

Alaska Bankers Association

March 27, 2020

Senator Natasha von Imhof, Co-chair
Senator Bert Stedman, Co-chair
Senate Finance Committee
120 4th Street, Room 3
Juneau, AK 99801

Re: AKBA response to state-mandated moratorium on foreclosures

Dear Senator von Imhof and Senator Stedman:

To best address the challenges we face today, Alaska's banks are devoting their full attention to their core business functions, lending and meeting their customer and community needs. Already, our banks are offering a variety of services to individual and small business owners through this challenging period, including deferred payments, loan modifications, suspensions on vehicle repossessions and enacting moratoriums on residential property foreclosures of their own. Alaska banks are also working to understand, synthesize and implement emergency lending and guarantee programs as proposed by the Alaska Department of Revenue, AIDEA and the Federal Small Business Administration.

To this end, we believe mandating a moratorium on foreclosures will lead to greater uncertainty and unintended consequences. The trust we have with our customers has been built over many years, and the focus and efforts of banks and state government, alike, should be targeted on supporting Alaska residents and our economy. Should the Legislature choose to move forward with a state-mandated moratorium on foreclosures, AKBA believes the following amendments to SB242 version "U" must be in place:

- Details on how to prove financial hardship relating to COVID-19
- Redefine "person" as a "natural person"
- Exempt vacant and abandoned property
- Government Sponsored Enterprises (GSEs) such as Freddie Mac and Fannie Mae purchase a majority of mortgages from Alaska's lenders (>> 50%) and create packages of mortgage-backed securities that are then sold to investors who receive monthly interest income as the homeowners with underlying mortgages pay their monthly bill. AKBA's concern is that if a moratorium is placed on the foreclosure process in a way that is different and/or unacceptable to the GSEs, the GSE's could discontinue their activities in the Alaska while such differences are in place. Such action would have the effect of dramatically reducing financing options and adversely impacting Alaskan borrowers. Therefore, any change to the foreclosure process or moratorium duration under SB242 should not exceed and at least follow the policy and procedures established by the [Federal Housing Finance Agency](#) for [Fannie Mae](#) and [Freddie Mac](#).

Thank you for your consideration.

Sincerely,



Ryan Strong, President
Alaska Bankers Association

CC: Members of the Senate Finance Committee