

HOUSE CS FOR CS FOR SENATE BILL NO. 221(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/27/98

Referred: Rules

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to negatively amortizing loans secured by owner-occupied real
2 property originated under a program approved or sponsored by the state or
3 federal government, including congressionally chartered national corporations."

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

5 * **Section 1.** AS 45.45.010(f) is amended to read:

6 (f) A bank, credit union, savings and loan institution, pension fund, insurance
7 company, or mortgage company may not require or accept any percent of ownership
8 or profits above its interest rate. This subsection does not apply to a loan if the
9 principal amount of the loan is \$1,000,000 or more and the term of the loan is five
10 years or more, or to a negatively amortizing loan secured by owner-occupied real
11 property originated under a program approved or sponsored by

12 (1) the federal government, including congressionally chartered
13 national corporations; or

14 (2) the state if

1 (A) the real property that secures the loan is not subject to
2 forced sale provided the owner has not violated the terms of the loan
3 agreement including terms regarding

4 (i) payment of property taxes;

5 (ii) payment of hazard or fire insurance premiums;

6 (iii) keeping the property in reasonable repair;

7 (iv) not vacating the property for a period longer
8 than 12 months;

9 (B) the owner may not be evicted from the real property
10 that secures the loan unless a term of the loan agreement regarding a
11 matter listed in (A)(i) - (iv) of this paragraph has been violated;

12 (C) neither the estate nor any heir of the former owner may
13 be compelled to pay a deficiency judgment related to the loan; and

14 (D) the estate or an heir of the former owner has a right of
15 first refusal and may either pay off the loan balance in full, if the former
16 owner had equity in the property, or pay a sum not to exceed 95 percent
17 of the value of the property at the time of exercise of the right of first
18 refusal as determined by an independent real estate appraiser licensed
19 under AS 08.87.