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Governor Mike Dunleavy  
STATE OF ALASKA

January 16, 2024

The Honorable Cathy Tilton  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Tilton:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the power of the Alaska Housing Finance Corporation (Corporation) to make or purchase mortgage loans for single family residences. This bill will provide Alaskans with greater access to quality housing by removing current restrictions on the Corporation's power to make, purchase, and participate in the purchase of first and second mortgage loans for single family residences.

The Corporation's primary business is to provide home loans to Alaskans. In making or purchasing these loans, the Corporation competes with government sponsored entities, including the Federal National Mortgage Association (Fannie Mae) which can offer home loans with down payments as low as three percent. However, many families in Alaska cannot qualify for a loan from a government sponsored entity and existing statutory restrictions prohibit the Corporation from purchasing or making a first mortgage loan that has a loan-to-value ratio that exceeds 95 percent. Removal of this limitation will allow the Corporation to modify its residential lending programs to provide additional loan opportunities for these families.

The bill would also simplify the Corporation's ability to make or purchase second mortgages by removing duplicative language regarding loan-to-value calculations and limits tied to loans purchased by Fannie Mae for similar housing. If the bill passes, simplified statutory language would prohibit the Corporation from making, purchasing, or participating in the purchase of a second mortgage on a single-family residence that, when combined with the principal balance of a first mortgage loan on the property, has a loan-to-value-ratio that exceeds 90 percent.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy  
Governor

Enclosure

**HOUSE BILL NO.**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTY-THIRD LEGISLATURE - SECOND SESSION

**BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**Introduced:  
Referred:**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the power of the Alaska Housing Finance Corporation to make or**  
2 **purchase mortgage loans."**

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

4 **\* Section 1.** AS 18.56.096(a) is amended to read:

5 (a) The corporation may not make, participate in the making of, purchase, or  
6 participate in the purchase of

7 (1) a first mortgage loan under this chapter for a duplex, triplex, or  
8 four-plex that exceeds the limitations on first mortgage loans for similar housing  
9 purchased by the Federal National Mortgage Association as to principal amount and  
10 loan-to-value ratio;

11 (2) a second mortgage loan for a duplex, triplex, or four-plex the  
12 amount of which, when combined with the principal balance of a first mortgage loan  
13 on the property, exceeds the limitation on the amount set out in (1) of this subsection  
14 or that has a loan-to-value ratio, when considered with the principal balance of the first

1 mortgage loan, that exceeds 90 percent;

2 (3) a mortgage loan to finance the purchase of new housing or for the  
3 improvement or rehabilitation of existing housing, unless the construction,  
4 improvement, or rehabilitation work has been performed by a contractor who is  
5 registered to work as a contractor under AS 08.18; this paragraph does not apply if the  
6 construction, improvement, or rehabilitation work

7 (A) has been totally or substantially performed by the  
8 borrower;

9 (B) has been performed by a borrower who acts as the  
10 contractor for the construction, improvement, or rehabilitation work; or

11 (C) has been performed in an area designated by the  
12 corporation as exempt from the requirements of this paragraph because of the  
13 unavailability of registered contractors in that area;

14 (4) a first mortgage loan for a single-family residence that exceeds the  
15 limitations on first mortgage loans for similar housing purchased by the Federal  
16 National Mortgage Association as to principal amount by more than 10 percent [, OR  
17 HAS A LOAN-TO-VALUE RATIO THAT EXCEEDS 95 PERCENT,] or a second  
18 mortgage loan for a single-family residence, the amount of which, when combined  
19 with the principal balance of a first mortgage loan on the property, [EXCEEDS THE  
20 LIMITATIONS ON LOANS FOR SIMILAR HOUSING PURCHASED BY THE  
21 FEDERAL NATIONAL MORTGAGE ASSOCIATION AS TO PRINCIPAL  
22 AMOUNT BY MORE THAN 10 PERCENT, OR] has a loan-to-value ratio [, WHEN  
23 CONSIDERED WITH THE PRINCIPAL BALANCE OF THE FIRST MORTGAGE  
24 LOAN,] that exceeds 90 percent;

25 (5) a first or second mortgage loan for rental housing unless the  
26 borrower agrees not to discriminate against tenants or prospective tenants because of  
27 sex, marital status, changes in marital status, pregnancy, parenthood, race, religion,  
28 color, national origin, or status as a student;

29 (6) a first mortgage loan if the borrower has an outstanding first  
30 mortgage housing loan under this chapter or an outstanding first mortgage loan for  
31 owner-occupied housing under former provisions of AS 44.47; or

1                   (7) a loan to a person who has a past due child support obligation  
2 established by court order or by the child support services agency under AS 25.27.160  
3 - 25.27.220 at the time of application.

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version: GB 53  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: 0318-DOR-AHFC-12-11-2023  
Title: AHFC LOAN TO VALUE  
Sponsor: RULES BY REQUEST OF THE GOVERNOR  
Requester: Governor

Department: Department of Revenue  
Appropriation: Alaska Housing Finance Corporation  
Allocation: AHFC Operations  
OMB Component Number: 110

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates					
			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 12/01/24

**Why this fiscal note differs from previous version/comments:**

Initial version, not applicable.

Prepared By:	James Wiedle, Budget Director	Phone:	(907)330-8359
Division:	Alaska Housing Finance Corporation	Date:	01/16/2024 10:30 AM
Approved By:	Eric DeMoulin, Administrative Services Director	Date:	01/16/24
Agency:	Department of Revenue, Administrative Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION

BILL NO. LL0318

**Analysis**

The proposed legislation modifies AS 18.56.096(a) by adding additional language concerning loan-to-value ratios on home mortgages. The modification is not anticipated to incur any additional costs.

The legislation would require promulgation of regulations, which is anticipated to take up to five months.