

**HOUSE CS FOR CS FOR SENATE BILL NO. 181(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/13/02

Referred: Today's Calendar

Sponsor(s): SENATE FINANCE COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to and increasing the interest rate on that portion of a loan for a single**  
2   **family house or owner-occupied duplex in a small community that exceeds \$250,000;**  
3   **relating to the Alaska Housing Finance Corporation's rural assistance loan program**  
4   **and to loans for teacher housing in small communities."**

5   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6    \* **Section 1.** AS 18.56.420(a) is amended to read:

7           (a) There is created in the corporation, as a revolving loan fund, the housing  
8           assistance loan fund consisting of money appropriated to it by the legislature and  
9           deposited in it by the corporation, and repayments of principal and interest on loans  
10          made or purchased from the assets of the fund. The corporation shall

11               (1) adopt regulations to administer the housing assistance loan fund  
12               under AS 18.56.400 - 18.56.600; and

13               (2) subject to appropriation, provide money for a rural assistance loan  
14               program to originate, purchase, [OR] participate in the purchase of, **or refinance**

(A) small community housing mortgage loans;

(B) loans made for building materials for small community housing;

(C) loans made for renovations or improvements to small community housing;

(D) loans made for the construction of owner-occupied small community housing other than loans to builders or contractors or loans that compensate an owner for the owner's labor or services in constructing the owner's own housing.

\* **Sec. 2.** 18.56.470(a) is amended to read:

(a) The interest rate on a mortgage loan originated or purchased in whole or in part under AS 18.56.420 for small community housing or teacher housing under AS 18.56.580 is one percent less than the interest rate, as determined under AS 18.56.098(f)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 18.56.420. However, other than a loan for teacher housing under AS 18.56.580, the interest rate on that portion of a loan for a single-family house or owner-occupied duplex that exceeds \$250,000 is the same as the interest rate determined under AS 18.56.098(f)(1) - (14).

\* **Sec. 3.** AS 18.56.580 is amended to read:

**Sec. 18.56.580. Loans for teacher [NONOWNER OCCUPIED] housing.**

(a) In addition to the powers authorized by AS 18.56.400, the corporation shall [MAY] adopt regulations under AS 18.56.088 allowing the use of money in the housing assistance loan fund to make loans for the purchase or development of teacher [NONOWNER OCCUPIED] housing in small communities. The regulations must implement the requirements of (b) of this section and establish other terms and conditions for teacher housing loans, including those relating to borrower eligibility and the number of loans that may be made to a single borrower. The corporation may require the borrower to pay costs associated with a loan.

(b) A loan may be made under this section only for teacher housing in which each unit that is not vacant is occupied by at least one individual who is employed as a certificated teacher or education professional in a public elementary or secondary school in a small community. Notwithstanding AS 18.56.470(a), if, before the loan is entirely repaid, the occupancy requirement of this subsection is not complied with, the interest rate on the remaining balance of the loan amount becomes the same as the interest rate determined under AS 18.56.098(f)(1) - (4) on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the loan under this section was made [THE RATE OF INTEREST ON A LOAN AUTHORIZED BY THIS SECTION MAY NOT EXCEED 10-1/2 PERCENT A YEAR].

(c) The principal amount of loans made for teacher [NONOWNER OCCUPIED] housing under this section may not exceed 20 percent of the total principal amount of loans made for small community housing under AS 18.56.400 - 18.56.600.

(d) In this section,

(1) "development" means the construction of a new residence or the acquisition, repair, remodeling, rehabilitation, or expansion of an existing residence;

(2) "teacher [NONOWNER OCCUPIED] housing" means [A SINGLE-FAMILY RESIDENCE OR] a multi-family residence [HAVING UP TO EIGHT DWELLING UNITS AND] that may be nonowner occupied or [IS NOT] occupied by the owner [; THE CORPORATION MAY MODIFY THIS DEFINITION IF IT DETERMINES THAT THERE IS A SPECIAL NEED FOR NONOWNER OCCUPIED HOUSING AND THAT A CHANGE IN THE DEFINITION IS NECESSARY TO ENABLE THE CORPORATION TO MEET THAT NEED].