are the result of errors or misunderstandings. If you spot an error on your report, contact the creditor and reporting agency. You will generally need to talk to the creditor's billing or accounting department and ask that they correct the error immediately. Be prepared to provide proper documentation to support your assertion that an error occurred (paid receipts, etc.).

Send your dispute letter by certified mail, "return receipt requested" and save copies of all enclosures for your files.

Stop Unsolicited Offers
To stop unsolicited offers of credit and insurance, call 1-800-5-OPTOUT (1-800-567-8688).

Visit the Opt Out website at www.optoutprescreen.com

Traditional vs. Nontraditional Credit
If you are like many mortgage borrowers, a traditional credit report can be obtained because you have past or present accounts with traditional creditors, such as banks, credit card companies, department stores or mortgage companies. When you have traditional credit, the creditor (lender) reports your account to various credit repositories.

If you have not yet established traditional credit accounts, you may still be eligible for a mortgage loan. The lender can verify timely payment of nontraditional credit such as rent, utility payments and accounts with a small business or other forms of credit not reported to the credit repositories.

Notes

Correcting Credit Problems

There are two primary types of credit problems: lack of credit or poor credit.

1. Lack of Credit

- Build credit by applying for a standard or secured credit card, making sure to shop for the best interest rate and term.
- Make purchases as usual when you have the money set aside to pay the credit card bill when it comes in.
- Pay balance in full, which avoids paying interest on credit card debt.

2. Poor Credit

- Take steps to repair untimely past payments.
- Be patient, it may take time to correct damaged payments.
- Seek credit counseling to help develop a plan to repair damaged credit.
- Demonstrate good money management in your checking accounts.
- Be prepared to provide the lender with a written letter of explanation of credit delinquencies.

Correcting a credit problem is in your hands. Lenders and credit counselors can help, but it is solely up to you to establish a plan and follow through.

For more information about the components of a credit score, Go to AHFC's YouTube Channel (youtube.com/AKHousing): AHFC | Alaska Housing Hacks | Fixing Credit Problems

Applying for a Mortgage

As with a mortgage prequalification, use the Loan Interview Checklist below to gather your documents for the lender.

Loan Interview Checklist

Check off each item as you prepare for your loan interview

- ☐ Obtain a copy of your current credit report
- ☐ Review credit history and prepare corrections or explanations
- ☐ Obtain cost estimate worksheets from the lender

Assemble documents below and have them available for your lender

- ☐ List of your available cash (include names of depositories plus account numbers and approximate balances)
- ☐ List of current debts (list names of creditors plus account numbers and approximate balances)
- ☐ List of all employers, positions and salaries for previous two years
- ☐ Purchase and Sales Agreement or Earnest Money Agreement
- ☐ Personal check for application fees
- ☐ Last two years' tax returns (including supporting schedules and W2 forms). If applying for a first-time homebuyer loan, provide last three years' tax returns
- ☐ Copies of last three months of bank statements

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- ☐ Year-to-date Profit and Loss Statements and current Balance Sheets (for self-employed borrowers)
- ☐ Copies of stocks or bonds that you plan to use for closing
- ☐ Copy of Driver's License or State ID card
- ☐ Copy of divorce or separation papers
- ☐ Copy of child support orders or agreements
- ☐ Copy of bankruptcy documents
- ☐ VA Certificate of Eligibility, DD214 or other evidence of veteran eligibility
- ☐ Evidence of resident alien status (green card)
- ☐ Other: ____________________________

Completing the Mortgage Application
A mortgage loan application helps a lender determine your eligibility for a mortgage loan. The industry standard application is called the Uniform Residential Loan Application. While the mortgage loan application may appear cumbersome, the lender will walk you through the process and help you complete the form as completely and accurately as possible. Remember that the key to successfully completing a mortgage application is honesty. All of the personal information on your application is confidential and protected by federal law.

Loan Estimate
The lender will provide you with the Loan Estimate (LE); see Form 1. This form is designed to provide understanding regarding key features, costs and risks of the mortgage loan for which you are applying, and must be provided to you no later than the third business day after submitting a loan application. An application consists of the submission of the following six pieces of information:

1. The consumer's name
2. The consumer's income
3. The consumer's social security number to obtain a credit report
4. The property address
5. An estimate of the value of the property
6. The mortgage loan amount sought

The lender will provide you with a booklet called *Your Home Loan Toolkit* when you apply for a mortgage.

Mortgage Loan Underwriting

Once the lender receives all the verifications and property documentation, a mortgage underwriter will review the file. Underwriters are trained mortgage professionals who review the loan file for eligibility. The underwriter is making determinations based only on the paperwork in your file. It must provide clear verification of the information in your application.

The Five C's of Credit
In analyzing a mortgage loan application, underwriters commonly use the Five C's, addressed in Figure 5.

Notes

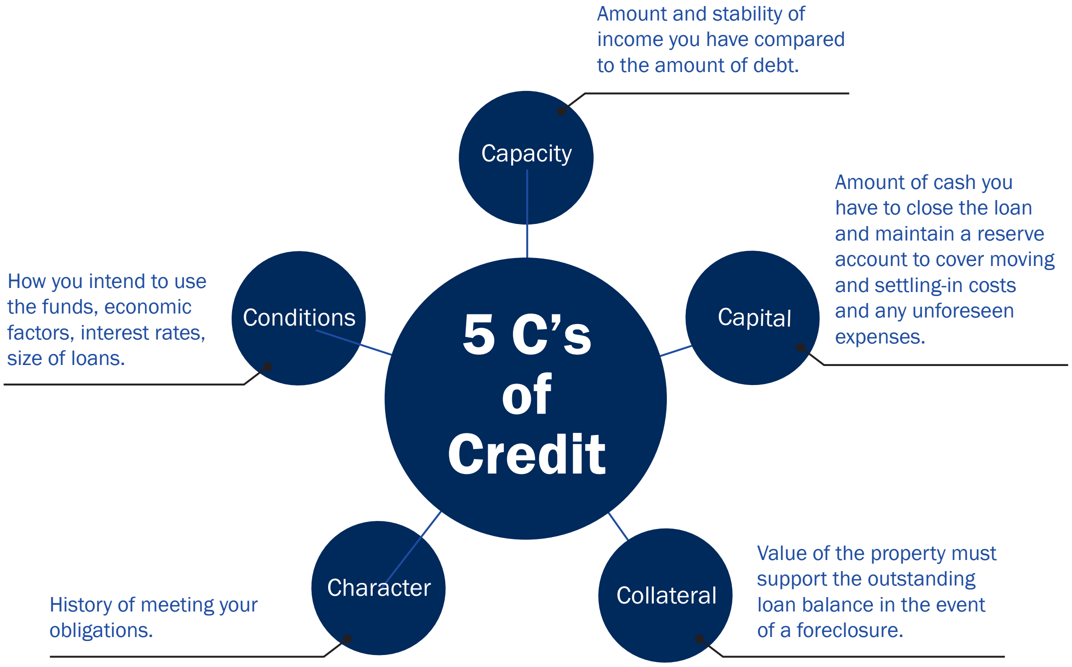

Figure 5: The 5 C's of credit

Qualifying Ratios

The housing payment ratio is calculated by dividing the mortgage payment by your gross monthly income. The total debt ratio is calculated by adding all your monthly debts (with a term exceeding six months) to the mortgage payment and dividing that total by your gross monthly income. Table 2 shows the debt-to-income ratio guidelines lenders use based on the loan payment.

Type of Loan	House Payment Ratio	Total Debt Payment Ratio
Conventional	28%	36%
FHA	31%	43%
Federal VA	41%	41%
HUD 184	41%	41%
USDA-RD	29%	41%

Table 2: Qualifying ratios

The Underwriting Decision

Once the underwriter has reviewed the entire loan file, including terms and conditions of the Purchase and Sales Agreement, your loan application will be approved or denied for financing under a specific loan product. Once approved by the insurer and investor, the loan file transfers to loan closing. This is the final step of the mortgage loan application process.

Notes

Chapter 3: The Home Purchase

Chapter 3
The Home Purchase

Alaska Housing
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Notes

Chapter 3: The Home Purchase

The Role of the Real Estate Licensee

The process of finding a suitable home can be made easier by enlisting the help of a real estate professional who can help in the following ways:

- Define and clarify your priorities
- Help locate lenders
- Possibly negotiate the terms of sale
- Guide you in making the right decisions
- Educate you of local market conditions
- Address your fears and concerns
- Show you homes in your price range with the features you requested

Shopping for a Real Estate Licensee

Selecting a real estate licensee is a matter of personal choice. Recommendations from family and friends may help. AHFC recommends interviewing prospective licensees and asking them the same questions in order to compare information. Sample questions include:

- How long have you been in the real estate sales profession?
- How many listings have you had and how many homes have you sold in the past year?
- Do you do this full-time or part-time?
- What credentials do you hold? Many professionals have earned credentials you may find valuable, including: Graduates of the Real Estate Institute (GRI); Council Residential Specialists (CRS); Council Residential Brokers (CRB); and Accredited Buyer's Representatives (ABR), among others.
- Other (include other questions).

Types of Representation

Alaska real estate licensees are required by law to provide clients and customers a copy of the *Alaska Real Estate Commission Consumer Disclosure* (form 08-4145) that outlines the duties of a real estate licensee. Your signature is your acknowledgment of receipt and understanding of this disclosure and is not a contract. See Form 3 to view the document.

There are four types of relationships under Alaska Real Estate Law.

1. **Specific Assistance** without representation.
2. **Representation** is when a licensee will represent a buyer or seller.
3. A **Neutral Licensee** cannot represent either party, but provides specific assistance to both parties in the same transaction. Both parties must authorize the neutral licensee relationship by signing a *Waiver of Right to be Represented* (form 08-4212). See Form 4.
4. A **Designated Licensee** may represent or provide specific assistance to a party in a transaction while another licensee within the same company represents or provides specific assistance to the other party in the same transaction.

For Sale by Owner (FSBO)
In a For Sale by Owner transaction, the buyer and seller must assume the duties of the real estate professional. The homebuying process is the same with the exception that both parties are now responsible for obtaining and delivering all required documentation for the transaction. Decisions will have to be made such as who will hold the earnest money deposit. You may want to consider having an independent third party, such as a title company, hold the earnest money. The buyer and/or seller will also be responsible for contacting home inspectors, energy raters, insurance agents, contractors, engineers, title companies, real estate attorneys or other professionals. The professionals of these services might be needed as part of the transaction or may be called upon to resolve issues that may arise. You should be comfortable with this choice before pursuing home ownership without counsel.

Shopping for a Home

Sources of Leads
If you are working with a real estate licensee, you will have access to the majority of homes on the market. Various internet sites, including Alaska Multiple Listing Service (MLS), have information about homes for sale in your area too.

Alaska Multiple Listing Service: www.alaskarealestate.com

Type of Home
What type of home do you want to purchase? Figure 6 shows various types of property:

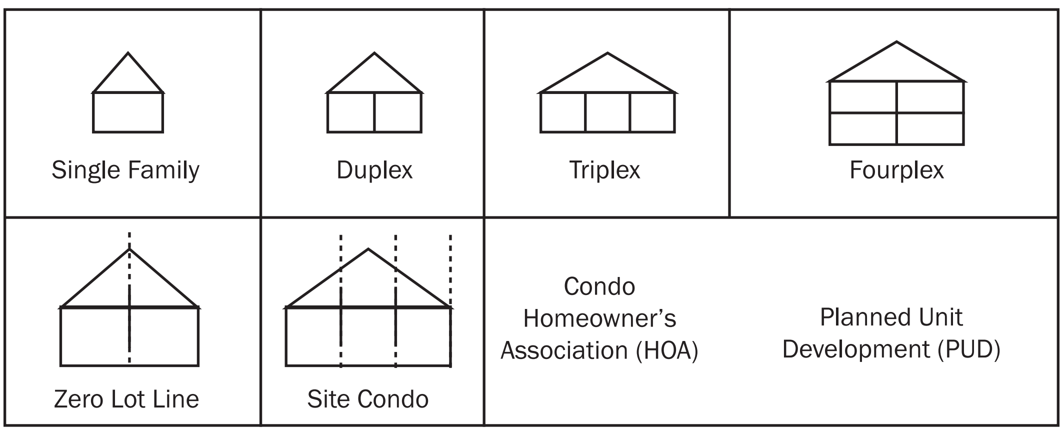

Figure 6: Examples of types of homes and property. Note: the dotted lines show property lines.

New vs. Existing Properties
When thinking about buying a home, you may have a type of property in mind. Is it a newly constructed home, in which you can choose the color of the carpet, the interior and exterior paint as well as landscaping? Alternatively, is it an existing home that is tastefully decorated with a mature lawn – one that has withstood the test of time?

Location
Pay particular attention to the home's location and identify what is important to you. What about nearby schools? Do you need close access to public transportation? How far is the home from your workplace?

Home Affordability
If you have developed and are tracking your budget, and have gotten prequalified for a loan, you have a good idea how much you can afford. If you have gone through a lender's prequalification application, you know what size loan you can obtain. Remember that your housing expense consists of more than just a mortgage payment.

Notes

Energy prices have increased significantly over the last few years. Make sure to evaluate the costs associated with the home you are contemplating buying. Be sure to ask for the seller's energy usage and cost for the last 12 months.

Monthly Cost of Item	House 1	House 2	House 3
Monthly Mortgage Payment			
Homeowner's Association Dues (if applicable)			
Heating Fuel			
Electricity			
Water / Sewer			
Trash			
Telephone / Internet / Cable			
Total			

Other items to consider:

- Number of people living in the home – helps to understand level of energy usage.
- Age and condition of the appliances and major components such as the furnace and roof.
- Recent repairs to the property.
- Review State of Alaska *Residential Real Property Transfer Disclosure Statement* (form 08-4229). See Form 5.

Making an Offer

Be prepared for the seller to accept your offer. Don't make an offer anticipating a rejection from the seller or if you are not prepared to carry through with the purchase. Figure 7 shows the process of making an offer.

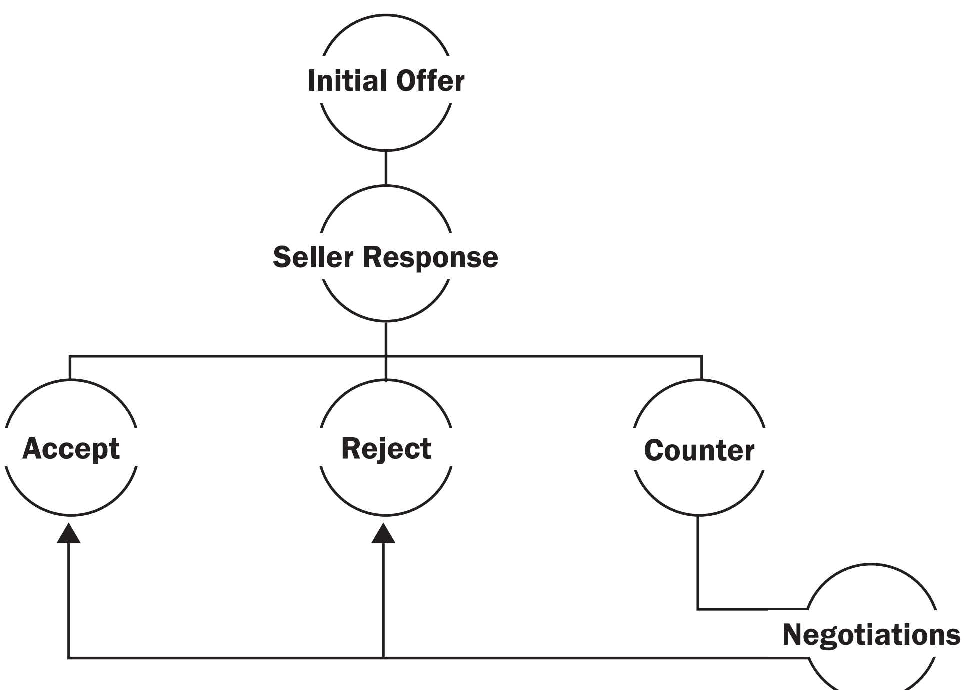

Figure 7: Basic process of making an offer.

Notes

Earnest Money
Earnest money is a deposit made to a seller showing the buyer's good faith in a transaction. Typically, this money is held in a trust or escrow account to show the seller you are committed to purchasing the home under the terms and conditions described in the purchase agreement. In Alaska, the earnest money deposit is negotiable between parties.

Purchase and Sales Agreement

Your offer to purchase a home will be written on a document called a purchase and sale agreement. (Note: In some areas, the purchase contract is called an earnest money agreement.) The purchase and sale agreement sets forth the names of parties, property address and legal description, offered price and terms, amount of earnest money deposit and who holds it, expiration date of the offer, all contingencies and signatures of all parties, including the real estate licensee involved in the transaction.

Negotiating Costs
In most loan programs, payment of closing costs is negotiable between buyer and seller. In Alaska, most sales transactions have the seller generally paying for those items associated with the property (appraisal, survey, well and septic approval, property assessments and owner's title insurance). The buyer is typically paying for items associated with the loan (origination fee, commitment fee, discount points, mortgage insurance and prepaid such as insurance and taxes). Figure 8 provides a snapshot of the cost section of the purchase and sales agreement.

Costs
The costs shall be paid by Buyer (B) or Seller (S) as indicated below. Costs payable by both Buyer and Seller to be shared equally. **Buyer to pay for any fees due to requirements of the lender not covered below.**

ITEM	B	S	ITEM	B	S	ITEM	B	S	ITEM	B	S
Lender Origination Fee			Credit Report			Owner Title Insurance			Smoke Detectors		
Discount Points			Reserves			ALTA Title Insurance			CO Detector		
MIP/PMI (default insurance)						Escrow Closing Fee					
VA Funding Fee			Sales Tax			Annual Escrow Fee			Tests for Health Authority Approval:		
Rural Dev. Loan Fee			Resale Certificate/ Public Offering Statement			Bank Setup Fee			Well Flow (Quantity)		
Lender Doc. Prep Fee						Assume/Transfer Fee			Basic Water Quality		
			HOA Transfer/Doc Fees			Assessments Levied			PIWA Water		
Flood Certification			HOA Assessments			Assessments Pending			Other Specified Water Test		
Tax Registration			HOA Questionnaire			Attorney Doc Prep Fee			Septic Inspection		
Home Warranty			Appraisal			Brokerage Fee			DEC/MOA Approval Fees		

Figure 8: Costs listed in a purchase and sales agreement form. Note: This example is from one area of the state; closing costs may vary by community or loan product.

Closing costs may vary by community or loan product.

Offers and Counteroffers
The offer you make on a home may not equal the listed price. When this occurs, the seller has the right to accept your offer at a price lower than what was originally anticipated or counter your offer with another price, which may or may not be different than the original listed price. A counteroffer may not even be about price; it may be a negotiation of the payment of closing costs or the addition or removal of certain contingencies. Keep in mind that until a buyer and seller have reached an agreement in writing, a seller is free to consider other offers.

Notes

Contingencies

The purchase and sale agreement should clearly set forth all contingencies of closing. If you or the seller cannot clear a contingency, the obligation to proceed with the purchase or the sale is negated. Examples of contingencies may include, but are not limited to the following:

- Buyer Financing
- Home Inspection
- Property Repairs
- Appraisal
- Well/Septic Approval
- Counteroffers and Addenda
- Environmental Hazards
- Personal Property
- Preliminary Title Report
- Survey

The Buyer's Inspection

Exercise

On average, how much time do you spend in a house before deciding to make an offer?

Think about the various areas of a home you review and list the items below.

The buyer's inspection can be very beneficial by allowing an independent review of the property before spending money for the actual professional home inspector. While the time frame is negotiable, this inspection could be done prior to making the actual written offer to purchase and just prior to any formal home inspection. Use the following checklist of items a homebuyer may review prior to making an offer, to help conduct the inspection.

Foundations

- ☐ Check exposed concrete foundation and footings for any visible cracks. (Cracks might identify settling in a property.)
- ☐ Look for standing water or old water stains on the foundation, footings and vapor barrier. This could show evidence of water leaks or groundwater infiltration.
- ☐ Complete a visual inspection of floor joists and sill plates for evidence of dry rot.
- ☐ If the foundation is all-weather wood, pull back the insulation and inspect for dry rot and/or wet insulation.
- ☐ Be sure there is a good vapor barrier covering the ground and look for adequate insulation.
- ☐ Pay particular attention to areas under the house with exposed plumbing. Is there sign of leakage or dry rot?

Notes

Ceilings, Walls, Floors, Doors and Windows

- ☐ Look for diagonal cracks, holes in the walls and ceilings and separation between the walls and ceilings. (Cracking and holes could be normal settling, or if more pronounced may be an indication of structural failure.)

- ☐ Check that interior floors feel even and have no sagging. Check under throw rugs for damage to permanent floor coverings. Look for floor damage around all water sources, including toilets, bathtubs, sinks and dishwashers.

- ☐ Check doors and windows to see if they open and close properly. Note broken windows and missing storm windows or screens. Make sure the windows latch and offer proper egress from the home.

Plumbing and Electrical

- ☐ Check exposed plumbing for water damage from leaky faucets or drains. Check for hot and cold water at each faucet. Inspect the tub surrounds for previous water damage, both visually and by pressing on the surround to see if the wall behind feels uneven or soft.

- ☐ Look for exposed electrical wiring, boxes and cover plates. Inspect breaker panels for proper labeling and missing covers. Look for ground fault circuit interrupters (GFCI) in kitchens, baths or anywhere within six feet of a water source. Verify that smoke detectors are present and properly working.

Heating Systems

- ☐ Visually inspect for water, oil, or fuel leaks around heating units. Visible corrosion around fittings and natural gas or fuel odors should be noted.

- ☐ If fuel oil is used, inspect around the tank and filler nozzle for visible stains that might indicate fuel spills.

Environmental Hazards

- ☐ See Environmental Hazards in Chapter 3 (to follow).

Insulation and Weatherization

- ☐ Inspect exterior doors and windows for proper weather seals and weather stripping.

- ☐ Check exposed insulation. Does it properly fit? Is it adequate? Is it wet or damaged?

Roof and Siding

- ☐ From a distance and with the aid of binoculars, visual inspections of the roof should reveal dips, moss growth, missing vent caps, stacks, shingles or metal. Due to safety concerns, professional inspectors should complete actual physical inspections of the roof itself.

- ☐ Inspect exterior walls and trim for peeling paint and buckling. Excessive peeling or buckling could indicate moisture or structural problems.

Notes

Ventilation

- ☐ Verify the dryer exhaust, kitchen and bath fans are properly vented to the outside of the home. Test exhaust fans for proper operation by holding a tissue against the fan. If working correctly the tissue should remain against the fan. Excess moisture should remain outside the home.

Other

- ☐ ______________________________
- ☐ ______________________________
- ☐ ______________________________
- ☐ ______________________________

Professional Home Inspection

Finding a Qualified Inspector
Home inspectors in Alaska must be licensed and are regulated by the Department of Commerce, Community and Economic Development. Ask your real estate licensee, family or friends to recommend a qualified inspector. Interview potential inspectors and ask about their qualifications and experience. Good questions to ask include:

- How many inspections have you performed and what components of a home do you typically inspect?
- May I review a sample inspection report to see what will be covered during the inspection?
- What is your prior experience related to new construction, existing homes, or both? Find out what credentials, if any, the inspector might have.
- Are you certified by the International Code Council (ICC) or any other professional organizations?
- May I attend the inspection?
- Do you perform repairs? (The response you are looking for: "No")

Dept. of Commerce, Community and Economic Development:
www.commerce.alaska.gov/web/cbpl/ProfessionalLicensing/HomeInspectors.aspx

If a financing requirement, a copy of the inspection report is generally provided to the lender and the property appraiser. The appraiser will take into consideration the contents of the report when completing the appraisal. The appraised value may be subject to repairs being completed as recommended by the inspector. The lender will review the report and make certain repairs a condition of loan approval. Typically, only those repairs that have an impact on the health and safety of the occupants or the value of the property will be required.

Notes

Provides:

- Visual Inspection
- Areas Inspected:
  - Foundation
  - Roof (if weather permits)
  - Attic
  - Crawl space
  - Heating and ventilation
  - Plumbing systems
  - Appliances
- Items may include
  - Egress of windows
  - Functioning smoke detectors
  - Ground fault circuit interrupters (GFCI)
- Inspection report

Not Provided:*

- Destructive inspection
- Building code compliance**
- Microbial or biologic growth testing
- Radon testing
- Lead-based paint testing
- Asbestos
- Security system
- Pests

*May charge separately. Ask your home inspector if the service is provided. If not, ask for referrals.
**In regard to existing homes.

Property Repairs

The home you are purchasing may be in need of repairs prior to closing. The proper completion of these repairs should be listed as a condition of the purchase. The lender will require evidence of proper completion unless the repairs cannot be completed before closing due to weather. If the repairs cannot be completed and the lack of repair does not have an adverse impact on the health and safety of the occupants, the lender may establish an escrow of funds to be disbursed when repairs are completed.

Appraisal

The appraiser is hired by the lender to inspect the home and assess the property's condition and marketability.

Market Approach. This is generally the best indicator of value in a single-family appraisal. In most cases, the value of a home is simply defined as the amount a buyer is willing to pay and a seller is willing to accept, with neither party being under undue stress to complete the transaction. The market approach compares the home you are purchasing with similar properties in close proximity that have generally sold within the past few months.

An appraisal report may be completed in one of three ways:

1. "As-is" if there are no conditions to be met before the appraised value is effective;
2. "Subject to completion" if the property is under construction; or
3. "As repaired" if the value is subject to completion of certain repair items.

Notes

Appraisal Value. A common contingency found in an earnest money is the requirement that the appraisal support a value at least equal to the sales price. Mortgage loan amounts are based on the sales price or the appraised value, whichever is less. This means that your down payment may be higher if the appraised value is less than the sales price. Figure 9 provides an example of various down payment options if the appraised value comes in lower.

Accepted Sales Price	$250,000	
95% (Loan-to-Value) Conventional Loan	$237,500	
Required Down Payment	$12,500	
Appraisal Value	$245,000	
Recalculated Max 95% (LTV) Conventional Loan	$232,750	
New Down Payment Requirement	$17,250	(if sales price stays at $250,000)
- OR -		
Adjusted Down Payment Requirement	$12,250	(if seller agrees to drop the price to $245,000)

Figure 9: Example of down payment requirements when an appraisal shows a lower value.

You may be willing to pay the higher amount, even though the appraisal does not support it, or you both may agree to a price somewhere in between the original sales price and the appraised value. If there is no agreement between the buyer and seller, the earnest money agreement will be canceled.

Well and Septic Approval

If the home you are purchasing is served by a private utility like a well or septic system, make sure that it is functioning properly at the time you purchase the home. This assurance comes in the form of a well and septic system approval by a qualified engineer, certified installer or government employee. The lender may not require the approval of these private systems, but it is advisable to obtain one for your own protection. A well or septic approval is provided at a specific point in time; it does not provide a warranty on the quality of the system nor does it guarantee the future proper functioning of the system.

Environmental Hazards

If the home you are purchasing was built prior to 1978, it may contain lead-based paint. A seller must disclose to you any knowledge of lead-based paint in the home and inform you of a pamphlet about the hazards. In some areas, other environmental hazards may be present. If the seller is aware of these, he or she is obligated to disclose that to you. The appraiser is also responsible for noting any evidence of environmental hazard. These hazards, however, are oftentimes unknown by the seller and unseen by an appraiser. If a property has a home heating fuel tank, it is possible that a hazard exists. If the property is located next door to a previous gas station site a hazard might exist. If the home was built in the 1950s or '60s, it may contain asbestos.

If you have reason to believe a hazard may exist, make the purchase of the property contingent upon verification that the property is free and clear of hazards or that remedial action has eliminated the health and safety concerns for you and your family. Environmental engineers are available for site assessments. The cost of the assessment will vary depending on the level of investigation required of the engineer.

State of Alaska Dept. of Environmental Conservation (DEC) at dec.alaska.gov/

Notes

Energy Efficiency Rating

If the home you purchase is reported to meet a certain energy efficiency rating, make receipt of the rating a contingency in the contract. Many buyers today are purchasing energy-efficient homes because it generally means a more comfortable living environment, lower utility costs and better financing terms.

Types of Insurance

Prior to loan closing, you will be required to provide the lender with evidence of adequate hazard insurance on the property. Obtain quotes for insurance coverage from at least two insurance companies. A homeowner's policy is a package of coverages for your property, medical payments for others, and personal liability. This type of policy is available for homes occupied by the owners as their primary residence. Companies may offer coverage for single-family homes or homes with up to four living units.

Property — Repair or replacement of home

- Includes home and other structures.
- Inquire about coverage for all perils. It covers all physical damage not otherwise excluded.
- Speak to your lender about the level of coverage required, allowable deductible, and wording for the loss payee clause.
- Consider a coverage limit at least equal to your home's estimated replacement cost to rebuild your home.

Liability — When you are responsible for expenses

- Coverage may range from $100,000 to $1,000,000.
- When deciding on amount of coverage, consider the value of your total assets and how much you may lose if you were to be sued and lost the case.
- Extends beyond your property limits.
- Medical expenses if others were hurt at your home.

Personal Property — Furnishing and personal effects

- Maintain an inventory of your personal effects. Many insurance companies have online inventory apps.

Earthquake — aka Earth Movement Coverage

- Coverage for repair or replacement of your home following an earthquake or earth movement.
- Separate deductible from homeowner's coverage.
- Property may need to meet certain criteria, e.g. hot water heater secured.

Flood — Separate from Homeowner's Insurance

- Direct physical loss from flood, flood-related erosion, abnormal tide surges and mudslides.
- The lender may require you to obtain coverage if your property is located in an area with a high likelihood of flooding.
- You may be able to obtain a flood determination certificate, a document from an engineer that shows the relative elevation and different areas of your home.

Life — Mortgage Life Insurance and other types

- Mortgage Life: coverage pays out a lump sum to repay the loan in full should you pass away during the policy term.
- Other Life: these policies may provide more flexibility to your family if you pass away. Additional research is necessary to find the right coverage for you.

Notes

Alaska Home Insurance Guide www.commerce.alaska.gov/web/portals/11/pub/consumers/2012homeguide.pdf

Notes

Preliminary Title Report and Survey

Evidence of Clear Title

The preliminary title report cites the property owner's name and legal description of the property. The lender's representative determines which liens and encumbrances are acceptable and which must be paid in full prior to loan closing.

As a condition of purchase, the seller is expected to provide you with a property free and clear of all liens, other than the lien created by your mortgage. Additionally, the home and all site improvements are expected to be situated within the property lines. A preliminary title report will list the owner's name, the legal description of the property and all liens and encumbrances against the property.

Title Insurance

The lender will require that the mortgage be covered by a policy of title insurance. It is important for new owners to consider obtaining this insurance coverage. The lender's coverage is commonly called a lender's title policy and it insures lenders against undisclosed liens. The lender's loan is a first mortgage and the title insurance will protect the lender against claims of lien priority over the mortgage. Your title insurance is called the owner's title policy. It protects you against undisclosed liens. The payment for title insurance is negotiated between buyer and seller, but typically the buyer pays for the lender's coverage and the seller pays for the buyer's coverage. After all, a typical condition of a real estate transaction is that the seller transfer the property to you free and clear of all encumbrances.

As-built Survey

An as-built survey, reflected in Figure 10, provides an accurate depiction of the property lines, the improvements within the lines and any easements and encroachments.

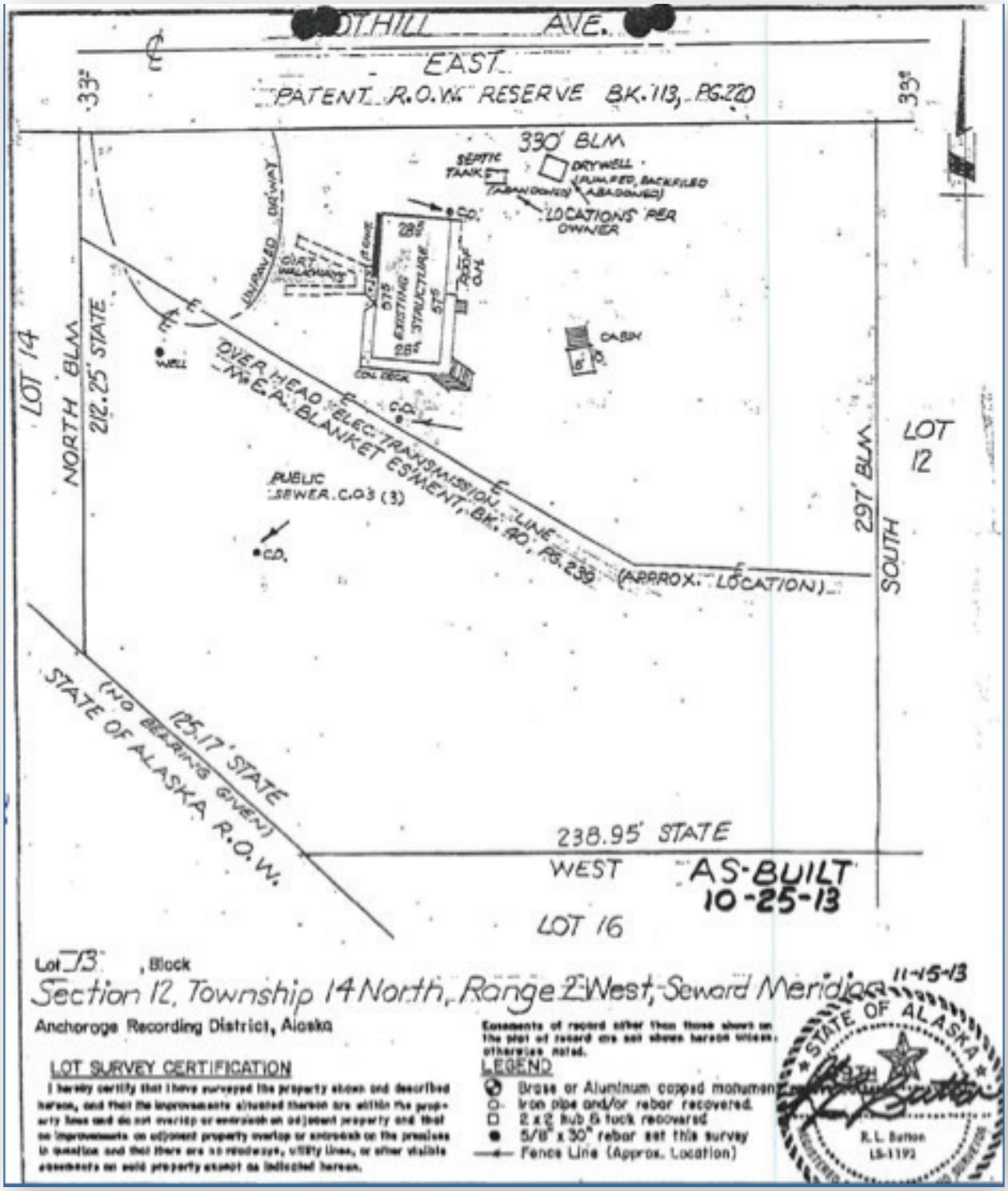

Figure 10: As-built survey.

Closing

Once your loan is approved and all contingencies of the earnest money have been met, the loan closing process may begin.

Prior to Loan Closing

Set a closing date. The date you decide to close your mortgage loan will depend on several things. Give notice to your landlord for a final moving date from your current residence. When you can occupy the new home will have an impact on when you close your mortgage loan. The seller may not be willing or able to relinquish occupancy of the home until some particular date. Your ability to occupy and the seller's ability to vacate the property should all be clearly set forth in the contract.

Avoid escrow wire fraud. Unfortunately, clever criminals try to target unsuspecting consumers. People do not always realize they are using public Wi-Fi to conduct personal business over email or websites. When you receive an email, phone call or text from someone claiming to be from the title or escrow company changing the wiring instructions for escrow funds you have...stop! Before you wire the money to a third party, find a contact number from the original documentation you received from your lender to verify the instructions you received.

Notes

Closing documents. The lender should give you an opportunity to review the closing documents at your leisure. If not received, request copies of all documents signed at closing.

- **Closing Disclosure**. A lender is required to provide you a Closing Disclosure (CD) three business days before your scheduled closing. See Form 2 for an example of this document. Examination of the Closing Disclosure form to the Loan Estimate affords you the opportunity to place them side by side to analyze the final terms and costs and whether any adjustments have been made.

- **Promissory Note**. The promissory note is the legal document you sign to agree to repay your mortgage.

- **Deed of Trust**. The deed of trust is used by the lender to record its interest in the property you are purchasing. It sets forth your rights, responsibilities and the lender's remedies in the event of your default.

- **Affidavits**. There may be affidavits you will be required to sign. The following examples may include:

- Owner occupancy
- Buyer's affidavit
- Waiver and Release of Liability
- Lender or investor specific affidavits

- You have a right to understand 100 percent of what you are signing.
- Don't feel like you should know the answer to something and not ask questions. Mortgages are complicated, and there's a lot of unfamiliar paperwork. When in doubt, ask!
- Prepare for your closing in advance, so you can be confident and prepared when the time comes.

The final walk-through. Before you close on your mortgage loan, make one final walk-through to be confident that the condition in which the house will be turned over to you is acceptable. Inspect the home for any damage that may have occurred since you last inspected it. Schedule a final walk-through once you have set the closing date, met the loan conditions and are ready to close.

Settling in. About a week before you close, do the following:

- Contact all utility companies to transfer accounts from the seller's name to yours.
- Pay any initial deposits to the utility companies to establish an account in your name.
- File a change of address with the post office and provide creditors and depository institutions with your new address.

At Closing

- Bring acceptable identification.
- Provide collected funds for closing: certified check or cashier's check.
- Once documents are recorded and collected funds are disbursed, you will get the keys to your home.

Congratulations! You are now a homeowner.

Notes

Chapter 4: Responsible Homeownership

Chapter 4
Responsible Homeownership

Alaska Housing
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Chapter 4: Responsible Homeownership

Financial Responsibility

Maintain the Family Budget
Take steps to ensure that you have the financial resources needed to meet all fixed expenses and trim discretionary expenses to reach your financial goals. Set funds aside for unexpected expenses.

Consider Refinancing
In an economy where interest rates are decreasing, consider refinancing when rates drop to 1 percent less than what you are paying. Even though the lender will charge fees to refinance your mortgage, it may be beneficial in the long run. Use the following breakeven calculation to see if it is worth the cost to refinance:

$$\frac{\text{Cost of refinancing}}{\text{(old mortgage payment – new mortgage payment)}} = \text{breakeven time frame}$$

Additional Principal Payments
If your financial situation is such that you can apply additional money each month to your mortgage, the total interest you pay will be reduced. Additionally, the term of the mortgage will be shortened.

Preventive Measures of Loss

Steps to Protect Your Credit and Your Home
Timely payments of a mortgage and proper maintenance are the best ways to do this.

Unfortunate Financial Situations
If you have an unforeseen downturn in your financial situation that impacts your ability to pay your mortgage, the following are some proactive steps to take:

- Record your income and expenses, and calculate the equity in your home.
- Contact your loan servicer to discuss your situation as soon as possible. The longer you wait, the fewer options a servicer may have to offer.
- Ask about a loan modification under the Making Home Affordable Modification Program (HAMP) or similar loan products.
- Seek housing and credit counseling.
- Possibly sell the home.

Temporary Financial Downturn
If it is determined that the financial difficulty is temporary, the mortgage servicer will work with you to correct the deficiency through various payment plans. These plans could include the following:

- Forbearance
- Temporary indulgence
- Repayment plan: a formal arrangement

Notes

At Home

Home Security
Your new home is a place to feel safe and secure. Consider changing or rekeying the locks on the house once you have taken occupancy from the seller.

Safety
Protect your property and loved ones against other threats such as the following:

- Make sure smoke and carbon monoxide detectors are functioning properly, located in the right place and batteries are replaced.
- Keep fire extinguishers handy on all levels of the home and in the garage. Know how to use them!
- Conduct fire drills.
- Clean the fireplace chimney on a regular basis to avoid buildup of soot that can be a fire danger.
- Clean dryer vents to avoid fire.
- Use electrical outlets as originally intended by the installer.
- Avoid household hazards in the garage by clearing clutter, responsibly disposing of old paint and safely storing chemicals that are clearly marked and out of reach of children.

Disaster Preparedness
If you had to leave your home in an emergency, you may have to make quick decisions on what to take with you. Your financial records may not be what come to mind. Collect your financial records now to avoid problems during an emergency.

Account Numbers

☐ Organize your account and customer service numbers on a separate piece of paper.

Personal Records

☐ Gather and make copies of:
- Identification: driver's license, passports, social security cards, birth certificates, etc.
- Marriage and divorce papers.
- Title to property: home title/deeds, car/boat registrations.

Financial Records

☐ Make and store copies of:
- Insurance policies.
- Room-by-room inventory of personal items.
- Investment records.
- Income tax information.
- Pay stubs and employer benefits.
- Wills, trusts, financial and medical powers of attorney.

Computer Files

☐ Consider a cloud service or some other system to back up your financial records, passwords, family photos and videos.

Maintaining Your Home
Create a checklist for regular maintenance of items such as furnace filters, dryer vents, rain gutters and window casings. Below is a Home Maintenance Checklist that provides example tasks to perform during various seasons. Some may need to be completed more frequently than annually.

Notes

Yearly Home Maintenance Checklist

It is important to know the location of the main water shutoff valve, electrical breaker, heating system's emergency shutoff switch and how to shut off the natural gas if needed.

Fall

- ☐ Check all weather stripping and caulking around windows and doors. Replace or repair as needed.
- ☐ Check for cracks and holes in house siding; fill with caulking as necessary.
- ☐ Use weatherproof covering for windows.
- ☐ Take down removable screens. Clean and store.
- ☐ Change batteries in smoke detectors, CO detectors and digital thermostats.
- ☐ Clean and repair storm windows and doors.
- ☐ Check leaky faucets and replace washers as needed.
- ☐ Check septic tank and clean out if needed.
- ☐ Drain outside faucets and remove any hoses.
- ☐ Clean leaves from gutters and drainpipes.
- ☐ Check roof for leaks; repair as needed.
- ☐ Check insulation and replace or add as needed.
- ☐ Check flashing on vents, skylights and chimneys.
- ☐ Check chimney for damaged cap or loose mortar.
- ☐ Get heating system serviced. Change furnace filters.
- ☐ Do maintenance on hot water heater as recommended by manufacturer. Get professional help if needed.
- ☐ Check and clean refrigerator coils.
- ☐ Check and clean major appliances.
- ☐ Check all fire extinguishers, review instructions for use and replace as needed.
- ☐ Other:
- ☐ Other:

Spring

- ☐ Check weather stripping and caulking around windows and doors. Replace or repair as needed.
- ☐ Check outside of house for cracked or peeling paint. Caulk and repaint as needed.
- ☐ Remove, clean and store removable storm windows.
- ☐ Check all door and window screens. Patch or replace as needed.
- ☐ Change batteries in smoke detectors, CO detectors and digital thermostats.
- ☐ Check attics, basements and all rooms for fire or other hazards. Clean all areas.
- ☐ Check leaky faucets and replace washers as needed.
- ☐ Check septic tank and clean out if needed.
- ☐ Cut back and trim shrubbery against side walls.
- ☐ Cut back tree limbs growing on or over the roof.
- ☐ Clean and repair draperies, blinds and windows.
- ☐ Check basement walls and floors for dampness and make repairs as needed.
- ☐ Check and clean vents and filters on dryer, stove and room fans.
- ☐ Clean fireplace; leave damper open for improved ventilation if house is not air-conditioned.
- ☐ Clean garage and discard all hazardous materials; store all toxic chemicals safely and out of the reach of children.
- ☐ Check seals on refrigerator and freezer.
- ☐ Clean coils and burner surfaces and adjust burners.
- ☐ Other:
- ☐ Other:

Repairs
Act promptly when you recognize an item in your home that needs repair. If you keep on top of needed repairs, you will avoid major expenses. If maintained properly, the lifetime of every component is extended. If you neglect needed repairs, the lifetime severely diminishes.

Notes

> Before you start, go to AHFC's Research Information Center (RIC).
> - RIC is a building science library with informational materials for the building professional as well as the homeowner or do-it-yourselfer.
> - Find books on remodeling, energy efficiency, the environment, building components, building codes, commercial building, Alaska Statutes and much more.
>
>   www.ahfc.us/efficiency/research-information-center

Notes

Tools and supplies

At some point in homeownership, you will need to complete maintenance or minor repairs on your home. The following is a list of tools and other items that are a smart investment for any homeowner:

List of Basic Tools Needed for Your Home

Hand Tools

☐ Hammer and nails
☐ Screwdrivers (mixed set of Philips and flat heads in different sizes)
☐ Locking pliers
☐ Wire cutters
☐ Measuring tape
☐ Stud finder
☐ Utility knife
☐ Handsaw
☐ Palm-size level
☐ Putty knife
☐ Safety glasses
☐ Tool box
☐ Electric tester

Yard and Garden Tools/Supplies

☐ Rake
☐ Shovel
☐ Hose
☐ Snow shovel or snow blower
☐ Ladder
☐ Lawn mower
☐ Gloves
☐ Broom
☐ Dustpan
☐ Trash can

Interior Tools/Supplies

☐ Broom
☐ Dustpan
☐ Vacuum
☐ Mop and bucket
☐ Plunger
☐ Glue
☐ Spackle
☐ Flashlight or candles
☐ Batteries
☐ Light bulbs
☐ Trash cans

Summary

The ultimate reward of homeownership is the opportunity to own your home free and clear of all debts. When you pay off your mortgage, you will have a valuable asset that provides a safe and comfortable environment for your family. And, unlike a renter, you will no longer have to make monthly payments. You will still have expenses for taxes, insurance and maintenance but the money used to pay a lender will now be available to use at your discretion.

We hope you will enjoy the many benefits of homeownership. Do not hesitate to contact your HomeChoice™ instructor or any AHFC mortgage underwriter if you have questions or need additional information.

Are you ready to be a savvy homebuyer today?

AHFC Products, Glossary, Helpful Links and Forms

Alaska Housing FINANCE CORPORATION

AHFC Products, Glossary, Helpful Links and Forms

AHFC Products

AHFC loan products offer the same interest rates and terms, regardless of the lender you choose. However, the services offered and fees charged by lenders may vary, so be sure to look into which lender best meets your needs.

AHFC Approved Lenders: www.ahfc.us/buy/resources/approved-lenders

My Home is available to all Alaskans and is funded by AHFC through the sale of taxable bonds. It has no income restrictions and may be used on conventional or government-insured loans.

First Home Limited is available to borrowers who meet certain income limits and who have not owned a home within the last three years prior to application. Properties financed under this loan product are restricted to certain total acquisition costs. The interest rate is typically less than that available on other loan products because the product is funded from the sale of tax-exempt bonds.

First Home is available to borrowers who have not owned a home within the three years preceding application to AHFC for a mortgage loan. Unlike the First Home Limited product, there is no limitation on the borrower's income or the acquisition cost of the home.

Veterans Mortgage Program (VMP) is funded from the sale of tax-exempt bonds and is available to qualified veterans. The criteria for a qualified veteran may be active duty or retired personnel, but the person may not have been discharged from active duty service for more than 25 years prior to the date of the application to AHFC. Active duty personnel must have completed their initial military obligation and, at that time, must have been eligible for a separation under conditions other than dishonorable.

Manufactured Home Financing is available to fund the purchase of manufactured housing that meets certain minimum standards. The interest rate is the same as that of the My Home loan product. Down payment and term requirements may vary depending on the age and size of the home.

Rural Owner-Occupied and Non-Owner-Occupied are funded from an AHFC revolving loan fund and the interest rate and loan terms are often more attractive than other loan products. The product is available to residents of small communities as defined by Alaska State Statutes.

Uniquely Alaskan is available for certain properties with characteristics or features that limit the borrower's ability to obtain other financing. The home must be structurally sound and not pose health and/or safety hazards to the occupants.

Closing Cost Assistance Program (CCAP) provides a competitive 30-year interest rate with down payment and closing assistance of either 3 to 4 percent of the loan amount, depending on credit qualifications, to homebuyers throughout Alaska.

Second Mortgage (Taxable and Rural Owner-Occupied) is available to borrowers to fund home improvements or to purchase a home in conjunction with an assumption of an existing AHFC loan and make repairs if need be.

Rural Small Building Material* is available to owner-occupants of housing in small communities. The loan may be used for repairs or improvements to the borrower's primary residence. The loan requires minimal documentation and is available from some AHFC-approved lenders.

Second Mortgage Product for Energy Conservation* provides financing to make cost-effective improvements on owner-occupied properties.

**Alaska USA Federal Credit Union Real Estate Telephone Center (RETLC). For contact information, see the Helpful Links page.*

Notes

The loan wizard helps you to figure out which financing option may work best. www.ahfc.us/wizard

Notes

Single-Family Loan Limits

Table 3 shows the current loan limits for AHFC's Single Family Programs along with possible financing options.

Loan Product	Financing	Single Family	Duplex	Triplex	Fourplex
My Home	Conventional/VA FHA/HUD184/RD	$799,178 See Note[1]	$930,300 See Note[1]	$1,124,475 See Note[1]	$1,397,400 See Note[1]
First Home	Conventional/VA FHA/HUD184/RD	$799,178 See Note[1]	$930,300 See Note[1]	N/A	N/A
First Home Limited	Conventional/VA FHA/HUD184/RD	Acquisition Cost Limits[2]	Acquisition Cost Limits[2]	N/A	N/A
Veterans Mortgage Program	Conventional/VA FHA/HUD184/RD	$799,178 See Note[1]	$930,300 See Note[1]	$1,124,475 See Note[1]	$1,397,400 See Note[1]
Rural Owner-Occupied	Conventional/VA FHA/HUD184/RD	$726,525 See Note[1]	$930,300 See Note[1]	$1,124,475 See Note[1]	$1,397,400 See Note[1]
Rural Non-Owner-Occupied	Conventional	N/A	$930,300 See Note[1]	$1,124,475 See Note[1]	$1,397,400 See Note[1]
Uniquely Alaskan	Conventional Only	$799,178	$930,300	N/A	N/A

[1] For FHA/HUD184 limits go to: *entp.hud.gov/idapp/html/hicostlook.cfm*, select Alaska, then click send. HUD184 limits are listed at the bottom of the FHA Mortgage Limits list.
[2] For Acquisition Cost Limits (Non-Targeted), go to: *www.ahfc.us/buy/loan-programs/first-time-loans/*

Table 3: Loan limits for AHFC loan products. (Effective as of January 1, 2009, current as of January 1, 2019)

AHFC Loan Limits are online at www.ahfc.us/buy/resources/loan-limits

AHFC Advantage

Interest Rate Reduction for Low-Income Borrowers (IRRLIB)
The IRRLIB loan feature offers a reduction to the interest rate for low-income borrowers who have not owned a primary residence within the last three years. Exceptions include borrowers who:

- are 60 years of age or older,
- have suffered a significant reduction in income due to death or permanent disability of a family wage earner and
- have lost ownership in a primary residence due to a divorce.

The interest rate reduction applies to the first $180,000 of the loan amount. Loans exceeding $180,000 receive a blended interest rate. Some restrictions may apply.

For more information about income limits and the income worksheet, go to www.ahfc.us/buy/add-options/low-income-borrowers

Energy Efficiency Interest Rate Reduction (EEIRR)
The EEIRR is available to borrowers who purchase a newly constructed energy-efficient home, an existing energy-efficient home or one to which energy efficiency improvements are proposed and completed. Interest rate reductions apply to the first $200,000 of the loan amount. Loan amounts exceeding $200,000 receive a blended interest rate. The percentage of rate reduction depends on whether or not the property has access to natural gas.

New Construction (EEIRR)
For newly constructed residences, a borrower may receive an interest rate reduction that varies depending upon the energy rating received and the location of the home.

Heating Source	5-Star Plus Rating	6-Star Rating
Access to Natural Gas	-0.250%	-0.375%
No Access to Natural Gas	-0.375%	-0.500%

Existing Properties
Existing properties (completed for more than one year or previously occupied) may be eligible for one of the following rate reductions.

Heating Source	5-Star Plus Rating	6-Star Rating
Access to Natural Gas	-0.125%	-0.250%
No Access to Natural Gas	-0.250%	-0.375%

Existing Properties With Proposed Energy Improvements (EEIRR)
For borrowers to make energy improvements to an existing home, they require the following:

- Lender must notify AHFC at the time of application with the intent to participate
- Within 365 days of the loan closing, borrower must:
    1. Obtain the initial rating (see Form 9, Home Energy Rating Certificate)
    2. Complete improvements, and increase the energy rating a minimum of five points and one energy step (see Form 8, Energy Rating Numbers)
    3. Obtain final energy rating
    4. Within 30 days of the final rating, submit documentation to the loan servicer

Make sure the energy rater is an AkWarm™ Certified Home Energy Rater. These raters would be required to do the Home Energy Rating.

Heating Source		
Access to Natural Gas	1 Step: -0.125% 3 Step: -0.500%	2 Step: -0.250% 4 Step: -0.625%
No Access to Natural Gas	1 Step: -0.250% 3 Step: -0.625%	2 Step: -0.375% 4 Step: -0.750%

For more information and a link to the list of energy raters, go to akrebate.ahfc.us/raterlist.aspx

Notes

Affordable Housing Enhanced Loan Program (AHELP)
AHELP is designed to work in partnership with other agencies promoting affordable home ownership. This product option allows down payment assistance provided by or administered by government entities, nonprofit agencies or regional housing authorities. The second deeds of trust offered by AHFC partners are typically below market rate loans, such as zero interest rate loans or forgivable loans that may not have to be paid once certain requirements have been met. Some partners provide grants for a portion of the down payment and closing costs. Eligible borrowers are typically families with incomes lower than the area median and those who do not own other residential property within the area. Some existing properties require a home inspection and the borrowers must attend an AHFC-approved homebuyer education course. In addition to product criteria established by AHFC, the partner may have more restrictive terms to which the borrower must adhere. Contact AHFC or an AHFC-approved lender for a list of participating partners, approved education courses and information on the properties that require an inspection.

AHELP: www.ahfc.us/buy/add-options/affordable-housing-enhanced

Notes

Glossary

Term	Definition
Acceleration Clause	A provision in a mortgage giving the lender the right to demand payment in full on the mortgage if a monthly payment is missed.
Acquisition Costs	Costs of acquiring a property other than purchase price, for example, closing costs.
Adjustable Rate Mortgage (ARM)	A mortgage that allows the lender to adjust the interest rate at specified intervals based on an agreed-upon index. Also referred to as Variable Rate Mortgage (VRM).
Affordable Housing Enhanced Loan Program (AHELP)	A loan feature that combines an AHFC first deed of trust mortgage with an AHFC partner's second deed of trust. AHFC's approved partners include governmental entities, nonprofit agencies or regional housing authorities.
Alaska Housing Finance Corporation (AHFC)	A self-supporting publicly owned corporation created in 1971 by the Alaska State Legislature to enhance the flow of mortgage funds in the state of Alaska. It is a secondary investor who purchases loans originated by approved lenders. In addition to its role as a state-owned secondary investor, AHFC originates and purchases multifamily housing loans, owns and manages public rental housing, administers the federally funded Section 8 rental housing program, provides funds for weatherization of housing for low-income families, operates a Senior Housing Office, serves as the coordinator of the state housing policy and homeless program, administers grants designed to increase homeownership or the quality of housing in Alaska and provides cold-climate housing research and development.
American Land Title Association (ALTA)	A national association of title insurance companies, abstractors and attorneys specializing in real property law. The association speaks for the title insurance and abstracting industry and establishes standard procedures and title policy forms.
Amortization Schedule	A timetable for payment of a mortgage that shows the amount of each payment applied to principal and interest and the outstanding balance on the loan.
Annual Percentage Rate (APR)	The total cost of a mortgage stated as a yearly percentage. The total cost includes the base interest rate plus loan origination fees, points, commitment fees, prepaid interest and other credit costs that may be paid by the borrower.
Appraisal	An opinion of value of a home provided by a licensed appraiser based on the principles of the Uniform Standards of Appraisal Practices and Procedures.
Appreciation	An increase in the value of a home due to changes in the market conditions or other causes.
As-Built	See Survey.
Assessed Value	The value placed on a property by the local taxing authority.
Assumable Mortgage	A mortgage that can be taken over (assumed) by a qualified buyer when the home is sold.
Assumption	The transfer of a seller's existing mortgage to a qualified purchaser.
Balloon Payment Mortgage	A mortgage that is generally written for a short term with payments based on a longer term. At some predetermined time, a payment of principal and interest is due that will either pay the loan in full or reduce the principal balance by some specified amount.

BEES (Building Energy Efficiency Standard) The BEES are set forth in Alaska state statutes. The standard dictates minimum energy efficiency standards for new housing that is financed by a state agency. The standard sets forth various methods of determining energy efficiency.

Cap A provision of an ARM mortgage, which limits how much the interest rate can increase or decrease.

Cash Reserves The amount of liquid assets a borrower has available after closing.

CC&Rs (Covenants, Conditions and Restrictions) A document, generally recorded, that describes the restrictive limitations that may be placed on a property.

Changed Circumstances A situation that requires the lender to provide a revised Loan Estimate or Loan Disclosure before closing that describes any changes in fees or other loan terms.

Clear Title A title to property that is free and clear of all liens or legal questions as to the ownership of the property.

Closing Costs Expenses greater than the purchase price of a home, incurred by the buyer or seller in transferring ownership. These are also called settlement costs.

Closing A meeting where the sale of the property is finalized by delivery of a deed from the seller to the buyer and by the buyer's signing the mortgage documents and paying closing costs. Also known as Settlement or Consummation.

Closing Disclosure A document provided to customers at least three business days before closing that shows the actual terms and costs of the loan. These costs may include hazard and/or mortgage insurance premiums and escrow deposits for property taxes.

Commitment Letter A letter provided by the lender to the borrower detailing terms under which the lender agrees to provide a mortgage loan to the borrower. It will typically state the loan amount, interest rate, mortgage term and conditions of approval.

Common Interest Community A project or subdivision having lots or areas owned in common and reserved for use of some or all owners of the separately owned lots. The association of unit owners generally owns, pays fees and maintains the common areas.

Condominium A form of property ownership in which the homeowner holds title to an individual dwelling unit, an undivided interest in common areas of a multiple-unit project and sometimes exclusive use of certain limited common areas.

Consummation The process of delivering a deed, signing notes, mortgages and other loan documents, and advancing funds by the lender. Also known as Closing or Settlement.

Contingency A condition that must be met before a contract is legally binding.

Conventional Mortgage Any mortgage that is not insured or guaranteed by the federal government (such as FHA or VA).

Convertible ARM An Adjustable Rate Mortgage that is convertible to a fixed rate mortgage at a specific time and under specific conditions.

Cooperative A type of multiple-unit housing in which the residents own shares in the corporation that owns the property. Each resident has the right to occupy a specific apartment or unit.

Covenant A clause in a mortgage that obligates or restricts the borrower and, if violated, can result in legal action.

Credit Inquiry A check of a borrower's credit history with a credit bureau.

Credit Report A report of an individual's credit history prepared by a credit bureau/repository and used by a lender in determining the borrower's creditworthiness.

Credit Score A summary of a borrower's credit report and a numerical measurement that reflects a borrower's management of credit.

Debt-to-Income (DTI) Ratio Often used in qualifying a consumer for a home loan, DTI reflects the consumer's monthly debt as a percentage of their monthly gross income.

Deed A legal document conveying title to a real property.

Deed-in-Lieu of Foreclosure An action taken by a lender when a borrower is unable to make the mortgage payments, has diligently worked with the lender to resolve the problem of default and has no liens against the property other than mortgage and taxes due and payable.

Deed of Trust The document used in Alaska to give the lender a security interest in the property. Title is conveyed to a trustee by the borrower. When debt is paid in full, title is reconveyed to the borrower.

Default The failure to make a mortgage payment when due or to comply with other requirements of the mortgage.

Delinquency A situation where a payment on a loan is overdue but within the period allowed before actual default is declared.

Depreciation A decline in value of a property due to market or other conditions; the opposite of appreciation.

Discount Points See Points.

Down Payment The part of the purchase price that the buyer pays in cash and does not finance with a mortgage.

Due-on-Sale Clause A provision in a mortgage allowing the lender to demand payment in full on a mortgage if the borrower sells the property securing the mortgage.

Earnest Money A deposit made by a potential homebuyer to show that he or she is serious about buying the house.

Earnest Money Agreement A written contract between buyer and seller of a property establishing terms and conditions of sale.

Easement A right of way giving persons other than the owner access to or over a property.

Encroachment An improvement that illegally violates another's property or right to use the property.

Energy Efficiency Interest Rate Reduction (EEIRR) A loan feature available to qualified Alaskans choosing a home loan with AHFC that allows a borrower to reduce the interest rate on a mortgage used to finance an energy-efficient property. The interest rate reduction is available on new and existing properties and varies depending on the energy efficiency of the home and the accessibility to natural gas.

Equal Credit Opportunity Act (ECOA) A federal law that prohibits lenders from discriminating on the basis of the borrower's race, color, religion, national origin, age, sex, marital status or receipt of income from public assistance programs.

Equity Loan A loan based on a percentage of the borrower's equity in a property.

Equity A homeowner's financial interest in a property. It is the difference between the value of the property and any amounts owing against it.

Escrow The holding of documents and money by a neutral third party prior to closing. Escrow also refers to an account held by lenders into which a homeowner pays money for taxes and insurance (also called reserves).

Fair Credit Reporting Act A federal consumer protection law that regulates disclosure of consumer credit reports by credit reporting agencies and establishes procedures for correcting mistakes on a credit report.

Fannie Mae A federally chartered government-sponsored secondary mortgage investor.

FHA 203(k) Rehabilitation Mortgage A mortgage loan insured by the Federal Housing Administration that allows a borrower to purchase a property and rehabilitate it with proceeds from the loan.

FHA Mortgage A mortgage loan insured by the Federal Housing Administration.

FHA Title 1 Home Improvement Loan A loan that may be used to finance modest improvements when a homeowner has little equity in a home. The Title 1 loan is typically based on the creditworthiness of the borrower rather than the equity in the home.

First Mortgage A mortgage that has first claim to the secured property in the event of default.

First-Time Homebuyer (FTHB) Loan Product AHFC currently has two loan programs designed to assist first-time homebuyers. The First Home Limited loan product is funded by AHFC through the issuance of tax-exempt mortgage bonds. The first-time homebuyer must not have had ownership in a primary residence in the three years immediately preceding application for a mortgage loan. Additionally, the product places a limit on the total acquisition cost of the home as well as the borrower's annual income. The First Home loan product is designed to provide a reduced interest rate to first-time homebuyers purchasing a home that exceeds the acquisition cost limits imposed by the federally mandated First Home Limited product. No income limits apply.

Flood Insurance Insurance that compensates for physical property damage resulting from flooding. Flood insurance is required for properties located in federally designated flood areas.

Forbearance The lender's postponement of foreclosure to give the borrower time to catch up on overdue payments.

Foreclosure (Judicial and Nonjudicial) If a borrower defaults on a mortgage, the lender may call the note "due in full." A foreclosure is a legal action taken by a lender to secure title to the property. At a foreclosure auction, the lender takes bids for the property. If there are no bidders, the lender then takes the property and attempts to sell it to recover its costs. A judicial foreclosure will take it one step further by suing the borrower for any outstanding funds due.

Freddie Mac A federally chartered government-sponsored secondary mortgage investor.

Gift Letter A written explanation signed by the individual giving the gift stating, "This is a bona fide gift, and there is no obligation expressed or implied to repay this sum at any time."

Graduated Payment Mortgage A mortgage that starts out with low monthly payments that increase at specified times during the mortgage. The initial mortgage payments are set at an amount lower than that required to fully pay the loan over the agreed-upon period of time or term. Since the initial payments do not cover the full payment due, the balance of the loan increases through negative amortization. Payments will increase to an amount that exceeds the payment the borrower will have paid on a fully amortizing loan. The increased payment will insure payment in full of the loan on its date of maturity.

Hazard Insurance Insurance that compensates for physical damage to a property caused by fire, wind, vandalism or other hazards.

Home Energy Rebate A means of compensating Alaskans who make approved energy-efficient improvements to their homes. This is funded by the state of Alaska and subject to appropriation.

Home Equity Conversion Mortgage (HECM) See Reverse Mortgage.

Home Equity Line of Credit (HELOC) A form of revolving credit secured by a borrower's home. A borrower is approved for a specific credit limit and can draw on those funds up to the limit as needed during the draw period, making monthly payments as required according to the signed contract.

Home Ownership Equity Protection Act (HOEPA) The Home Ownership Equity Protection Act was passed in 1994, as a consumer protection amendment to the Truth-in-Lending Act to provide close scrutiny of the higher cost of mortgage loans.

Homeowner's Association Dues The fees imposed by a condominium or homeowner's association for maintenance of common areas.

Homeowner's Insurance A type of insurance that covers repairs to specified parts of a house for a specific period of time. It is provided by the builder or seller as a condition of sale.

Home**Choice**™ A consumer education course provided by AHFC to educate the homebuying public about purchasing and financing a home.

HUD The U.S. Department of Housing and Urban Development.

HUD-184 A federally guaranteed mortgage to qualified American Indians or Alaskan Natives.

ICBO (International Conference of Building Officials) An organization that develops criteria for minimum construction standards and tests and certifies inspectors in various facets of building construction.

ICC (International Code Council) Established to develop a single set of comprehensive and coordinated national model construction codes.

Interest Fee charged for borrowing money.

Interest Rate Cap A provision of an ARM limiting how much the interest rate can increase per adjustment period or over the life of the loan. See also Lifetime Cap.

Interest Rate Reduction for Low-Income Borrowers (IRRLIB) A loan feature available through AHFC that allows a low-income borrower to decrease the interest rate on a mortgage loan if the total household income is less than median income for the area in which the home is located.

Late Charge The penalty (generally expressed as a percentage of the principal and interest payment) a borrower must pay when a payment is made after the due date. In most mortgages, a late charge is not incurred until the 16th day of delinquency.

Lease with the Option to Purchase A formal agreement between a buyer and seller that allows the buyer to occupy the home through a rental arrangement with intent to purchase the home at a later date. Typically, the rental amount on the home is increased to include an amount contributed to the down payment in the event a purchase occurs. AHFC allows a rent credit of only that amount of monthly rent that exceeds market rent.

Lien A legal claim against a property. A lien must typically be paid off before a property is sold. Some liens are voluntary like those liens created by a loan. Other liens are involuntary like those liens placed on a property by an unpaid contractor.

Lifetime Cap A limitation on the total increase in interest rate over the life of an ARM loan.

Loan Commitment See Commitment Letter.

Loan Estimate A document delivered or mailed to customers by a lender within three business days of mortgage application. The Loan Estimate provides an estimate of closing costs and fees as well as the loan terms.

Loan Servicing The collection of mortgage payments from borrowers and the related responsibilities of a loan servicer.

Loan-to-Value Percentage The relationship between the unpaid balance on a mortgage and the value of the property. See Value for additional details.

Lock-In A written agreement guaranteeing a borrower an agreed-upon interest rate for a specified period of time.

Minimum Construction Standards Construction standards established for homes built on or after June 30, 1992 and financed by an Alaska state agency. To be eligible for state financing, a home must be inspected at various stages: plans; footings and foundation; framing, electrical, plumbing and mechanical; insulation; and completion. The fee inspector must inspect the home for compliance with applicable building codes.

Mortgage A legal document that pledges a property to the lender as security for payment of a debt.

Mortgage Banker A company that originates mortgages exclusively for resale in the secondary mortgage market.

Mortgage Broker An individual or company that, for a fee, acts as intermediary between borrowers and lenders.

Mortgage Insurance (MI) See Private Mortgage Insurance.

Mortgage Insurance Premium (MIP) Fee paid by a borrower to FHA or a private insurer for mortgage insurance.

Mortgage Interest Rate Rate of interest in effect for the monthly payment due.

Mortgage Loan Originator According to federal regulations, a Mortgage Loan Originator (MLO) is defined as anyone who takes a mortgage loan application and presents or negotiates the terms of a residential mortgage for compensation or gain.

Mortgage Margin Set percentage the lender adds to the index value to determine the interest of an ARM.

Mortgage Term Agreed-upon date the borrower has to pay a loan in full, typically 15 or 30 years.

Mortgagee The lender in a mortgage transaction.

Mortgagor The borrower in a mortgage transaction.

My Home This AHFC loan product is funded through the sale of taxable mortgage bonds. The product has no borrower income restrictions and is available to any qualified Alaskan.

Negative Amortization A gradual increase in the mortgage debt that occurs when the monthly payment is not large enough to cover the entire amount of principal and interest due. The amount of the shortfall is added to the unpaid principal balance, which results in negative amortization.

Note A legal document obligating a borrower to repay a loan at a stated interest rate during a specified period of time. The note is secured by a mortgage or deed of trust.

Notice of Default A formal written notice to a borrower that a default has occurred and that legal action may be taken by the lender.

Origination Fee A fee paid to a lender for processing a loan application; it is typically stated as a percentage of the mortgage amount.

Overage The difference between the lowest available price and any higher price that the homebuyer agrees to pay for the loan. Loan officers and brokers are often allowed to keep some or all of the difference as extra compensation.

Owner Financing A purchase transaction in which the property seller provides some or all of the financing.

Payment Cap A provision in some ARMs that limits the amount a payment can increase, regardless of the increase in interest rate. This cap may result in the payment amount being insufficient to cover the full principal and interest due. In this event, the shortfall will result in negative amortization.

PITI Principal, interest, taxes and insurance. These are the components of a typical mortgage payment. In some cases, the payment may also include monthly property assessments, lease payments and homeowner's association dues.

Points A onetime charge by the lender to increase the yield of the loan; a point is 1 percent of the loan amount.

Predatory Lending There is no simple definition of predatory lending. Predatory practices are not defined in federal law, and states differ in the way they define abusive lending practices. Predatory lending practices may include the use of repeated refinancing to strip equity, charging interest rates and fees that far exceed the lender's costs and risks, steering consumers into high-cost loans, as well as other abusive lending practices.

Pre-negotiated Sale This is a process by which the parties involved in a mortgage (homeowner, lender, mortgage insurer) work toward resolution of a mortgage default by determining a way in which the property can be sold for an amount that may be less than the amount owed.

Prepaids Fees collected at closing to cover items such as setting up escrow amounts for property taxes, homeowner's insurance and mortgage insurance premiums.

Prepayment Penalty A fee charged to a borrower who pays off a mortgage loan prior to the maturity date. In Alaska, there is no prepayment penalty imposed on one-to-four family owner-occupied housing.

Prequalification The process of determining if a borrower qualifies for a mortgage loan and at what amount. Typically, this includes verifying credit, income and available funds of the borrower.

Principal Amount of money borrowed on a mortgage, exclusive of interest or finance charges or the unpaid balance. Principal also refers to that portion of the mortgage payment that reduces the outstanding balance.

Private Mortgage Insurance (PMI) Insurance provided by a nongovernmental insurer that provides the lender some protection against a borrower's default. In most cases, AHFC requires that conventional mortgages be insured by PMI if the loan-to-value exceeds 80 percent.

Qualifying Ratios Guidelines established by lenders and insurers to determine whether a borrower's income is sufficient to cover the proposed mortgage payment.

Radon An invisible, odorless gas found in some homes that in sufficient concentrations may cause health problems.

Real Estate Licensee A person licensed to negotiate and transact the sale of real estate on behalf of the property owner.

Real Estate Settlement Procedures Act (RESPA) A consumer protection law that requires lenders to give borrowers advance notice of closing costs.

Real Estate Owned (REO) A foreclosed property, such as a home that was once customer owned, but is now owned by the bank. A foreclosure can occur when mortgage payments are not made over a period of time and measures taken to help are not satisfied.

Recapture Tax Paying back the federal government for the benefit of a lower interest mortgage loan. Recapture applies when the borrower sells the home within the first nine years of ownership, realizes a capital gain on the sale, and the borrower's income increases above the federal allowable limits at the time of sale. No recapture exists unless all three conditions occur.

Refinancing The process of paying off one loan with proceeds from a new loan using the same property as collateral.

Reverse Mortgage Also called a Home Equity Conversion Mortgage (HECM), allows a homeowner, 62 or older, to convert the equity in his or her home into cash. Equity in the home can be paid to the homeowner in a lump sum or payments. No repayment is required until the borrower(s) no longer use the home as their principal residence.

Second Mortgage A mortgage that has a lien position subordinate to the first mortgage. AHFC offers second mortgages for health and safety repairs, renovations and energy conservation improvements as noted in an energy audit.

Secondary Mortgage Market Buying and selling of existing mortgages.

Seller Take-Back An agreement in which the owner of a property provides financing, often in combination with an assumed mortgage.

Settlement See Closing or Consummation.

Small Community A small community is defined by Alaska state statutes as a community with a population of 6,500 or fewer not connected to Anchorage or Fairbanks by road or rail, or a community on the road or rail system of 1,600 or fewer. Connection by road or rail does not include a connection by the Alaska Marine Highway system. In addition to the definition provided in statutes, AHFC further defines a small community as one that is at least 50 miles from Anchorage and 25 miles from Fairbanks.

Suite on Note A mortgage lender has the right to avoid the foreclosure process altogether and sue the borrower for funds due. Rather than taking the property through foreclosure and going through the trouble and cost of managing, maintaining and marketing the home, the lender may determine that it is best to avoid the foreclosure process, leave the borrower and obtain a judgment for the debt from the courts.

Survey A drawing or map showing precise boundaries of a property and the location of improvements, easements, rights of way, encroachments and other physical features, such as wells and septic systems, fences and storage buildings.

Teacher and Health Care Professionals Housing Loan Product An AHFC loan option that promotes retention of education and health care professionals in the state of Alaska by providing 100 percent conventional financing to qualified borrowers.

Tenancy by the Entirety A type of joint ownership of a property that provides rights of survivorship and is available only to a husband and wife.

Tenancy in Common A type of joint ownership in a property without rights of survivorship.

Tenant in Severalty A type of sole ownership in a property without any other person being joined in said ownership and with no rights of survivorship.

Title (Insurance) Company A company that confirms the legal owner of a property and insures a homeowner and lender against a loss that could result from a title dispute.

Title Insurance Insurance to protect the lender (ALTA lender's policy) or the buyer (Owner's policy) against loss arising from disputes over ownership of property.

Title Search An examination of public records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.

Title A legal document evidencing a person's right to, or ownership of, a property.

Truth-in-Lending Act (TIL) A federal law that requires lenders to fully disclose, in writing, terms and conditions of a mortgage, including APR and other charges, as well as whether the loan is assumable.

Treble Damages Three times the amount of actual damages awarded by a court when damages were caused by grossly negligent or willful acts.

Underwriting Process of evaluating a borrower's mortgage application to determine risk involved for the lender. It involves analysis of the borrower's creditworthiness and the quality of the property being used as collateral for the loan.

USDA United States Department of Agriculture. A federal agency offering various programs, including homeownership, in rural communities across the United States.

VA Loan A loan guaranteed by the U.S. Department of Veterans Affairs.

Value The sales price or appraised value of a property, whichever is less in mortgage lending.

Veterans Mortgage Program (VMP) This loan product is offered by AHFC to qualified veterans. It is funded from the sale of tax-exempt mortgage bonds. To be eligible for the product, a qualified veteran must apply to AHFC within 25 years of his/her date of discharge from active duty service. Qualified veterans may be retired or active duty personnel.

Weatherization An energy program offered through AHFC whereby income-qualified individuals apply for and receive free weatherization assistance for the home they rent or own.

Yield The ratio of income over investment over a period of time.

Helpful Links

For more information on various areas of the homebuying process, see the following websites:

Alaska Housing Finance Corporation: Single-family and multifamily financing, Research Information Center Library, housing and more!

www.ahfc.us

Budgeting

Money Management International
www.moneymanagement.org

Consumer.gov
www.consumer.gov

Consumer Groups

Alaska Legal Services Corporation
www.alsc-law.org/housing/

Federal Trade Commission (FTC)
www.ftc.gov

Consumer Financial Protection Bureau
www.consumerfinance.gov

Credit

Annual Credit Report (free annual credit report)
www.annualcreditreport.com

Score Info: FICO Score Estimator
www.myfico.com/fico-credit-score-estimator/estimator

Energy

Energy Star Program and Products
www.energystar.gov

Weatherization (Based on Community)
www.ahfc.us/efficiency/energy-programs/weatherization

AHFC Research Information Center Library
907-330-8166 (Anchorage)
800-478-4636 (Statewide)
www.ahfc.us/efficiency/research-information-center/

Financial

Alaska Housing Finance Corporation
Mortgage Hotline: 907-330-8400 or 888-854-3884
www.ahfc.us

Loan Wizard: ahfc.us/wizard

Alaska USA Federal Credit Union
Real Estate Telephone Loan Center (RETLC)
For AHFC's Rural Small Building Material and Second Mortgage Product for Energy Conservation
907-786-2800 | 888-425-9813 (outside Anchorage)

FHA/HUD Mortgage Limits List
entp.hud.gov/idapp/html/hicostlook.cfm

FHA/HUD
www.hud.gov

HUD 184 Loan Guarantee Program
www.hud.gov/program_offices/public_indian_housing/ih/homeownership/184

U.S. Department of Veterans Affairs
www.va.gov

USDA—Rural Development
www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program

AHELP (Affordable Housing Enhanced Loan Product)

Alaska Community Development Corporation (ACDC)
Home Opportunity Program (HOP)
Self-Help Housing Program
www.alaskacdc.org/

Cook Inlet Lending Center
cookinletlending.com

Fairbanks Neighborhood Housing Services
fnhs.org/

NeighborWorks Alaska (in Anchorage and Palmer)
www.nwalaska.org

Homeowners & Other Insurance

Division of Insurance, State of Alaska
www.commerce.alaska.gov/web/ins

Alaska Consumer Guide to Home Insurance
www.commerce.alaska.gov/web/portals/11/pub/consumers/2012homeguide.pdf

C.L.U.E. Home Seller's Disclosure Report
Five-year insurance loss history for a given address
risk.lexisnexis.com/products/clue-property

Mortgage Life Insurance (informational article)
www.insurance.com/life-insurance/coverage/mortgage-life-insurance.html

National Flood Insurance Program
www.fema.gov/national-flood-insurance-program

Other

Alaska Community Development Corporation (ACDC)
www.alaskacdc.org

Consumer Financial Protection Bureau (Mortgages)
www.consumerfinance.gov/consumer-tools/mortgages/

Department of Environmental Conservation (Alaska)
dec.alaska.gov/

FactFinder
factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

FHA Homeownership Centers
www.hud.gov/program_offices/housing/sfh/sfhhocs

Joint Center for Housing Studies
Annual publication on the State of the Nation's Housing
www.jchs.harvard.edu/

Housing Authorities

Association of Alaska Housing Authorities
List of Alaska's 14 Housing Authorities
www.aahaak.org/

Housing Improvement

Association of Village Council Presidents
Community: Bethel and surrounding areas
www.avcp.org

Bristol Bay Housing Authority
www.alaska.net/~bristol/index.htm

Housing Assistance – Various

Alaska Low-Income Housing
www.lowincomehousing.us/AK.html

Alaska USA Federal Credit Union
Real Estate Telephone Loan Center (RETLC)
For AHFC's Rural Small Building Material and Second Mortgage Product for Energy Conservation
907-786-2800 | 888-425-9813 (outside Anchorage)

FHA/HUD Mortgage Limits List
entp.hud.gov/idapp/html/hicostlook.cfm

Bristol Bay Housing Authority
rentassistance.org/program/bristol_bay_housing_authority_dillingham_ak.html

HUD 184 Loan Guarantee Program
www.hud.gov/program_offices/public_indian_housing/ih/homeownership/184

U.S. Department of Veterans Affairs
www.va.gov

USDA—Rural Development
www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program

Forms

Form 1	Loan Estimate (LE)
Form 2	Closing Disclosure (CD)
Form 3	Alaska Real Estate Commission, Consumer Disclosure (Form 08-4145)
Form 4	AREC Waiver of Right to be Represented (Form 08-4212)
Form 5	State of Alaska, Residential Real Property Disclosure Statement (Form 08-4229)
Form 6	State of Alaska, Residential Real Property Transfer Disclosure Statement Waiver by Agreement (Form 08-4229c)
Form 7	State of Alaska, Residential Property Transfer Disclosure Statement Exemption for First Sale (Form 08-4229b)
Form 8	Energy Rating Numbers
Form 9	Home Energy Rating Certificate

Form 1: Loan Estimate (LE)

FICUS BANK
4321 Random Boulevard • Somecity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED	7/23/2012
APPLICANTS	John A. and Mary B. 123 Anywhere Street Anytown, ST 12345
PROPERTY	456 Somewhere Avenue Anytown, ST 12345
SALE PRICE	$180,000

LOAN TERM	30 years
PURPOSE	Purchase
PRODUCT	Fixed Rate
LOAN TYPE	☒ Conventional ☐ FHA ☐ VA ☐ ______________
LOAN ID #	123456789
RATE LOCK	☐ NO ☒ YES, until 9/21/12 at 5:00 p.m. EDT *Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on* ***8/6/12*** *at 5:00 p.m. EDT*

Loan Terms

		Can this amount increase after closing?
Loan Amount	$162,000	**NO**
Interest Rate	3.875%	**NO**
Monthly Principal & Interest *See Projected Payments Below for Your Total Monthly Payment*	$761.78	**NO**
		Does the loan have these features?
Prepayment Penalty		**NO**
Balloon Payment		**NO**

Projected Payments

Payment Calculation	**Years 1-7**	**Years 8-30**
Principal & Interest	$761.78	$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow *Amount Can Increase Over Time*	+ 206	+ 206
Estimated Total Monthly Payment	$1,050	$968

Estimated Taxes, Insurance & Assessments *Amount Can Increase Over Time*	$206 a month	**This estimate includes** ☒ Property Taxes ☒ Homeowner's Insurance ☐ Other:	**In escrow?** **YES** **YES**

See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.

Cash to Close

Estimated Cash to Close	$16,054	Includes $8,054 in Closing Costs ($5,672 in Loan Costs + $2,382 in Other Costs – $0 in Lender Credits). See details on page 2.

Visit **www.consumerfinance.gov/learnmore** for general information and tools.

Closing Cost Details

Loan Costs

A. Origination Charges	$1,802
.25 % of Loan Amount (Points)	$405
Application Fee	$300
Underwriting Fee	$1,097

B. Services You Cannot Shop For	$672
Appraisal Fee	$405
Credit Report Fee	$30
Flood Determination Fee	$20
Flood Monitoring Fee	$32
Tax Monitoring Fee	$75
Tax Status Research Fee	$110

C. Services You Can Shop For	$3,198
Pest Inspection Fee	$135
Survey Fee	$65
Title – Insurance Binder	$700
Title – Lender's Title Policy	$535
Title – Title Search	$1,261
Title – Settlement Agent Fee	$502

D. TOTAL LOAN COSTS (A + B + C)	$5,672

Other Costs

E. Taxes and Other Government Fees	$85
Recording Fees and Other Taxes	$85
Transfer Taxes	$0

F. Prepaids	$867
Homeowner's Insurance Premium (6 months)	$605
Mortgage Insurance Premium (0 months)	$0
Prepaid Interest ($17.44 per day for 15 days @ 3.875%)	$262
Property Taxes (0 months)	$0

G. Initial Escrow Payment at Closing					$413
Homeowner's Insurance	$100.83	per month for	2	mo.	$202
Mortgage Insurance		per month for		mo.	
Property Taxes	$105.30	per month for	2	mo.	$211

H. Other	$1,017
Title – Owner's Title Policy (optional)	$1,017

I. TOTAL OTHER COSTS (E + F + G + H)	$2,382

J. TOTAL CLOSING COSTS	$8,054
D + I	$8,054
Lender Credits	$0

Calculating Cash to Close

Total Closing Costs (J)	$8,054
Closing Costs Financed (Included in Loan Amount)	$0
Down Payment/Funds from Borrower	$18,000
Deposit	– $10,000
Funds for Borrower	$0
Seller Credits	$0
Adjustments and Other Credits	$0
Estimated Cash to Close	$16,054

Additional Information About This Loan

LENDER	Ficus Bank	**MORTGAGE BROKER**	
NMLS/LICENSE ID		**NMLS/LICENSE ID**	
LOAN OFFICER	Joe Smith	**LOAN OFFICER**	
NMLS ID	12345	**NMLS ID**	
EMAIL	joesmith@ficusbank.com	**EMAIL**	
PHONE	123-456-7890	**PHONE**	

Comparisons

Use these measures to compare this loan with other loans.

In 5 Years	$56,582 $15,773	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
Annual Percentage Rate (APR)	4.494%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.447%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

Appraisal We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

Assumption If you sell or transfer this property to another person, we
- ☐ will allow, under certain conditions, this person to assume this loan on the original terms.
- ☒ will not allow this person to assume this loan on the original terms.

Homeowner's Insurance This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.

Late Payment If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.

Refinance Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Servicing We intend
- ☐ to service your loan. If so, you will make your payments to us.
- ☒ to transfer servicing of your loan.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature Date

Co-Applicant Signature Date

Form 2: Closing Disclosure (CD)

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information

Date Issued	4/15/2013
Closing Date	4/15/2013
Disbursement Date	4/15/2013
Settlement Agent	Epsilon Title Co.
File #	12-3456
Property	456 Somewhere Ave Anytown, ST 12345
Sale Price	$180,000

Transaction Information

Borrower	Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345
Seller	Steve Cole and Amy Doe 321 Somewhere Drive Anytown, ST 12345
Lender	Ficus Bank

Loan Information

Loan Term	30 years
Purpose	Purchase
Product	Fixed Rate
Loan Type	☒ Conventional ☐ FHA ☐ VA ☐ _____________
Loan ID #	123456789
MIC #	000654321

Loan Terms

Loan Terms		Can this amount increase after closing?
Loan Amount	$162,000	**NO**
Interest Rate	3.875%	**NO**
Monthly Principal & Interest *See Projected Payments below for your Estimated Total Monthly Payment*	$761.78	**NO**
		Does the loan have these features?
Prepayment Penalty		**YES** • **As high as $3,240** if you pay off the loan during the first 2 years
Balloon Payment		**NO**

Projected Payments

Payment Calculation	**Years 1-7**	**Years 8-30**
Principal & Interest	$761.78	$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow *Amount can increase over time*	+ 206.13	+ 206.13
Estimated Total Monthly Payment	$1,050.26	$967.91

Estimated Taxes, Insurance & Assessments *Amount can increase over time* *See page 4 for details*	$356.13 a month	**This estimate includes** ☒ Property Taxes ☒ Homeowner's Insurance ☒ Other: Homeowner's Association Dues *See Escrow Account on page 4 for details. You must pay for other property costs separately.*	**In escrow?** **YES** **YES** **NO**

Costs at Closing

Closing Costs	$9,712.10	Includes $4,694.05 in Loan Costs + $5,018.05 in Other Costs – $0 in Lender Credits. *See page 2 for details.*
Cash to Close	$14,147.26	Includes Closing Costs. *See Calculating Cash to Close on page 3 for details.*

Closing Cost Details

Loan Costs

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges	**$1,802.00**				
01 0.25 % of Loan Amount (Points)	$405.00				
02 Application Fee	$300.00				
03 Underwriting Fee	$1,097.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	**$236.55**				
01 Appraisal Fee to John Smith Appraisers Inc.					$405.00
02 Credit Report Fee to Information Inc.		$29.80			
03 Flood Determination Fee to Info Co.	$20.00				
04 Flood Monitoring Fee to Info Co.	$31.75				
05 Tax Monitoring Fee to Info Co.	$75.00				
06 Tax Status Research Fee to Info Co.	$80.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	**$2,655.50**				
01 Pest Inspection Fee to Pests Co.	$120.50				
02 Survey Fee to Surveys Co.	$85.00				
03 Title – Insurance Binder to Epsilon Title Co.	$650.00				
04 Title – Lender's Title Insurance to Epsilon Title Co.	$500.00				
05 Title – Settlement Agent Fee to Epsilon Title Co.	$500.00				
06 Title – Title Search to Epsilon Title Co.	$800.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	**$4,694.05**				
Loan Costs Subtotals (A + B + C)	$4,664.25	$29.80			

Other Costs

Other Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
E. Taxes and Other Government Fees	**$85.00**				
01 Recording Fees Deed: $40.00 Mortgage: $45.00	$85.00				
02 Transfer Tax to Any State			$950.00		
F. Prepaids	**$2,120.80**				
01 Homeowner's Insurance Premium (12 mo.) to Insurance Co.	$1,209.96				
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest ($17.44 per day from 4/15/13 to 5/1/13)	$279.04				
04 Property Taxes (6 mo.) to Any County USA	$631.80				
05					
G. Initial Escrow Payment at Closing	**$412.25**				
01 Homeowner's Insurance $100.83 per month for 2 mo.	$201.66				
02 Mortgage Insurance per month for mo.					
03 Property Taxes $105.30 per month for 2 mo.	$210.60				
04					
05					
06					
07					
08 Aggregate Adjustment	– 0.01				
H. Other	**$2,400.00**				
01 HOA Capital Contribution to HOA Acre Inc.	$500.00				
02 HOA Processing Fee to HOA Acre Inc.	$150.00				
03 Home Inspection Fee to Engineers Inc.	$750.00			$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			$5,700.00		
06 Real Estate Commission to Omega Real Estate Broker			$5,700.00		
07 Title – Owner's Title Insurance (optional) to Epsilon Title Co.	$1,000.00				
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	**$5,018.05**				
Other Costs Subtotals (E + F + G + H)	$5,018.05				

	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
J. TOTAL CLOSING COSTS (Borrower-Paid)	**$9,712.10**				
Closing Costs Subtotals (D + I)	$9,682.30	$29.80	$12,800.00	$750.00	$405.00
Lender Credits					

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?	
Total Closing Costs (J)	$8,054.00	$9,712.10	**YES**	• See **Total Loan Costs (D)** and **Total Other Costs (I)**
Closing Costs Paid Before Closing	$0	– $29.80	**YES**	• You paid these Closing Costs **before closing**
Closing Costs Financed (Paid from your Loan Amount)	$0	$0	**NO**	
Down Payment/Funds from Borrower	$18,000.00	$18,000.00	**NO**	
Deposit	– $10,000.00	– $10,000.00	**NO**	
Funds for Borrower	$0	$0	**NO**	
Seller Credits	$0	– $2,500.00	**YES**	• See Seller Credits in **Section L**
Adjustments and Other Credits	$0	– $1,035.04	**YES**	• See details in **Sections K and L**
Cash to Close	$16,054.00	$14,147.26		

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing					**$189,762.30**
01	Sale Price of Property				$180,000.00
02	Sale Price of Any Personal Property Included in Sale				
03	Closing Costs Paid at Closing (J)				$9,682.30
04					
Adjustments					
05					
06					
07					
Adjustments for Items Paid by Seller in Advance					
08	City/Town Taxes		to		
09	County Taxes		to		
10	Assessments		to		
11	HOA Dues	4/15/13	to	4/30/13	$80.00
12					
13					
14					
15					
L. Paid Already by or on Behalf of Borrower at Closing					**$175,615.04**
01	Deposit				$10,000.00
02	Loan Amount				$162,000.00
03	Existing Loan(s) Assumed or Taken Subject to				
04					
05	Seller Credit				$2,500.00
Other Credits					
06	Rebate from Epsilon Title Co.				$750.00
07					
Adjustments					
08					
09					
10					
11					
Adjustments for Items Unpaid by Seller					
12	City/Town Taxes	1/1/13	to	4/14/13	$365.04
13	County Taxes		to		
14	Assessments		to		
15					
16					
17					

CALCULATION	
Total Due from Borrower at Closing (K)	$189,762.30
Total Paid Already by or on Behalf of Borrower at Closing (L)	– $175,615.04
Cash to Close ☒ From ☐ To Borrower	**$14,147.26**

SELLER'S TRANSACTION

M. Due to Seller at Closing					**$180,080.00**
01	Sale Price of Property				$180,000.00
02	Sale Price of Any Personal Property Included in Sale				
03					
04					
05					
06					
07					
08					
Adjustments for Items Paid by Seller in Advance					
09	City/Town Taxes		to		
10	County Taxes		to		
11	Assessments		to		
12	HOA Dues	4/15/13	to	4/30/13	$80.00
13					
14					
15					
16					
N. Due from Seller at Closing					**$115,665.04**
01	Excess Deposit				
02	Closing Costs Paid at Closing (J)				$12,800.00
03	Existing Loan(s) Assumed or Taken Subject to				
04	Payoff of First Mortgage Loan				$100,000.00
05	Payoff of Second Mortgage Loan				
06					
07					
08	Seller Credit				$2,500.00
09					
10					
11					
12					
13					
Adjustments for Items Unpaid by Seller					
14	City/Town Taxes	1/1/13	to	4/14/13	$365.04
15	County Taxes		to		
16	Assessments		to		
17					
18					
19					

CALCULATION	
Total Due to Seller at Closing (M)	$180,080.00
Total Due from Seller at Closing (N)	– $115,665.04
Cash ☐ From ☒ To Seller	**$64,414.96**

Additional Information About This Loan

Loan Disclosures

Assumption
If you sell or transfer this property to another person, your lender
☐ will allow, under certain conditions, this person to assume this loan on the original terms.
☒ will not allow assumption of this loan on the original terms.

Demand Feature
Your loan
☐ has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
☒ does not have a demand feature.

Late Payment
If your payment is more than *15* days late, your lender will charge a late fee of *5% of the monthly principal and interest payment.*

Negative Amortization (Increase in Loan Amount)
Under your loan terms, you
☐ are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
☐ may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
☒ do not have a negative amortization feature.

Partial Payments
Your lender
☒ may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
☐ may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
☐ does not accept any partial payments.
If this loan is sold, your new lender may have a different policy.

Security Interest
You are granting a security interest in
456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account
For now, your loan
☒ will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	$2,473.56	Estimated total amount over year 1 for your escrowed property costs: *Homeowner's Insurance* *Property Taxes*
Non-Escrowed Property Costs over Year 1	$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: *Homeowner's Association Dues* You may have other property costs.
Initial Escrow Payment	$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	$206.13	The amount included in your total monthly payment.

☐ will not have an escrow account because ☐ you declined it ☐ your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

In the future,
Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	$285,803.36
Finance Charge. The dollar amount the loan will cost you.	$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%

? **Questions?** If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at **www.consumerfinance.gov/mortgage-closing**

Other Disclosures

Appraisal
If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details
See your note and security instrument for information about
- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure
If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

☒ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.

☐ state law does not protect you from liability for the unpaid balance.

Refinance
Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Tax Deductions
If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS ID					
ST License ID			Z765416	Z61456	Z61616
Contact	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID			P16415	P51461	PT1234
Email	joesmith@ ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@ epsilontitle.com
Phone	123-456-7890		123-555-1717	321-555-7171	987-555-4321

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature Date Co-Applicant Signature Date

Form 3: Alaska Real Estate Commission Consumer Disclosure (Form 08-4145)

ALASKA REAL ESTATE COMMISSION CONSUMER DISCLOSURE

This Consumer Disclosure, as required by law, provides you with an outline of the duties of a real estate licensee (licensee). This document is not a contract. By signing this document you are simply acknowledging that you have read the information herein provided and understand the relationship between you, as a consumer, and a licensee. (AS 08.88.600 – 08.88.695)

There are different types of relationships between a consumer and a licensee. Following is a list of such relationships created by law:

Specific Assistance

The licensee does not represent you. Rather the licensee is simply responding to your request for information. And, the licensee may "represent" another party in the transaction while providing you with specific assistance.

Unless you and the licensee agree otherwise, information you provide the licensee is not confidential.

Duties ***owed*** to a consumer by a licensee providing specific assistance include:

a. Exercise of reasonable skill and care;
b. Honest and good faith dealing;
c. Timely presentation of all written communications;
d. Disclosing all material information known by a licensee regarding the physical condition of a property; and
e. Timely accounting of all money and property received by a licensee.

Representation

The licensee represents only one consumer unless otherwise agreed to in writing by all consumers in a transaction.

Duties ***owed*** by a licensee when representing a consumer include:

a. Duties owed by a licensee providing specific assistance as described above;
b. Not intentionally take actions which are adverse or detrimental to a consumer;
c. Timely disclosure of conflicts of interest to a consumer;
d. Advising a consumer to seek independent expert advice if a matter is outside the expertise of a licensee;
e. Not disclosing consumer confidential information during or after representation without written consent of the consumer unless required by law; and
f. Making a good faith and continuous effort to accomplish a consumer's real estate objective(s).

Neutral Licensee

A neutral licensee is a licensee that provides specific assistance to both consumers in a real estate transaction but does not “represent” either consumer. A neutral licensee must, prior to providing specific assistance to such consumers, secure a Waiver of Right to be Represented (form 08-4212) signed by both consumers.

Duties ***owed*** by a neutral licensee include:

a. Duties owed by a licensee providing specific assistance as described above;
b. Not intentionally taking actions which are adverse or detrimental to a consumer;
c. Timely disclosure of conflicts of interest to both consumers for whom the licensee is providing specific assistance;
d. If a matter is outside the expertise of a licensee, advise a consumer to seek independent expert advice;
e. Not disclosing consumer confidential information during or after representation without written consent of the consumer unless required by law; and
f. Not disclosing the terms or the amount of money a consumer is willing to pay or accept for a property if different than what a consumer has offered or accepted for a property.

If authorized by the consumers, the neutral licensee may analyze and provide information on the merits of a property or transaction, discuss price terms and conditions that might be offered or accepted, and suggest compromise solutions to assist consumers in reaching an agreement.

Designated Licensee

In a real estate company, a broker may designate one licensee to represent or provide specific assistance to a consumer and another licensee in the same office to represent or provide specific assistance to another consumer in the same transaction.

ACKNOWLEDGEMENT:

I/We, ____ have read the information provided in this Alaska Real Estate
(print consumer's name(s))
Consumer Disclosure and understand the different types of relationships I/we may have with a real estate licensee. I/We understand that ___________________________________ of ____
(licensee name) *(brokerage name)*
will be working with me/us under the relationship(s) selected below.

(Initial)

_______ **Specific assistance without representation**.

_______ **Representing the Seller/Lessor only**. (may provide specific assistance to Buyer/Lessee)

_______ **Representing the Buyer/Lessee only**. (may provide specific assistance to Seller/Lessor)

_______ **Neutral Licensee.** (must attach Waiver of Right to be Represented, form 08-4212)

Date: ________________________ Signature: ____
(Licensee)

Date: ________________________ Signature: ____
(Consumer)

Date: ________________________ Signature: ____
(Consumer)

THIS CONSUMER DISCLOSURE IS NOT A CONTRACT

Form 4: Alaska Real Estate Commission, Waiver of Right to be Represented (Form 08-4212)

ALASKA REAL ESTATE COMMISSION
WAIVER OF RIGHT TO BE REPRESENTED

About This Form:

Occasionally, a licensee is “representing” a consumer (buyer or lessee) that has interest in acquiring a property where another consumer (seller or lessor) is also “represented” by the same licensee. Prior to showing the property, the licensee must obtain written approval from both consumers to change their working relationship from representation to providing specific assistance in a neutral capacity. AS 08.88.610

In Alaska, real estate licensees are **required by law** to provide this document, prior to providing specific assistance to the parties, in conjunction with the Alaska Real Estate Consumer Disclosure (form 08-4145), outlining the duties of a real estate licensee when acting in a neutral capacity.

Duties of a Neutral Licensee: A neutral licensee is a licensee that provides specific assistance to both consumers in a real estate transaction.

Duties ***owed*** by a neutral licensee include:

a. Exercise of reasonable skill and care;
b. Honest and good faith dealing;
c. Timely presentation of all written communications;
d. Disclosing all material information known by a licensee regarding the physical condition of a property;
e. Timely accounting of all money and property received by a licensee;
f. Not intentionally taking actions which are adverse or detrimental to a consumer;
g. Timely disclosure of conflicts of interest to both consumers for whom the licensee is providing specific assistance;
h. Advising a consumer to seek independent expert counsel if a matter is outside the expertise of a licensee;
i. Not disclosing consumer confidential information during or after representation without the written consent of the consumer unless required by law; and
j. Not disclosing the terms or the amount of money a consumer is willing to pay or accept for a property.

______________________________ Date   ______________________________ Date

____

Real Estate Licensee Date   Real Estate Company

If authorized by consumers, the neutral licensee may analyze and provide information on the merits of a property or transaction, discuss price terms and conditions that might be offered or accepted, and suggest compromise solutions to assist them in reaching an agreement.

Additional Authorization:

I hereby authorize the “neutral” licensee to engage in the following conduct in a good faith effort to assist in reaching final agreement in a real estate transaction:

- Analyzing, providing information, and reporting on the merits of the transaction to each consumer;
- Discussing the price, terms, or conditions that each consumer would or should offer or accept; or
- Suggesting compromises in the consumer’s respective bargaining positions.

______________________________ Date   ______________________________ Date

08-4212 (02/2015)

Form 5: State of Alaska, Residential Real Property Transfer Disclosure Statement (Form 08-4229)

State of Alaska
Residential Real Property Transfer Disclosure Statement

Prepared in compliance with Alaska Statute (AS) 34.70.010 - 34.70.200

General Information

AS 34.70.010 requires that before the Transferee/Buyer (hereafter referred to as **Buyer**) of an interest in residential real property makes a written offer, the Transferor/Seller (hereafter referred to as **Seller**) must deliver a completed written disclosure form. This disclosure statement is in compliance with AS 34.70.010. It concerns the residential real property* located in the ___________________________ Recording District, ________________________ Judicial District, State of Alaska.

Legal Description: ____

Property Address/City/Other: ____

* *Residential real property means any single family dwelling, or two single family dwelling units under one roof, or any individual unit in a multi-unit structure or common interest ownership community whose primary purpose is to provide housing. AS 34.70.200(2) and (3).*

AS 34.70.020 provides that if a disclosure statement or material amendment is delivered to the transferee after the transferee has made a written offer, the transferee may terminate the offer by delivering a written notice of termination to the transferor or the transferor's licensee within three days after the disclosure statement or amendment is delivered in person or within six days after the disclosure statement or amendment is delivered by deposit in the mail.

AS 34.70.040(b) provides that if an item that must be completed in the disclosure statement is unknown or is unavailable to the Seller, and if the Seller or Seller's agent has made a reasonable effort to ascertain the information, the Seller may make an approximation based on the best information available to the Seller or Seller's agent. It must be reasonable, clearly labeled as an approximation, and not used to avoid the disclosure requirements of AS 34.70.010 – AS 34.70.200.

All disclosures made in this statement are required to be made in good faith (AS 34.70.060). The Seller is required to disclose defects or other conditions in the real property or the real property interest being transferred. To comply, disclosure need not include a search of the public records, nor does it require a professional inspection of the property.

If the information supplied in this disclosure statement becomes inaccurate as a result of an act or agreement after the disclosure statement is delivered to the Buyer, the Seller is required to deliver an amendment to the disclosure statement to the Buyer. An addendum/amendment form for that purpose may be attached to this disclosure statement.
Upon delivery to a buyer, any inspection/reports generated by a purchase agreement of this property automatically becomes an addendum/amendment to the property disclosure.

Exemption for First Sale: Under AS 34.70.120, the first transfer of an interest in residential real property that has never been occupied is exempt from the requirement for the Seller to complete the Disclosure Statement.

Waiver by Agreement: Under AS 34.70.110, completion of this disclosure statement may be waived when transferring an interest in residential real property if the Seller and Buyer agree in writing. Signing this waiver does not affect other obligations for disclosure.

Violation or Failure to Comply: A person who negligently violates or fails to perform a duty required by AS 34.70.010 - AS 34.70.200 is liable to the Buyer for actual damages suffered by the Buyer as a result of the violation or failure. If the person willfully violates or fails to perform a duty required by AS 34.70.010 -AS 34.70.200, the Seller is liable to the Buyer for up to three times the actual damages. In addition to the damages, a court may also award the Buyer costs and attorney fees to the extent allowed under the rules of court.

__________ ____/____/____ ________________________________ __________ ____/____/____
Seller's Initials Date Property Address Buyer's Initials Date

Seller's Information Regarding Property

Property Type (check one):

☐ Single Family ☐ Zero Lot Line/Town House ☐ Condominium ☐ Townhome/PUD
☐ Duplex (Including Single Family with an Apartment)
☐ Other (please specify) ______________________________

Do you currently occupy the property? ☐ Yes ☐ No If Yes, how long? ______________________

If not a current occupant, have you ever occupied the property? ☐ Yes ☐ No If so, when? ______________

Year Property Built: ____________. If property was built prior to 1978, or if Seller has any knowledge of lead-based paint, Seller must complete Disclosure of Information and Acknowledgment of Lead-based Paint and/or Lead-based Paint Hazards in accordance with Section 1018 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (also known as Title X) and provide Buyer with the "Protect Your Family From Lead in Your Home" pamphlet. The pamphlet can be found on the Internet at http://www.epa.gov/lead/leadprot.htm.

Construction Overview: ☐ Wood Frame ☐ Manufactured ☐ Modular ☐ Other: ______________
Foundation: ☐ Masonry Block ☐ Poured Concrete ☐ Piling ☐ Treated Wood ☐ Other: ____________
Name of original builder (if known): ______________________________

Property Features:

Check all items that are **built-in** and will remain with the property. **Also . . .**
Circle those checked items that have known defects or malfunctions. **Also . . .**
Describe the defect or malfunction on the Addendum/Amendment(s) To The Disclosure Statement.

☐ Cooktop
☐ Oven(s) # of _________
☐ Rods & Blinds
☐ Microwave(s) # of ____
☐ Dishwasher
☐ Trash Compactor
☐ Garbage Disposal
☐ Instant Hot Water Dispenser
☐ Central Vacuum Installed
☐ Intercom
☐ Paddle Fan(s) # of ______

☐ Wood Stove(s) # of _____
☐ Jetted Tub
☐ Hot Tub ☐ Cover
☐ Steam Shower Room
☐ Water Softener
☐ Water Filtering System
☐ Greenhouse ☐ Attached ☐ Detached
☐ Ventilating System
☐ Heating System
☐ Storage Shed(s) # of _______
☐ Built-In Barbecue

☐ T.V. Antenna
☐ Satellite Dish
☐ Window Screens
☐ Security System
☐ Smoke Detector(s) # of ______________
☐ CO Detectors # of _________________
☐ Fire Alarms
☐ Auto Garage Door Opener(s)
# of Opener(s)____________________
☐ Built-In Refrigerator
☐ Other ____________________________

Comments:____

Structural Components:

Check only those items that have known defects, malfunctions, or have had major repairs performed within the last five years. **Also . . .*Describe*** the defect, malfunction, or repair on the Addendum/Amendment(s) To The Disclosure Statement.

☐ Fences/Gates
☐ Driveways
☐ Private Walkways
☐ Retaining Walls
☐ Foundation
☐ Crawl Space
☐ Roof
☐ Patio/Decking
☐ Slabs

☐ Rain Gutters
☐ Exterior Walls
☐ Interior Walls
☐ Floors
☐ Ceilings
☐ Doors
☐ Windows
☐ Skylights
☐ Venting

☐ Insulation
☐ Woodstove(s) # of _____
☐ Fireplace(s) # of _____
☐ Gas Starter
☐ Chimneys
☐ Plumbing Systems
☐ Heating Systems
☐ Solar Panels
☐ Wind Generators

☐ Electrical Systems
☐ Sewage Systems
☐ Water Supply
☐ Garage
☐ Garage Floor Drain
☐ Carport
☐ Washer/Dryer Hook-ups
☐ Humidifier
☐ Air Conditioner

☐ Electronic Air Cleaner
☐ Heat Recovery
☐ Ventilator System
☐ Swimming Pool
☐ Mechanical
☐ Filtration
☐ Pool Cover
☐ Hot Water Heater

Other items not covered above? ______________________________

Comments: ______________________________

Documentation: ***Check*** the documents for the subject property that the seller has available for review:

- ☐ Engineer/Property/Home Inspection Report(s)
- ☐ Title Information
- ☐ As-Built Survey
- ☐ Certificate of Occupancy or PUR-102
- ☐ Deed Restrictions
- ☐ Other ________________
- ☐ Written Agreements with Adjacent Property Owners
- ☐ Energy Rating Certificate or PUR-101
- ☐ Resale Certificate
- ☐ Water Rights Certificate
- ☐ Subdivision Covenants/Restrictions
- ☐ Party Wall Agreement
- ☐ Lease/Rental Agreement
- ☐ Soils Test
- ☐ Well Log and Water Tests
- ☐ Hazardous Materials Test(s)
- ☐ Other ________________

Additional Information:

Supply information for the following items: **Yes** **No**

To the best of your knowledge, has the property been inspected by an engineer/home inspector in the last 5 years?........ ☐ ☐

➢ **Drainage:**

- Are you aware of ever having any water in the crawl space, basement, or lower level?........ ☐ ☐
  If Yes, how has the problem been resolved?
  ☐ Sump Pump(s) ☐ Curtain Drain ☐ Rain Gutter/Extension ☐ Other ____________________
  When was problem resolved? ____________________
  Location of each sump pump: ____________________
- To where does the water drain after it leaves the sump pump? ____________________
  If gutters, where do downspouts discharge? ____________________
- Is there a floor drain in the structure, including garage?........ ☐ ☐
  If Yes, where is it located and where does it drain to? ____________________

➢ **Roof or Other Leakage:**

Type: ☐ Asphalt/Composition Shingle ☐ Cedar Shake ☐ Built-up ☐ Metal ☐ Other __________
Age: ________________ years. Location of attic access? ____________________

- Are you aware of any ice damming on the roof? .... ☐ ☐
  If Yes, provide location. ____________________
- Are you aware of any water leaking into the home? i.e., windows, lights, fireplace, etc. .... ☐ ☐
  If Yes, provide location. ____________________

➢ **Fireplace and/or Woodstove:** Date chimney(s) last cleaned? ______ Who cleaned? ______________

➢ **Heating System(s):**

Mark all types that apply: ☐ Hot Water Baseboard ☐ Forced Air ☐ Radiant Heat ☐ Electrical Heat ☐ Wood Stove ☐ Other ____________________

Age: __________ years. Last Cleaned: ____________________ Last Inspected: ________________

Source: ☐ Natural Gas ☐ Electric ☐ Propane Tank leased or owned? __________ ☐ Wood ☐ Coal ☐ Oil with ______ gallon storage which is ☐ Buried ☐ Above Ground ☐ Other ____________

Age of Tank? ___________ years.

➢ **Hot Water Heater:**

Age: _________ years. Capacity: ______ gallons. Type: ☐ Gas ☐ Electric ☐ Other ________

➢ **Water Supply:**

Type: ☐ Public ☐ Private ☐ Community ☐ Cistern/Water Tank If Cistern/Water Tank:_________Size ☐ Other ______________________

If Private: Well Depth: ________ feet. Flow Rate: _______ gallons per minute. Date Tested:________.

- Have you had any problems with your water supply?........ ☐ ☐
- Has the water supply been tested in the past 12 months?........ ☐ ☐
  If Yes, attach all documentation from all tests.
- Are you aware of any contaminants in your water supply, to include but not limited to E-coli, nitrates, heavy metals, arsenic or other contaminants? .... ☐ ☐
- Has the well failed while you have owned the property?........ ☐ ☐
- Have you ever had a well pump problem or failure?........ ☐ ☐
- Do you supply water to, or receive water from others?........ ☐ ☐
  If Yes, is there a recorded agreement?........ ☐ ☐
- Do you have a water rights certificate for this property?........ ☐ ☐

Additional Information (Continued):

- **Sewer System:** — Yes / No
  Type: ☐ Public ☐ Private ☐ Community ☐ Other ______________
  - Does your sewer system have a lift station/lift pump? .... ☐ ☐
    If Private: ☐ Septic Tank ☐ Holding Tank ☐ Other: ______________
    Drainfield System: ☐ Bed ☐ Trench ☐ Mound ☐ Pit ☐ Crib ☐ Other ______________
    Innovative Sewer System: ☐ Intermittent Sand Filter ☐ Biocycle ☐ Recirculating Upflow Filter ☐ Secondary sewer treatment plant ☐ Other ______________
  - Has the sewer system failed while you owned the property? .... ☐ ☐
    If Yes, explain: ______________
    Age of sewer system: ________ Location: ______________
  - Have you had any work maintenance or inspections done on the sewer system during your ownership? ..... ☐ ☐
    If Yes, explain: ______________
    Approval/Certification source (and date if known): ______________
  - Are you aware of any abandoned sewer systems, leachfields, cribs, etc. on the property? .... ☐ ☐

- **Freeze-ups:**
  - Have you had any frozen water lines, sewer lines, drains, or heating systems? .... ☐ ☐
    If yes, please explain. ______________
  - Are there any heat tapes, heat lamps, or other freeze prevention devices? .... ☐ ☐
    Location, and explain use. ______________

- **Average Annual Utility Costs:**

Gas	$________	Company/Source: ______________
Electric	$________	Company/Source: ______________
Oil	$________/Gallons: ________	Company/Source: ______________
Propane	$________	Company/Source: ______________
Wood	$________	Company/Source: ______________
Coal	$________	Company/Source: ______________
Water	$________	Company/Source: ______________
Sewer	$________	Company/Source: ______________
Refuse	$________	Company/Source: ______________
Other	$________ ________	Company/Source: ______________

To the best of your knowledge, are you aware of any of the following conditions with respect to the subject property? If answer is **"Yes,"** indicate the relevant item number and explain the condition on the Addendum/Amendment(s) to the Disclosure Statement.

- **Title:** — Yes / No
  1. Do you know of any existing, pending, or potential legal action(s) concerning the property? .... ☐ ☐
  2. Do you know of any street or utility improvements planned that will affect the property? .... ☐ ☐
  3. Road maintenance provided by? ______________
  4. Is the property currently rented or leased? .... ☐ ☐
     If Yes, expiration date: ______/______/______
  5. Is there a homeowner's association (HOA) for the property? .... ☐ ☐
     If Yes, HOA name: ______________ HOA Telephone: ______________
     ☐ Mandatory ☐ Voluntary ☐ Inactive Monthly Dues Amount: $________ per ________
     Are there any levied or pending assessments? .... ☐ ☐
     Who is responsible for issuing the resale certificate?
     Name: ______________ Telephone: ______________

- **Setbacks/Restrictions:**
  6. Have you been notified of any proposed zoning changes for the property? .... ☐ ☐
  7. Are you aware of features of the property shared in common with adjoining property owners, such as walls, fences, and driveways, whose use or responsibility for maintenance may affect the property? .... ☐ ☐
  8. Are there subdivision conditions, covenants, or restrictions? .... ☐ ☐
  9. Are you aware of any violations of building codes, zoning, setback requirements, subdivision covenants, borough, or city restrictions on this property? .... ☐ ☐
  10. Are you aware of any nonconforming uses of this property? .... ☐ ☐

Additional Information (Continued):

		Yes	No
11.	Are you aware of any deed, or other private restrictions on the use of the property?	☐	☐
12.	Are you aware of any variances being applied for, or granted, on this property?	☐	☐
13.	Are you aware of any easements on the property?	☐	☐

➢ **Encroachments:**

		Yes	No
14.	Does anything on your property encroach (extend) onto your neighbor's property?	☐	☐
15.	Does anything on your neighbor's property encroach onto your property?	☐	☐

➢ **Environmental Concerns:**

		Yes	No
16.	Are you aware of any substances, materials, or products that may be an environmental hazard such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, contaminated soil, water or by-products from the production of methamphetamines on the subject property?	☐	☐
16a.	Are you aware of any mildew or mold issues affecting this property?	☐	☐
17.	Are you aware of any underground storage tanks on this property, other than previously referenced fuel or septic tanks? Number of tanks: __________	☐	☐
18.	Are you aware if the property is in an avalanche zone/mudslide area?	☐	☐
19.	Are you aware if the property has flooded?	☐	☐
	Flood zone designation: ______________________________		
20.	Are you aware of any erosion/erosion zone or accretion affecting this property?	☐	☐
21.	Are you aware of any damage to the property or any of the structures from flood, landslide, avalanche, high winds, fire, earthquake, or other natural causes?	☐	☐
22.	Have you ever filed an insurance claim for any environmental damage to the property?	☐	☐
23.	Are you aware of a waste disposal site or a gravel pit within a one-mile radius of the property?	☐	☐

➢ **Soil Stability:**

		Yes	No
24.	Are you aware of any debris burial or filling on any portion of the property?	☐	☐
25.	Are you aware of any permafrost or other soil problems which have caused settling, slippage, sliding, or heaving that affect the improvements of the property?	☐	☐
26.	Are you aware of any drainage, or grading problems that affect this property?	☐	☐

➢ **Construction, Improvements/Remodel:**

		Yes	No
27.	Have you remodeled, made any room additions, structural modifications, or improvements?	☐	☐
	If Yes, please describe. Was the work performed with necessary permits in compliance with building codes?	☐	☐
	Was a final inspection performed, if applicable?	☐	☐
28.	Has a fire ever occurred in the structure?	☐	☐

➢ **Pest Control or Wood Destroying Organisms:**

		Yes	No
29.	Are you aware of any termites, ants, insects, squirrels, vermin, rodents, etc. in the structure?	☐	☐
	a. If Yes, what type? ______________________________		
	b. If Yes, where? ______________________________		
30.	Has there been damage in the past resulting from termites, ants, insects, squirrels, rodents, etc. in the structure?	☐	☐
	a. If Yes, when? ______________________________		
	b. If Yes, what type? ______________________________		
	c. If Yes, where? ______________________________		
	d. If Yes, describe what was done to resolve the problem: ______________________________		

➢ **Other:**

		Yes	No
31.	Are you aware of any murder or suicide having occurred on the property within the preceding 3 years?	☐	☐
32.	Are you aware of any human burial sites on the property?	☐	☐

Additional Information (Continued): **Yes** **No**

33. **Noise**
    a. Are you aware of any noise sources that may affect the property, including airplanes, trains, dogs, traffic, race tracks, neighbors, etc? ☐ ☐
    b. If Yes, explain: ______________________________
    ____

34. **Pets**
    a. Have there been any pets/animals in the house? ☐ ☐
    b. If Yes, what kind? ______________________________

I / We have completed this disclosure statement according to AS 34.70.010 - AS 34.70.200 and these instructions, and the statements are made in good faith and are true and correct to the best of my/our knowledge as of the date signed. I/We authorize any licensees involved or participating in this transaction to provide a copy of this statement to any person or entity in connection with any actual or anticipated transfer of the property or interest in the property.

Seller: ______________________________ Date: ______________________

Seller: ______________________________ Date: ______________________

Buyer's Notice and Receipt of Copy

Transferee (Buyer) Awareness Notice: Under AS 34.70.050, Transferee (Buyer) is independently responsible for determining whether a person who has been convicted of a sex offense resides in the vicinity of the property that is the subject of the Transferee's (Buyer's) potential real estate transaction. This information is available at the following locations: Alaska State Trooper Posts, Municipal Police Departments, and on the State of Alaska, Department of Public Safety Internet site: www.dps.state.ak.us.

Transferee (Buyer) Awareness Notice: Under AS 34.70.050, Transferee (Buyer) is independently responsible for determining whether, in the vicinity of the property that is the subject of the transferee's potential real estate transaction, there is an agricultural facility or agricultural operation that might produce odor, fumes, dust, blowing snow, smoke, burning, vibrations, noise, insects, rodents, the operation of machinery including aircraft, and other inconveniences or discomforts as a result of lawful agricultural operations.

The Buyer is urged to inspect the property carefully and to have the property inspected by an expert. Buyer understands that there are aspects of the property of which the Seller may not have knowledge and that this disclosure statement does not encompass those aspects. Buyer also acknowledges that he/she has read and received a signed copy of this statement from the Seller or any licensee involved or participating in this transaction.

Buyer: ______________________________ Date: ______________________

Buyer: ______________________________ Date: ______________________

Explanation Addendum or Amendment
To The Disclosure Statement

Use this page to:

1) ***clarify repairs, defects, or malfunctions***
2) ***to explain items in more detail***
3) ***to make changes or to update this disclosure form***

AS 34.70.020 provides that if a disclosure statement or material amendment is delivered to the Buyer after the Buyer has made a written offer, the Buyer may terminate the offer by delivering a written notice of termination to the Seller or the Seller's licensee within three days after the disclosure statement or amendment is delivered in person or within six days after the disclosure statement or amendment is delivered by deposit in the mail.

In compliance with AS 34.70.080, the Seller amends the disclosure statement for the real property described below:

List items changed or clarified. Use additional Addendum/Amendment pages, if necessary.

Page #	Item/Explanation

I/We (Seller(s)) certify that the information in this Addendum/Amendment To The Disclosure Statement is true and correct to the best of my/our knowledge as of the date signed.

Seller: ____ Date: ____________________________

Seller: ____ Date: ____________________________

I/We (Buyer(s)) have received a copy of this Addendum/Amendment To The Disclosure Statement.

Buyer: ____ Date: ____________________________

Buyer: ____ Date: ____________________________

Page _____ of ____

Form 6: State of Alaska, Residential Real Property Transfer Disclosure Statement Waiver by Agreement (Form 08-4229c)

State of Alaska

Residential Real Property Transfer Disclosure Statement

Waiver By Agreement

AS 34.70.110

Prepared in compliance with Alaska Statute (AS) 34.70.010 - 34.70.200

Legal Description: ____

Property Address/City: ____

Under AS 34.70.110, completion of this disclosure statement may be waived when transferring an interest in residential real property if the Seller and Buyer agree in writing.

Parties may wish to obtain professional advice and/or inspection of the property.

It is recommended that the buyer read the complete State of Alaska Residential Real Property Transfer Disclosure Statement.

★ ★ ★ ★ ★ ★ ★ ★

Transferee (Buyer) Awareness Notice: Under AS 34.70.050, Transferee (Buyer) is independently responsible for determining whether a person who has been convicted of a sex offense resides in the vicinity of the property that is the subject of the Transferee's (Buyer's) potential real estate transaction. This information is available at the following locations: Alaska State Trooper Posts, Municipal Police Departments, and on the State of Alaska, Department of Public Safety Internet site: www.dps.state.ak.us.

★ ★ ★ ★ ★ ★ ★ ★

Transferee (Buyer) Awareness Notice: Under AS 34.70.050, Transferee (Buyer) is independently responsible for determining whether, in the vicinity of the property that is the subject of the transferee's potential real estate transaction, there is an agricultural facility or agricultural operation that might produce odor, fumes, dust, blowing snow, smoke, burning, vibrations, noise, insects, rodents, the operation of machinery including aircraft, and other inconveniences or discomforts as a result of lawful agricultural operations.

★ ★ ★ ★ ★ ★ ★ ★

By law, completion of this disclosure statement may be waived when transferring an interest in residential real property if the Transferor (Seller) and the Transferee (Buyer) agree in writing. If both parties agree to waive the requirement to complete this disclosure statement, please sign below.

Signing this waiver does not affect other obligations for disclosure.

Seller: ______________________________ Date: ____________________

Seller: ______________________________ Date: ____________________

Buyer: ______________________________ Date: ____________________

Buyer: ______________________________ Date: ____________________

Form 7: State of Alaska, Residential Real Property Transfer Disclosure Statement Exemption for First Sale (Form 08-4229b)

State of Alaska
Residential Real Property Transfer Disclosure Statement

Exemption For First Sale

Prepared in compliance with Alaska Statute (AS) 34.70.010 - 34.70.200

Legal Description: ____

Property Address/City: ____

Under AS 34.70.120, the first transfer of an interest in residential real property that has never been occupied is exempt from the requirement for the Seller to complete the Disclosure Statement.

Buyer may wish to obtain inspections of the property and seek other professional advice.

★ ★ ★ ★ ★ ★ ★ ★

Transferee (Buyer) Awareness Notice: Under AS 34.70.050, Transferee (Buyer) is independently responsible for determining whether a person who has been convicted of a sex offense resides in the vicinity of the property that is the subject of the Transferee's (Buyer's) potential real estate transaction. This information is available at the following locations: Alaska State Trooper Posts, Municipal Police Departments, and on the State of Alaska, Department of Public Safety Internet site: www.dps.state.ak.us.

★ ★ ★ ★ ★ ★ ★ ★

Transferee (Buyer) Awareness Notice: Under AS 34.70.050, Transferee (Buyer) is independently responsible for determining whether, in the vicinity of the property that is the subject of the transferee's potential real estate transaction, there is an agricultural facility or agricultural operation that might produce odor, fumes, dust, blowing snow, smoke, burning, vibrations, noise, insects, rodents, the operation of machinery including aircraft, and other inconveniences or discomforts as a result of lawful agricultural operations.

★ ★ ★ ★ ★ ★ ★ ★

I certify that this is the first transfer of an interest in the property identified above and that the property has not been occupied before this transfer of interest.

Seller: ____________________________________ Date: ______________________

Seller: ____________________________________ Date: ______________________

Buyer: ____________________________________ Date: ______________________

Buyer: ____________________________________ Date: ______________________

Seller's Initials	Date	Property Address	Buyer's Initials	Date
________	____/____/____	______________________	________	____/____/____

08-4229b (Rev. 7/08)

Energy Rating Numbers

1★	0 - 39 Points
1★+	40 - 49 Points
2★	50 - 59 Points
2★+	60 - 67 Points
3★	68 - 72 Points
3★+	73 - 77 Points
4★	78 - 82 Points
4★+	83 - 88 Points
5★	89 - 91 Points
5★+	92 - 94 Points
6★	95 - 100 Points

Home Energy Rating Certificate

Alaska Housing
FINANCE CORPORATION

The Home Located At:

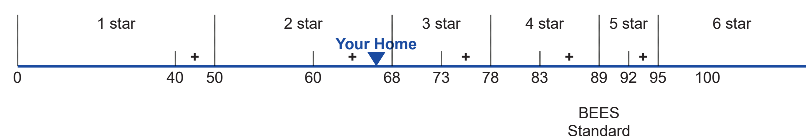
1234 No Name Street
Anchorage, Alaska

Has Been Energy-Rated As:

★★ +

Two Star Plus

Efficiency Score	Renewables Bonus	Combined Score
66.4 points	0.0 points	66.4 points



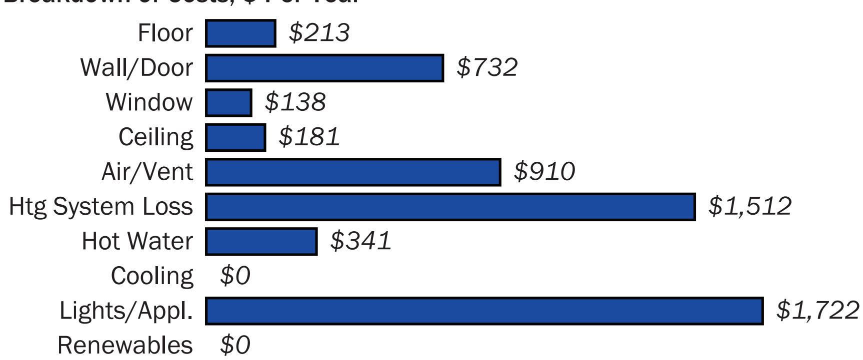
Amount of CO2 Produced by the Home

56,905 pounds per year

Projected Annual Energy Costs

$5,749 per year

Breakdown of Costs, $ Per Year



Client: Joe Smith **Rater:** John Doe, Alaska's Best Energy Rating **Date:** 6/4/2018
Rater's City: Anchorage, AK 99504 **Contact:** 907 555-5555, John@ABER.com, FAX 907 555-5556
ver. 2.10.0.0, library: 9/27/2018, file: JoeSmith 2 Star Plus.hm2, Rating Type: As-Is

I certify that this Rating is true and correct, to the best of my knowledge and belief: ______________________

Rater Signature

4300 Boniface Parkway • Anchorage, Alaska 99504 • P.O. Box 101020 • Anchorage, Alaska 99510
907-338-6100 (Anchorage) or (Toll-Free) 1-800-478-AHFC (2432) • www.ahfc.us

Energy Cost and Features Report

(DOCUMENT DOES NOT NEED TO BE RECORDED)

Property: Joe Smith
1234 No Name Street
Anchorage, Alaska

House: Single Family
Living Floor Area: 3,210 square feet
No Attached Garage

Rater: John Doe
Alaska's Best Energy Rating
100 Warm Inside Circle
Anchorage, AK 99504

Rating: As-Is
ID: Smith_Joe_ASIS

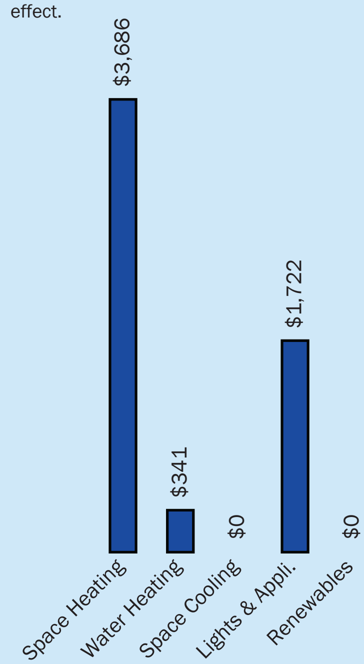
Envelope Efficiency	
Floor Insulation	R-19.5 *
Wall/Door Insulation	R-12.1 *
Ceiling Insulation	R-24.9
Window U-Value	U-0.38
Window SHGC	0.56
Window to Wall Ratio, Living Space	10.1%
South Facing Window Area	228 square feet
Air Leakage	8.6 Air Changes per Hour at 50 Pascals
	0.60 Air Changes per Hour Natural

* Includes the insulating value of the ground in contact with these components.

Space Heating System	
Fuel	Natural Gas
System Type	Boiler
Model	
Efficiency	60%
Btu/hr Output	Btu/hr
Primary Htg. Sys. Design Load	94,786 Btu/hr
Garage Htg. Sys. Design Load	0 Btu/hr
Supplemental Fuel	None
Thermostat Setting	70.0 degrees F
Setback Thermostat	None
Water Heater	
Efficiency	58%
Location	Semi-Conditioned Space
Fuel Type	Natural Gas
Space Cooling System	None Present
Ventilation	
System Type	Continuous Ventilation without
Required Ventilation	82 CFM
Measured Ventilation	110 CFM
Other	
Number of Bedrooms	4
Clothes Dryer Fuel	Natural Gas
Cooking Range Fuel	Electricity
Oven Fuel	Electricity
Miscellaneous Lights/Appliance Use	Average
CAZ Test Normal Conditions	Pass

Estimated Annual Energy Costs

Actual use and costs may vary from these estimates depending upon weather conditions, occupant life styles and utility rates currently in effect.



Electricity: $0.1927/kWh, Natural Gas: $0.99/ccf
Space Heating: 323 kWh of Electricity, 3,657 ccf of Natural Gas
Water Heating: 344 ccf of Natural Gas
Space Cooling:
Lights & Appliances: 8,672 kWh of Electricity, 51 ccf of Natural Gas

Notes:

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Alaska Housing
FINANCE CORPORATION

Headquarters | 4300 Boniface Parkway | Anchorage, AK 99504 | 907-338-6100 | 800-478-2432
Mailing Address | P.O. Box 101020 | Anchorage, AK 99510-1020 | www.ahfc.us

EQUAL HOUSING OPPORTUNITY