



ALABAMA HOUSING FINANCE AUTHORITY

1980 AHFA ESTABLISHED & FIRST MRB LOAN / 1983 FIRST MULTIFAMILY BOND / 1984 SINGLE-FAMILY LOAN ADMINISTRATION IN-STATE / 1985 SURPASSES \$1 BILLION MARK IN MRBS / 1987 EXECUTIVE DIRECTOR, ACCOUNTING DIVISION, MULTIFAMILY COMPLIANCE PROGRAM & HOUSING CREDITS / 1988 SINGLE-FAMILY DIVISION / 1989 MCC PROGRAM & MULTIFAMILY DIVISION / 1990 DOWN PAYMENT ASSISTANCE PROGRAM & IN-HOUSE ARBITRAGE / 1991 25.000 MRB LOANS, STATE'S FIRST COMPREHENSIVE HOUSING AFFORDABLIITY strategy, homebuyer education,home program & first in nation to submit quarterly disclosure reports to rating agencies /1992 Habitat for Humanity Loan Purchase Program / 1993 Research & Planning Division, Campaigns for Permanent MRB & HOUSING CREDITS & WINS NCSHA AWARD FOR QUARTERLY DISCLOSURE REPORTS / 1994 RECEIVES "A" RATING FROM MOODY'S INVESTORS service, communications brought-in house & wins ncsha award for newsletter / 1995 helps develop alabama's first CONSOLIDATED PLAN, FIRST COMBINED HOME & HOUSING CREDIT APPLICATION CYCLE & WINS NCSHA AWARD FOR MRB BROCHURES / 1996 access alabama program, sponsors "little house under construction" statewide school exhibit, joins alabama bankers association to create the alabama multifamily loan consortium, offers no-down-payment mortgages to hurricane opal & TORNADO STORM VICTIMS IN 39 COUNTIES, EMPLOYEES PARTICIPATE IN WEEK-LONG "BLITZ-BUILD" OF HABITAT HOMES & STATE'S HOMEOWNERSHIP RATE HITS 12-YEAR HIGH / 1998 BEGINS "SCHOOL TO WORK" PROGRAM FOR MONTGOMERY STUDENTS TO GAIN VOCATIONAL SKILLS THROUGH CONSTRUCTION OF HABITAT HOMES, MULTIFAMILY MANAGER OF THE YEAR PROGRAM, WINS NCSHA AWARD FOR FEDERAL LEGISLATIVE PROGRAM TO ADJUST MRB & HOUSING CREDIT CAPS / 1999 MOODY'S INVESTORS SERVICE RATING UPGRADED TO AA3 / 2000 BEGINS THE "PROCESSOR OF THE YEAR" PROGRAM, WINS TWO NOSHA AWARDS FOR NEWSLETTER & "BEST COMMUNITY SERVICE PROJECT" FOR REHAB ASSISTANCE PARTNERSHIP (RAP) PROGRAM & UNVEILS STEP UP PROGRAM / 2001 JOINS THE ALABAMA DEPARTMENT OF MENTAL HEALTH & MENTAL RETARDATION TO HELP PROVIDE HOUSING TO CLIENT / 2002 LENDER ONLINE LOAN RESERVATION SYSTEM & HELPS FORM HOMEOWNERSHIP CONSORTIUM OF ALABAMA / 2003 AHFA EMPLOYEES PARTICIPATE IN HABITAT FOR HUMANITY'S JIMMY CARTER WORK PROJECT IN ANNISTON & PUBLISHES SWEET HOME ALABAMA: A CENSUS-BASED SNAPSHOT OF SELECTED HOUSING CONDITIONS / 2004 AMERICAN DREAM DOWN-PAYMENT INITIATIVE (ADDI) & REDESIGNED RURAL ALABAMA MORTGAGE PROGRAM (RAMP) / 2005 HIRE 20 NEW EMPLOYEES WHEN LOAN SERVICING DEPARTMENT BROUGHT IN-HOUSE & OFFERS TEMPORARY HOUSING TO HURRICANE KATRINA VICTIMS / 2006 RECEIVES \$15.6 MILLION IN ADDITIONAL HOUSING CREDITS TO AID AREAS AFFECTED BY HURRICANE KATRINA & DELEGATED EXAMINER OPTION FOR STEP UP LENDERS / 2007 MOODY'S INVESTORS SERVICE RATING UPGRADED TO AA2, AHFA PARTNERS WITH GENWORTH TO OFFER BORROWERS NO-COST INVOLUNTARY UNEMPLOYMENT INSURANCE & RECAPTURE TAX PROTECTION & AHFA CELEBRATES HIGHEST PRODUCTION YEAR EVER WITH \$300 MILLION IN SINGLE-FAMILY LOANS RESERVED & \$53 MILLION IN MULTIFAMILY FUNDS ALLOCATED / 2008 AHFA'S HOME/HOUSING CREDIT COORDINATOR RECEIVES THE JAMES M. DAVIS AWARD BY THE ALABAMA COUNCIL FOR AFFORDABLE AND RURAL HOUSING & A RECORD 92 MULTIFAMILY APPLICATIONS RECEIVED / 2009 AHFA'S NEW WEBSITE RECEIVES SILVER ADDY AWARD BY THE AMERICAN ADVERTISING FEDERATION of montgomery, ahfa staff helps build alabama's 1,500th habitat for humanity house & ahfa allocates \$31.9 million in tcap & \$50.5 MILLION IN EXCHANGE FUNDS FROM THE FEDERAL STIMULUS PROGRAM / 2010 400TH HABITAT LOAN PURCHASED. SERVICINGSOLUTIONS CREATED TO OFFER LOAN SERVICING TO BANKS & AHFA WILL ADMINISTER \$162.5 MILLION IN HARDEST HIT FUNDS FOR UNEMPLOYED HOMEOWNERS





Thirty years of progress—180,000 families served, from one to 69 employees, over \$1 billion in loans serviced, new challenges and unique opportunities.

The Alabama Housing Finance Authority continues to forge ahead with the single- and multifamily programs with great success. 2010 brought many changes at AHFA and kept the staff busier than ever.

New banking regulations brought new challenges for the state's banking industry. At their request, AHFA created ServicingSolutions, a solution for community banks, which provides mortgage loan servicing, including escrow account management. ServicingSolutions is offered to surrounding states as well.

AHFA's multifamily division continued its work to close TCAP and Exchange loans, a result of 2009 federal stimulus efforts. The staff also oversaw the regular HOME and Housing Credit application cycle and allocation process, funding \$25.7 million.

In September, AHFA was allocated over \$162 million as part of the U.S. Department of Treasury's initiative to provide assistance targeted at unemployed homeowners in states with the highest unemployment rates. AHFA will administer Hardest Hit Alabama (HHA) to subsidize 100 percent of an eligible unemployed homeowner's current mortgage payments and all other mortgage-related expenses for a specified period during their time of unemployment. Staff from four divisions put an immense amount of time and effort towards creating this complex program. Hardest Hit Alabama will officially launch to the public in early 2011.

Thirty years and we are certainly not done. We thank you for working along side us to continue to serve the ever-changing needs of housing. Now, that is progress.

Dr. Shelton E. Allred, Chairman

Den Alled

Robert Strickland, Executive Director

Robert Strucklone

Step Up

Oliver Family, Auburn

In early 2010, Adrian and Jasmine Oliver had little idea they would be proud homeowners by summer. The owners of their then rental home in Auburn decided to put the home on the market, but first offered the Oliver family the chance to buy.

Intrigued by the idea of homeownership, Jasmine was prompted to do some research, and the couple was delighted to discover that they, in fact, qualified for a mortgage. AHFA's Step Up program smoothed the way with assistance with the upfront costs needed to purchase a home.

Lilly King, a mortgage officer with BB&T, worked with the couple to secure the mortgage and was very patient and helpful.

With a green light to buy, the Oliver family weighed their options and ultimately decided to purchase a newer home that more closely matched their wish list, with amenities such as good school district, large rooms, roomy backyard, garage, fireplace and more. They were in luck. Jasmine said, "I guess God knew before we did!," because the family found a newly built, two-story home just north of Auburn that had nearly everything they wanted.

Adrian, Jasmine, 12-year old Maggie and one-year old Lilliana could not be happier with their new home. "It's the American dream, and we are living it," said Jasmine. "We are grateful every day when we get to pull into our driveway after work. It is the best feeling to finally see our hard work pay off. We love to sit around and talk about all the things we want to do to the house as time goes on...what flowers to put at the front door, what trees to plant in the yard and where we want to put the new barbecue grill.

"We get to go to sleep feeling safe and love to entertain our friends and family with pride. We get to just enjoy each other's company in a home that is all ours."



Step Up is a homeownership program designed specifically for moderate-income home buyers who can afford a mortgage, but need help with the down payment. AHFA offers down payment assistance with no sales price limits and generous income limits.

The down payment funds are secured by a 10-year second mortgage and are combined with a 30-year, fixed-rate first mortgage. Since the loans are serviced by AHFA, homeowners have only one check to write each month. Program participants must complete a home buyer education course to qualify.

Participants may earn up to \$97,300 in total family income and remain eligible for the Step Up program, regardless of household size or location.

Approximately 1,500 households benefited from \$173 million in Step up funds in FY2010.







The Mortgage Credit Certificate (MCC) program gives buyers another homeownership option. Combining AHFA's Step Up program with the MCCs makes homeownership even more affordable. A reduction in qualified home buyer's federal taxes allows for more available income to qualify for a mortgage loan.

MCCs provide a direct dollar-for-dollar reduction in federal taxes worth 20 percent of the mortgage interest paid each year. The remaining 80 percent of the interest still can be claimed as a tax deduction.

Participants must meet federally established income and sales price limits. AHFA has issued approximately \$273 million in MCCs since first offered in 1989.





Katrına Hayden, Montgomery

Elementary school teacher Katrina Hayden had continued to live in her parents' home after completing college and accepting her first teaching position, but that arrangement had become less-than-ideal over time.

"My room at my parents' house was becoming a dorm room with little space," said Hayden. "My teaching resources were multiplying and I had nowhere to place everything, so I needed more space."

Moreover, the 25-year-old was looking forward to the opportunity of being more independent.

"Another reason is the fact that I have never lived on my own during college, so I wanted to have my own place so that I can manage my own time and routine, such as cooking and cleaning, like I do in my classroom," she said.

In late February, Hayden started out on what she thought would be a long, complicated process. However, she fell in love with the second house she visited and was moving in one month later.

"The house I have chosen is God-sent," she said. "This house has a beautiful office that I can close off from others if I wanted to, a guest room and bathroom, a master bedroom and bathroom, a fireplace, a small kitchen, an awning over the parking area, and a small yard for my dog!

Hayden received a Mortgage Credit Certificate from AHFA, which will allow her to convert 20 percent of her annual mortgage interest into a tax credit and subtract that amount from her federal income tax liability. MCC participants can choose to receive the benefit annually in a lump sum or monthly through payroll adjustment.

"I am having a great time in my home—being a homeowner is a great experience," said Hayden. "I count it a blessing to have a home to come to everyday. I enjoy cleaning, mowing the yard, walking the neighborhood, and spending time with my neighbors. This experience is a reminder of how blessed it is to be an American. It is also a reminder of the grace of God who has allowed me to enjoy this experience, for it was by Him that helped me be where I am now."

Housing Credits

Butler, Alabama

Many developers are turning to rehabilitation to preserve and improve Alabama's aging housing stock. Though not a process to be undertaken lightly, successful rehabs can improve the quality of housing as well as the quality of life for residents.

"In rehabilitating an existing property, you really need to 'expect the unexpected' as things tend to happen that you cannot plan for such as uncovering termite or mold damage," said David Morrow of Morrow Realty, the developer of Butler's Forest Manor Apartments. "Relocation of the residents is challenging and an expensive process when you are replacing major components. You spend a lot more time examining the scope of work needed and where it is done in relation to the individual units."

Armed with \$422,520 in AHFA-administered Housing Credits, Morrow and his team tackled the former Sherwood Manor, a 47-unit development for the elderly in Choctaw County.

"The development was over 20 years old, and it was time to look at replacing major components and amenities," he said. "The end result has been a beautiful facility that has made everyone involved proud of the outcome. It affirms our commitment to provide more than just decent, safe and sanitary housing; but a place where the residents can live and grow older gracefully and remain happy in their golden years—a place to call home."

When it reopened in early 2010 as Forest Manor, the development was equipped with new plumbing, a sprinkler system, HVAC units, cabinets and appliances, extra handicapped units, automatic opening front doors, as well as increased security measures. "Family members are thankful to have a place where their loved ones can live with comfort knowing they are in the best place they could possibly be," said Morrow.

The property is managed by 83-year-old Jeanelle Stroud, who enjoys living on-site, though she also maintains a home in Mobile. Stroud knows each tenant by name and coordinates resident activities such as regular potlucks, soup and salad lunches, and birthday and holiday celebrations.



Serving as Alabama's administrator of the Housing Credit program, AHFA helps developers buy land or buildings and build or repair housing creating rental property for low-income families at affordable rates. The program's financial incentive encourages developers to increase the supply of affordable rental housing.

Housing Credits provide a dollar-for-dollar reduction of a developer's federal tax liability. In turn, the developer must reserve a percentage of the units for the area's lower-income residents, based upon the area's median income. The credits are awarded annually through a competitive application process to ensure distribution throughout the state to areas with the greatest needs.

In FY2010, AHFA issued \$10.2 million in Housing Credits helping to build or rehabilitate 14 apartment complexes housing approximately 760 families.







Echoing the sentiments of local country music group, Alabama, Mary Anding is proud to make her home in Alabama—specifically Fort Payne.

Mary is not your typical mom of two and grandmother of six. She is an avid outdoor enthusiast with a 'larger than life' personality. So when she visited the state for a turkey hunt in the mid 90s, Northeast Alabama's serene nature stole her heart, she sold her Texas home and has been a proud DeKalb county resident for the past fifteen years.

"I moved to North Pointe apartments in February." As a young neighbor, Malaci, left flowers on her patio, Mary said, "I am involved in all the activities and all the kids bring me flowers so they can walk my dog."

Frank Stewart, property manager, said Mary is a staple at North Pointe. "Residents warmly refer to her as the 'governor'—she is everyone's friend and is always involved in the community," he said.

The 56-unit development was financed in part by \$1.8 million in HOME funds and \$800,106 in Housing Credits by AHFA.

Mary appreciates what North Pointe has to offer including a playground for the children; but most importantly, the property offers Fort Payne residents "a safe and affordable place for people to live and feel like a part of something. It's pretty, too," she said.

HOME Program

Mary Anding, Fort Payne

HOME, a federally funded program, provides annual allocations that may be used by developers to buy land and build affordable housing.

As Alabama's HOME program administrator, AHFA directs an application cycle on a competitive basis. Funding decisions are based on strict project selection criteria and a point scoring system outlined in the application package. In addition, AHFA's compliance staff is responsible for monitoring HOME-assisted developments and conducting on-site visits. They check rental property annually for compliance with HUD tenant incomes, rent levels and housing quality standards.

Alabama combines HOME funding with another multifamily housing program—Housing Credits. AHFA's method of combining the scarce resources exemplifies how AHFA works to ensure its programs benefit the greatest number of Alabamians.

In FY2010, AHFA awarded \$15.5 million in HOME funds to finance 11 developments.



*^Servicing*Solutions

At the request of the state's banking industry, Alabama Housing Finance Authority designed *Servicing* Solutions as a solution for bank's mortgage servicing needs including escrow account management.

New banking regulations now require lenders to escrow taxes and insurance on certain mortgage loans, and AHFA has the technology, infrastructure and experienced staff in place that will enable banks to comply with these requirements.

AHFA services its loans in-house (with no outsourcing), managing a portfolio of more than 20,000 mortgage loans, totaling over \$1.2 billion. AHFA's servicing division has been approved by FHA, VA, Rural Development, Fannie Mae and Ginnie Mae, and received the highest designation of Tier 1 Servicer from the U.S. Department of Housing and Urban Development.

AHFA is not a banking institution and does not originate loans. Banks using *ServicingSolutions* will be able to continue offering mortgage loans to their customers without any competitive risks. Mortgagors will have seven convenient ways to make a payment including by mail, telephone, online, money transfer, monthly draft, in person at AHFA or at their bank branch.

First Step Mortgage Revenue Bonds

The First Step Mortgage Revenue Bond program offers 30-year, fixed-rate mortgages to first-time and low- to- moderate income home buyers. The First Step program is funded by the sale of tax-exempt mortgage revenue bonds to investors by AHFA. The bond proceeds are then used to purchase mortgages from AHFA's participating lenders, thus providing more funds for lenders to loan home buyers.

AHFA combines low- interest loan funds with 30-year, FHA, VA or Rural Development mortgages.

More than 47,500 households have benefited from \$3 billion in First Step Mortgage Revenue Bonds since 1980.

Habitat for Humanity

Working together with Habitat for Humanity, AHFA purchases mortgage loans from Alabama's 36 Habitat affiliates. The process allows the affiliates to receive the loan amount up front in a lump sum while AHFA receives the monthly payments for the life of the loan. The up front funds are used to build more housing for low-income families.

Abiding by AHFA's enabling legislation, the Habitat affiliate solicits the assistance of a local lender to originate the loan. This productive cycle unites the local Habitat affiliates, the lending community and AHFA to give Alabama families a chance at homeownership.

Currently, 36 HFH affiliates serve 41 counties in Alabama and AHFA has committed \$17.6 million toward this program, purchasing 419 loans.

Multifamily Bonds

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

Because most of these bonds are tax-exempt, developers receive more favorable interest rates, reducing their interest expense and allowing lower rents. Taxable bonds may be issued as well to offer additional funds for the production of affordable rental housing.

Since the program's inception in 1983, AHFA has issued \$868 million in multifamily bonds for 114 apartment complexes with more than 17,000 units throughout the state.

The American Recovery and Reinvestment Act of 2009 (ARRA) created new sources of funding for affordable rental housing—the Tax Credit Assistance Program and the Tax Credit Exchange Program.

These programs primarily supplement affordable housing developments that have been unable to secure adequate equity commitments in the current market. In accordance with the programs' allocation plans, the applications were evaluated with preference given to projects furthest along in the construction process.



TCAP Program

The Tax Credit Assistance Program (TCAP) will provide direct funding assistance to eligible Housing Credit projects. TCAP's overall purpose is to fill financing gaps and create and save jobs in the near term by using the TCAP funds to start construction on projects that are ready to be built. The funds must be allocated based upon HUD guidance. AHFA has awarded eleven applicants \$28.8 million in TCAP funds for 11 complexes with 662 units.

Exchange Program

The Tax Credit Exchange Program (the Exchange Program) permits states to trade a portion of their Housing Credits for cash grants in an amount up to 85 percent of the exchanged credits times 10. The Act requires states to award Exchange Program funds pursuant to existing tax credit allocation plans and additional guidance provided by the Treasury Department. AHFA awarded 15 Exchange Program applicants \$49.5 million for 15 complexes with 1,141 units.

BOARD OF DIRECTORS

Shelton E. Allred, Chairman Ted B. Watts, Vice Chairman Gordon Henderson, Secretary/Treasurer Anthony L. Barnes E.T. Chambers Thomas R. Doyal Bobby Hayes John O. Moore Carolyn Norman Robert L. Smith Michael C. Toles Troy Woodis

Ex-Officio

John D. Harrison, State Superintendent of Banks Kay Ivey, State Treasurer Bill Newton, Acting State Finance Director

Employees

Executive

Robert Strickland, Executive Director Jim Perry Vickie Wallace

Accounting

H.R. Theriot, Jr., Administrator Angie Cole Wes Oden David Smith Toni Wilkerson

Audit

John Weissend, Internal Auditor Blair Hawthorne

Legal

Neal Acker, General Counsel Audrey Crowe

Multifamily

Haywood M. Sport, Administrator
Cade Barrett
Brad Cooper
Steve Cochran
Earlene Hayden
Chris Hert
Gene Gant
Jeff Little
Kathy Mims
Tom Peaspanen
Pam Shedd
Barbara Wallace

Research & Planning

Dennis Waters

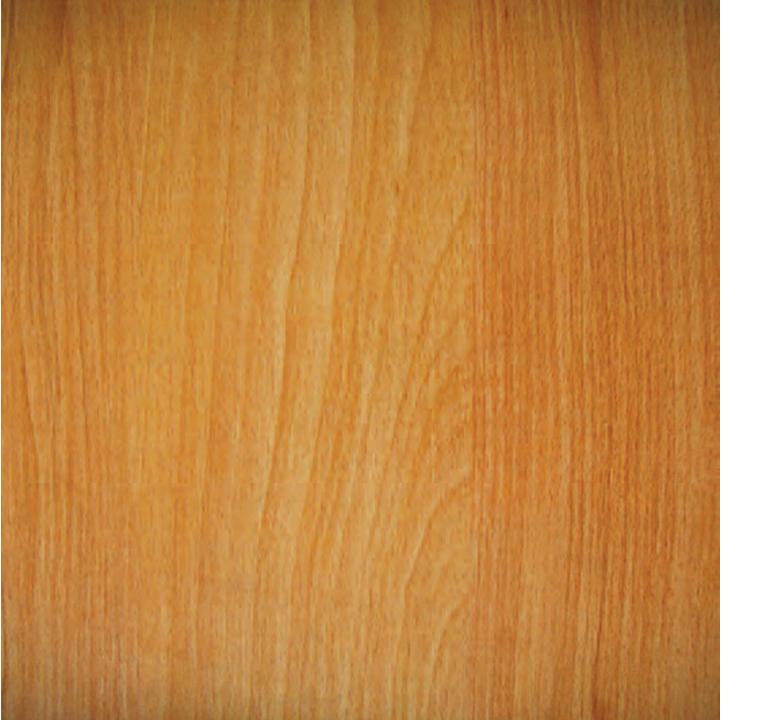
Gary Donegan, Administrator Alison Ingle Shunta McKeithen Amber Moore Sherri Springer Charles Thomas Rick Vachon Michael Wages Jeff Wright Brandon Yates

Single-Family

Michael J. King, Administrator
Julie Adams
Donna Allen
Kathy Boston
Gail Caldwell
Candi Clapp
Diane Cole
Shana Fenderson
Shereese George
Barbara Green
Eva Griffin
Patsy House
Brian Hunt

Cathy James Gloria Johnson Paulette McGuire Alvinia McKee Grea McKitt Angie Merkl Mark Murphy Steve Nesmith Brandon Patterson Elaine Pennington Judy Ray Dawn Sabine Terry Seals Anaie Sexton Jennifer Tobias Lisa Treece Terri Vance Nichelle White Liz Wuokko

Terri 7ellner



The Alabama Housing Finance
Authority is a public corporation
and instrumentality of the State of
Alabama created July 25, 1980,
by Act No. 80-565. Additional
information is furnished in the
Audited Financial Statements
which accompany the Alabama
Housing Finance Authority's 2010
Annual Report.

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

If you are an individual with a disability who needs assistance with this document, please contact the Alabama Housing Finance Authority in writing at ahfa.com or Post Office Box 242967, Montgomery, Alabama 36124-2967, or call 334.244,9200 in Montgomery or 1.800.325.2432.

Project management,
typesetting and graphic design
for this project were performed
in-house by the communications
department of the Alabama
Housing Finance Authority. No
taxpayer dollars were used to
produce this document.



Come on home, Alabama.

P.O. Box 242967 Montgomery, AL 36124-2967 PRSRT STD
U.S. POSTAGE
PAID
PERMIT NO. 456,
MONTGOMERY,
ALABAMA