

**LOANS TO SPONSORS PARTICIPANT MEMORANDUMS****DATE:** August 29, 2003**Memo: LTS #03-01****TO:** ALL AHFC LOANS TO SPONSORS  
PARTICIPANTS**FROM:** Paul Kapansky  
Director, Mortgage Operations[Reformatted Loans to Sponsors Guidelines](#)[Annual Allocation Funding](#)[Types of Loans](#)[Recipient's Income](#)[Income Producing Properties](#)[Recipient's Who Are Landlords](#)[Online Loans to Sponsors Guidelines](#)[Attachments](#)**RE:** Reformatted Loans to Sponsors Guidelines**CONTACT:** Eric A. Havelock  
Multi-Family Underwriter

Enclosed is a copy of the reformatted Loans to Sponsors guidelines. All references to the guide sections in this memorandum refer to this guide and not the previous version, which you may have on file. Only the format has changed. There are no other revisions from the previous version. Please note that deletions and insertions necessitate some renumbering.

**RE:** Annual Allocation Funding

The Loans to Sponsors Program is funded using arbitrage funds, a scarce resource. In the recent past, in order to prolong the use of this resource, all programs funded with arbitrage were scrutinized and modified where necessary, including the Loans to Sponsors Program. As a result, annual funding to a Sponsor is limited to \$625,000. Consequently, Section 1004 – Loan Guidelines is amended to include a paragraph 14. Annual Allocation, to read: “The Sponsor in any one year is limited to a \$625,000 allocation of funds. For an existing Sponsor, before new funds can be disbursed, all existing funds must have been disbursed.” This provision has been in effect and in practice since March 29, 2001.

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**RE:                   Types of Loans**

Section 1004 – Loan Guidelines, .02 Types of Loans, allows for a revolving feature. It has been determined that a revolving feature of a loan makes it difficult to manage arbitrage funds, which are used to fund the Loans to Sponsors Program. As a result, for new applications, this feature, paragraph 02.A has been deleted. This amendment for new applications and for existing programs, where the revolving feature has expired, has been in effect and in practice since March 29, 2001.

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**RE:                   Recipient's Income**

Paragraph .02 B. of Section 1005 – Guidelines for Sponsor's Loan Fund states “Recipients in all areas other than remote, underdeveloped or blighted, must be persons of lower to moderate-income.” It has been determined that a further defining of "persons of lower to moderate-income" was necessary to meet the intent of the program, as well as, the intent of the use of arbitrage funds in conjunction with other AHFC loan programs. Consequently, paragraph .02.B is amended as follows: “Recipients in all areas, including remote, underdeveloped or blighted, must be persons of lower to moderate- income, generally defined as 80% of median income or less.” For new applications and for additional funding of existing Sponsor programs, this amendment has been in effect and in practice since March 29, 2001.

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**RE:                   Income Producing Properties**

Recent compliance reviews have prompted AHFC to reassess the intent of the Loans to Sponsors Program, which allows the Sponsor the discretion in making loans for homeownership or improvement to qualified individuals who do not already own income or potential income producing properties. Accordingly, effective the date of this memorandum Section 1005 – Guidelines for Sponsor's Loan Fund is amended by adding subparagraph .02.A.5 “The Recipient does not already own income or potential income producing properties, including currently owning a home.”

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**RE:                   Recipients Who Are Landlords**

Current Guidelines require that “The housing of Recipients who are Landlords in all areas must be occupied by Tenants of lower to moderate-income.” It has been determined that this guideline is nearly impossible, as well as impractical, to administer. Therefore, effective the date of this memorandum, Section 1005 - Guidelines for Sponsor's Loan Fund is amended by deleting paragraphs .02 R. Tenants; .02 S. Recipient's Certification; and .02 T. Rents.

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**RE:                   Online Loans to Sponsors Guidelines****CONTACT:   Susan Garrett, Mortgage Operations Specialist**

The online version of the Loans to Sponsors Guidelines is available on AHFC’s website, as a

component of AHFC's Mortgage Guides. Since access is limited, Sponsors will receive email notification of the designated user name and password.

AHFC's Mortgage Guides are powered by RoboHelp® software and may be found at:  
[http://www.ahfc.state.ak.us/Department\\_Files/Mortgage/ssguides/roboguidesdefault.htm](http://www.ahfc.state.ak.us/Department_Files/Mortgage/ssguides/roboguidesdefault.htm).

Users may access the master table of contents as well as an index and glossary from the RoboHelp® toolbar. Each guide has a drill down menu and hyperlinks connect "refer to" or "see section" citations within each guide.

AHFC will notify Sponsors of future revisions in LTS Memorandums and update the online guide quarterly. An email distribution list has been created to keep Sponsors informed. Those without email will receive a printed copy of all memorandums.

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**Attachments** are available in Portable Document Format (**PDF**). Adobe Acrobat 5 is required to read and print PDF files. To obtain/download a free copy of Acrobat Reader 5 please go to: <http://www.adobe.com/products/acrobat/readstep2.html> (If you have difficulty with this link, copy and paste the link into your web browser.)

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