

HOUSE BILL NO. 400

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

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/28/04

Referred: Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the housing assistance loan fund in the Alaska Housing Finance**
2 **Corporation; creating the housing assistance loan program; repealing loans for teacher**
3 **housing and providing for loans for multi-family housing; making conforming**
4 **amendments; and providing for an effective date."**

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,]
8 the housing assistance loan program [FUND CONSISTING OF MONEY
9 APPROPRIATED TO IT BY THE LEGISLATURE AND DEPOSITED IN IT BY
10 THE CORPORATION, AND REPAYMENTS OF PRINCIPAL AND INTEREST
11 ON LOANS MADE OR PURCHASED FROM THE ASSETS OF THE FUND]. The
12 corporation shall

13 [(1) ADOPT REGULATIONS TO ADMINISTER THE HOUSING
14 ASSISTANCE LOAN FUND UNDER AS 18.56.400 - 18.56.600; AND

1 (2) SUBJECT TO APPROPRIATION,] provide money [FOR A
2 RURAL ASSISTANCE LOAN PROGRAM] to originate, purchase, participate in the
3 purchase of, or refinance

4 (1) [(A)] small community housing mortgage loans;

5 (2) [(B)] loans made for building materials for small community
6 housing;

7 (3) [(C)] loans made for renovations or improvements to small
8 community housing; **and**

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

13 * **Sec. 2.** AS 18.56.440 is amended to read:

14 **Sec. 18.56.440. Limitations on use of housing assistance loan program**
15 **[FUND].** The **housing assistance loan program may not be used** [CORPORATION
16 MAY NOT USE THE MONEY IN THE HOUSING ASSISTANCE LOAN FUND]
17 to

18 (1) originate a direct loan or purchase or participate in the purchase of
19 a small community housing mortgage loan that exceeds the limitations on mortgage
20 loans purchased by the Federal National Mortgage Association as to principal amount
21 or loan-to-value ratio;

22 (2) originate a direct loan or purchase or participate in the purchase of
23 a loan made for building materials for small community housing

24 (A) that exceeds \$45,000 or exceeds

25 (i) 80 percent of the appraised value of the work
26 completed on the small community housing for which the loan is made
27 if the small community housing is pledged as collateral for the loan; or

28 (ii) 90 percent of the value of other property that is
29 pledged as security for the loan and that is satisfactory to the
30 corporation as collateral;

31 (B) unless the terms of the loan agreement require inspections

1 and certifications, as required by regulations of the corporation, at the expense
2 of the borrower; and

3 (C) unless the period of time allowed for repayment of the loan
4 is equal to or less than 15 years;

5 (3) originate direct loans or purchase or participate in the purchase of a
6 small community housing mortgage loan that is secured by real property the
7 marketable title to which is shown under AS 18.56.480(b)(2) if the total amount of
8 outstanding small community housing mortgage loans held by the corporation exceeds
9 10 times the amount of money in the restricted title loss reserve account established by
10 AS 18.56.490;

11 (4) originate a direct loan for small community housing or purchase or
12 participate in the purchase of a small community housing mortgage loan, other than a
13 loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-
14 occupied residence, if the borrower has an outstanding housing loan made under a
15 state loan program, other than a loan for nonowner-occupied housing under
16 AS 18.56.580 or under former AS 44.47.520, that bears interest at a rate that was less
17 than the prevailing market interest rate for similar housing loans at the time the loan
18 was made;

19 (5) originate a direct mortgage loan or purchase or participate in the
20 purchase of a mortgage loan for rental housing unless the borrower agrees not to
21 discriminate against tenants or prospective tenants because of sex, marital status,
22 changes in marital status, pregnancy, parenthood, race, religion, color, national origin,
23 or status as a student; **or**

24 (6) originate, purchase, or participate in a loan to a person who has a
25 past due child support obligation established by court order or by the child support
26 enforcement division under AS 25.27.160 - 25.27.220 at the time of application.

27 * **Sec. 3.** AS 18.56.470(a) is amended to read:

28 (a) The interest rate on a mortgage loan originated or purchased in whole or in
29 part under AS 18.56.420 for small community housing or **multi-family** [TEACHER]
30 housing under AS 18.56.580 is one percent less than the interest rate, as determined
31 under AS 18.56.098(f)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a)

1 from the proceeds of the most recent applicable issue of taxable bonds before the
 2 origination or purchase of the mortgage loan originated or purchased under
 3 AS 18.56.420. However, [OTHER THAN A LOAN FOR TEACHER HOUSING
 4 UNDER AS 18.56.580,] the interest rate on that portion of a loan [FOR A SINGLE-
 5 FAMILY HOUSE OR OWNER-OCCUPIED DUPLEX] that exceeds \$250,000 is the
 6 same as the interest rate determined under AS 18.56.098(f)(1) - (4).

7 * **Sec. 4.** AS 18.56.490(b) is amended to read:

8 (b) The corporation may withdraw money from the restricted title loss reserve
 9 account in an amount equal to the loss to the corporation on a small community
 10 housing mortgage loan originated or purchased in whole or in part by the corporation
 11 if marketable title to the real property used to secure the loan was shown under
 12 AS 18.56.480(b)(2). Money withdrawn from the restricted title loss reserve account
 13 under this section shall be deposited in the **Alaska housing finance revolving fund**
 14 **(AS 18.56.082)** [HOUSING ASSISTANCE LOAN FUND].

15 * **Sec. 5.** AS 18.56.550(b) is amended to read:

16 (b) The personnel described in (a) of this section may make visits to **small**
 17 **communities** [THE REGIONS ESTABLISHED UNDER AS 18.56.570(a)] to provide
 18 preconstruction and post-construction inspections of real property for which loans are
 19 originated or purchased by the corporation in whole or in part under AS 18.56.420 and
 20 to provide assistance to private financial institutions and their borrowers [IN THE
 21 REGIONS]. Authority for final approval of loans may not be exercised by the
 22 personnel described in this section.

23 * **Sec. 6.** AS 18.56.560 is amended to read:

24 **Sec. 18.56.560. Demonstration projects and information.** The corporation
 25 may enter into agreements with public and private agencies to provide demonstration
 26 projects and information concerning housing construction in **small communities**
 27 [EACH OF THE REGIONS ESTABLISHED UNDER AS 18.56.570(a)].

28 * **Sec. 7.** AS 18.56.580 is repealed and enacted to read:

29 **Sec. 18.56.580. Loans for multi-family housing.** (a) The corporation may
 30 use the housing assistance loan program created in AS 18.56.420 to make loans for the
 31 purchase, participation in the purchase, origination, development, or refinancing of

1 multi-family housing in small communities.

2 (b) In this section,

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

5 (2) "multi-family housing" means a multi-family residence containing
6 two or more dwelling units that may be nonowner-occupied or owner-occupied.

7 * **Sec. 8.** AS 18.56.420(b) and 18.56.570 are repealed.

8 * **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).