

April 12 2019

Dear Representative Wilson,

First and foremost let me thank you for working on and sponsoring House Bill 104!

We heard just recently about the actual "Alaska Secure and Fair Enforcement for Mortgage Licensing Act of 2010". We were dismayed when we realized that this law was in the books (although it had not been enforced since its inception) and that, for so many years, we were not aware of such law.

Over the last decades we acquired several properties (land only) in our vicinity in Fairbanks. For us this was a tangible, traditional and somewhat secure way of saving for our retirement. All the properties are owned without any liens by us personally.

Then in the last years, we started selling some of the properties. It was then that we realized that approximately 80% of the interested buyers needed some kind of mortgage. In the beginning we advised them to approach the banks to get a loan. Then we learnt that most banks do not offer any loans for bare land. In the few cases where they offered such loans, most of the buyer did not qualify, mainly because they were young and wanted to build their first modest home or cabin by themselves without having much of a credit history. In the very few cases where they would have qualified, the interest rate was so high (for bare land) that they could not afford it.

As a result, we wanted to help them by offering them owner financing. At the beginning we felt uneasy but there seemed not to be any alternative. Over the years, we noticed that the buyers appreciated very much that we were giving them this trust and opportunity. Little did we know that owner financing under the "Alaska Secure and Fair Enforcement for Mortgage Licensing Act of 2010" seemed not to be an option. For the title agencies and the ESCROW providers, arranging owner financing is a common and widely used practice since most buyers do not have a viable alternative.

Most Alaskan property owners are blissfully unaware of the current legal situation. Once the news spreads that this law is being enforced, many land sellers will shy away from finding any financial arrangements with possible buyers and will offer cash-only land sales. This would be catastrophic for most potential buyers and would bring most land sales to a halt. It is hard to imagine how that would affect detrimentally the real estate market in Alaska. In addition, it would be very unfair to all the people, like us, who have invested their nest egg in land.

As a result, the actual, current law achieves exactly the opposite of what it intended to do: it does not protect the real estate buyer but harms him/her by not giving him/her access to any mortgage and deny him/her the right to buy and own property in the great state of Alaska.

Therefore, we strongly support your efforts to correct this unattainable situation by bringing HB-104 to the floor.

Thank you again for trying to find a solution to the current situation!

Sincerely,



Felix Krause and Silke Schiewer

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