

WE ARE AFFORDABLE
HOUSING

2014 ANNUAL REPORT

ALABAMA HOUSING FINANCE AUTHORITY





WE ARE COMMUNITY

Residents of Huntsville's Spring Branch Apartments, a 70-unit development funded in part by \$565,399 in AHFA-administered Housing Credits, enjoy activities like fall planting in the community garden. "These small amenities that many of us would take for granted are helping us create an environment that encourages community, which is the first step in strengthening this neighborhood," said Mary Ellen Judah, executive director of Neighborhood Concepts, Inc.





ALABAMA HOUSING FINANCE AUTHORITY

Come on home, Alabama.

The housing market in Alabama has improved slightly over the past year, but the post-recession recovery remains a slow process.

This is why the Alabama Housing Finance Authority (AHFA) and the programs we administer are vital to our state's economic recovery and to enhancing the lives of our citizens. AHFA is proud to invest in Alabama by making the homebuying process more affordable, providing a sense of community to multifamily residents and potentially saving homes on the brink of foreclosure through the Hardest Hit Alabama program.

AHFA's Step Up mortgage program helps families achieve homeownership by providing down payment assistance with affordable fixed rates. While funds last, homebuyers can also benefit from a new mortgage enhancement, the Alabama Home Buyer Initiative. This initiative will pay the up-front single private mortgage insurance premium, saving the average homebuyer approximately \$150 each month. Signed into law in March 2014, this new option has been a huge success, fueling a \$75 million increase in single-family production in FY14.

The Housing Credit and HOME programs are crucial tools in providing quality, affordable rental housing in Alabama for low-income families and elderly citizens, thus helping build strong communities and allowing those areas to prosper.

AHFA's programs spur new construction which builds our economy by creating employment opportunities for construction workers, property managers, Realtors, mortgage lenders, restaurants, retail and more.

We are pleased to highlight the contributions of our employees, board members and associates. With your support, we look forward to responding to our state's housing needs and further strengthening our communities.

We are affordable housing.

Dr. Shelton E. Allred, Chairman

Robert Strickland, Executive Director

WE ARE HOMEOWNERSHIP



harris carden

Harris Carden, a 23-year-old Ashley Furniture warehouse manager, planned and saved to prepare for purchasing his first home, an existing home near Prattville.

"I had been saving for the down payment for a year," said Harris.

Reba Curtis of Anchor Mortgage in Montgomery recommended AHFA's Step Up program to Harris, which is designed for buyers who can afford a mortgage, but need help with the down payment.

By utilizing the Step Up program, Harris was able to retain some of his hard-earned savings for home improvements instead.



emily dykes

Emily Dykes, a marketing director for a real estate firm in Birmingham, found herself ready to purchase a home and not sure how she could afford the down payment.

She found the Step Up program thanks to her loan officer, Renee Brooks at Iberia Bank. Emily was able to purchase a quaint Tudor home built in 1935. "I hope that with dedication and work, in a few years I will make my home into my dream home," she said.

Emily, her dog and two cats have settled into their new home, even creating a lending library on her front porch for the neighborhood kids.

STEP UP MORTGAGE PROGRAM

Step Up, a homeownership financing option offered by AHFA, has benefited over 11,000 families by providing more than \$1 billion in total mortgage loans.

Introduced in 2000, Step Up helps those who can afford a market-rate mortgage, but whose savings fall short of the amount needed for entry costs like a down payment, closing costs and prepaid items.

Through this program, AHFA is able to offer down payment assistance with generous income limits. Eligible homebuyers may earn up to \$97,300 in total family income regardless of household size or location. The down payment funds are secured by a 10-year second mortgage and are combined with a 30-year, fixed-rate first mortgage.



the jones family

Chad and Lori Jones of Trussville were looking for a home that offered safety and security for Bevyn, their 5-year-old daughter with special needs.

After other financing fell through, the Jones family was referred to AHFA's Step Up program. "There was literally no other option for us to get into this home that we had fallen in love with," said Lori.

Through their Realtor, cable network TLC approached them about appearing in an episode of My First Home. "We had jokingly portrayed those types of shows while looking at homes, so I thought this was part of the act," said Lori.

Filming a reality show was an experience for the low-key Jones family.

"Overall, it was a humbling, fun, hysterical and exhausting process," said Lori. "But, we wanted to use our experience to encourage others to keep pressing toward their dreams, even and especially when things get difficult."

WE ARE MORTGAGE SAVINGS

ALABAMA HOME BUYER INITIATIVE

Qualified Step Up borrowers are also eligible for assistance through the Alabama Home Buyer Initiative, a limited-time offering that provides private mortgage insurance (PMI) at no cost to conventional borrowers. The initiative will pay the up-front single PMI premium, saving the average homebuyer approximately \$150 each month.

The Alabama Home Buyer Initiative should help approximately 2,000 Alabama families and generate \$275 million in home sales.

The initiative's authorizing legislation was signed by Governor Robert Bentley on March 3.

MCCs

The Mortgage Credit Certificate (MCC) program gives buyers yet another homeownership option.

MCCs may be paired with AHFA's Step Up program or any other 30-year, fixed-rate, amortizing mortgage offered by a participating lender.

Qualified homebuyers pay lower federal income taxes and can find immediate savings by updating the withholdings on the W-4 form. MCCs are available with conventional fixed-rate, FHA, VA, Rural Development, and privately insured mortgages.

WE ARE HELPING HANDS



hardest hit alabama

Hardest Hit Alabama (HHA), a foreclosure prevention program, is available for homeowners struggling to pay their mortgage payments.

The State of Alabama was allocated approximately \$162 million to provide assistance for financially distressed homeowners. The U.S. Department of Treasury's "Hardest Hit Fund" is authorized under the Emergency Economic Stabilization Act of 2008 and is available in 18 states and the District of Columbia.

HHA offers programs including mortgage payment assistance for unemployed homeowners, as well as loan modification and short sale options for borrowers facing financial hardships.

HHA assistance is available statewide to qualified homeowners on a first-come, first-served basis. It offers several different programs to meet the needs of Alabama homeowners facing financial hardships:

- Mortgage Payment Assistance
- Loan Modification Assistance
- Short Sale Assistance



habitat for humanity

Since 1992, AHFA has worked together with Habitat for Humanity to purchase nearly \$25 million in mortgage loans.

The Habitat for Humanity affiliate solicits the assistance of a local lender to serve as a conduit for the sale of the loan. The affiliate sells the mortgage to the local bank, which then sells the loan to AHFA. This productive cycle unites the local Habitat affiliates, the lending community and AHFA to give Alabama's low-income families a chance at homeownership.

This process allows the affiliates to receive the loan amounts up front in a lump sum while AHFA receives the monthly payments from affiliates for the life of the loan. The affiliate then uses the up-front funds to build more housing for low-income families.

"By helping households with very low incomes, this program effectively surpasses the reach of other housing programs," said AHFA Executive Director Robert Strickland. "The partnership gives AHFA, Habitat for Humanity and the financial community an opportunity to collaborate to benefit Alabama's low-income families."



WE ARE MULTIFAMILY

The Department of Veterans Affairs estimates that nearly 50,000 U.S. veterans are homeless on any given night. The VA is working to change that, starting in Alabama.

The day before Veteran's Day 2014, Tuscaloosa's Valor Grove, an \$11 million, 50-unit apartment complex for homeless veterans, held its grand opening and became the first of its kind in the nation.

Located on the campus of the Tuscaloosa Veterans Affairs Medical Center, the development offers affordable housing for homeless veterans who pay rent based on their income until they are able to support themselves in the community.

Tuscaloosa VA Public Affairs Officer Damon Stevenson said Valor Grove is meant to house veterans while they transition into civilian life after the military. "They come here to transition, to get health care they need at the medical center, get back on their feet and whatever they need," said Stevenson. "We help them with clothing, get them ready for job interviews, help them with resumes, we work with them to get VA benefits and more."

Valor Grove is the first of a VA initiative to identify and revitalize unused VA land and buildings in support of the VA's goal to end veteran homelessness. Approximately 25 VA campuses across the nation will eventually have apartment complexes like Valor Grove.

Built using a combination of an existing building and a new three-story building, the Valor Grove development is a project of the U.S. Department of Housing and Urban Development -Veterans Affairs Supportive Housing (HUD VASH) Program and was funded by the VA, AHFA, and other public and private partners.

HOME & HOUSING CREDITS

Serving as Alabama's administrator of the Housing Credit program, AHFA provides financial incentives that help developers build or rehabilitate housing to be rented to low-income families at affordable rates. This encourages developers to increase the supply of rental housing for economically disadvantaged families. Housing Credits provide a dollar-for-dollar reduction of an investor's federal tax liability. In turn, the development 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 they are distributed throughout the state.

HOME, a federally funded program, provides annual allocations that are used to finance affordable housing. As Alabama's HOME program administrator, AHFA directs an annual application cycle on a competitive basis.

Housing Credits and HOME, as primary AHFA funding sources, are often utilized with other supplemental housing resources and are an example of the measures AHFA takes to ensure its programs benefit the greatest possible number of Alabamians.

TOTAL ACTIVE MULTIFAMILY UNITS

Program	Developments	Units	Funding \$
Bonds	33	4,590	\$167,574,542
Housing Credits/HOME	537	24,248	\$388,459,354
Housing Credit/HOME with Other Programs	23	1,173	\$69,273,647
Other Programs (TCAP,GO-Zone and Exchange)	57	4,083	\$77,653,905
TOTAL	650	34,094	\$702,961,448

Valor Grove
Tuscaloosa

WE ARE MORTGAGE SERVICING



ServiSolutions[®], the mortgage servicing department of the Alabama Housing Finance Authority, contributes to Alabama's economic growth and stabilization by creating and preserving jobs for Alabama citizens and providing a new avenue with which to serve our state's homebuyers.

1

In 2005, AHFA expanded its focus beyond long-term mortgage solutions to servicing residential mortgages.

2

ServiSolutions[®] currently services more than \$2.3 billion in residential mortgage loans.

3

ServiSolutions[®] services all types of mortgages including FHA, VA, Rural Development, conventional uninsured and conventional insured loans.

4

ServiSolutions[®] currently services mortgage loans in Alabama, Florida, Georgia, Mississippi, Missouri, North Carolina, Tennessee and Washington.

 **ServiSOLUTIONS[®]**

A Department of Alabama Housing Finance Authority

WE ARE AHFA

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EMPLOYEES

We thank our employees for their hard work and dedication to help realize AHFA's mission.

View the 2014 financial statements at
www.ahfa.com/financials

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. The bonds of the Alabama Housing Finance Authority are not obligations of the State of Alabama and are not repaid with tax dollars. AHFA is a self-sustaining organization which pays all operating expenses from program revenues. If you are an individual with a disability who needs assistance with this document, please contact AHFA in writing at AHFA.com or P.O. Box 242967, Montgomery, AL 36124-2967, or call 334.244.9200 or 1.800.325.2432.



Come on home, Alabama.

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