

Introduced: 4/10/64
Referred: Labor and
Management

ALASKA
STATE
LEGISLATURE

BY THE LABOR AND
MANAGEMENT COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 439

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to emergency loans to
7 owners of dwellings in the earthquake dis-
8 aster area; and providing for an effective
9 date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. PURPOSE. The legislature recognizes that great
12 loss has been suffered by many homeowners throughout the area
13 affected by the earthquake of March 27, 1964, and that if some
14 action is not taken to provide the owners of dwellings in these
15 areas with the money they need to rehabilitate these dwellings,
16 further deterioration of them will take place, the housing prob-
17 lems in the area will become more difficult, inhabitants will be
18 forced to leave the area, distress sales will disrupt the entire
19 real estate economy, and the whole state will suffer thereby. The
20 purpose of this Act is to provide the necessary money to home-
21 owners at the lowest possible rates of interest to alleviate hard-
22 ship and to permit the economy to return to normal as soon as
23 possible.

24 * Sec. 2. PERSONS ELIGIBLE. (a) The owner, as that term is
25 defined by the commissioner, of a single- or multiple-unit dwelling
26 which was destroyed, damaged, or otherwise devalued by the earth-
27 quake of March 27, 1964, or by waves, fires, floods, or slides
28 resulting from the earthquake may apply for an emergency loan
29 under this Act.

HB 439

1 (b) An application for an emergency loan shall be filed with
2 the commissioner of commerce, and to be considered by him must
3 contain

4 (1) pertinent personal information and property des-
5 criptions as the commissioner determines are necessary;

6 (2) a detailed statement of the destruction, damage, or
7 devaluation of the property and the manner of its occurrence;

8 (3) a description of the work to be done;

9 (4) the amount of the loan requested and the proposed
10 schedule of repayment;

11 (5) a sworn statement that he believes the facts set
12 out in the application are true, and that he intends to and be-
13 lieves he will be able to repay the loan.

14 (c) The commissioner shall make use of federal forms and
15 applications whenever possible, and shall minimize duplication and
16 delay to the greatest possible extent.

17 (d) No person is eligible to receive money under this Act
18 if it is available for like purposes from federal or private
19 sources. The commissioner shall define the meaning of "available"
20 under this subsection.

21 * Sec. 3. PURPOSE OF LOAN. Money lent under this Act may be
22 used for any purpose necessary to counteract the devaluation of
23 the property which results as a direct consequence of the factors
24 mentioned in sec. 2 of this Act. Specifically, but without limi-
25 tation, funds may be used for the repair, improvement, moving,
26 rehabilitation, and preservation of the property. In the event a
27 dwelling unit is completely destroyed, the owner may request a
28 loan for purposes of building or acquiring another dwelling.

29 * Sec. 4. AMOUNT OF LOAN. (a) The following loan limits are

1 established:

2 (1) for a single unit dwelling, not more than
3 \$10,000;

4 (2) for each unit, up to three, of a multiple-unit
5 dwelling, not more than \$10,000 per unit;

6 (3) for the fourth and each additional dwelling unit of
7 a multiple unit dwelling, not more than \$5,000 per unit in addi-
8 tion to the money lent on the first three units.

9 (b) Loans under this Act are subject to the further limita-
10 tion that no more than \$50,000 may be lent to one person and no
11 single loan shall exceed \$50,000.

12 * Sec. 5. CONSIDERATION AND GRANT OR REJECTION OF LOAN. Upon
13 receipt of an application for a loan, the commissioner shall make
14 an investigation of the facts stated in the application and the
15 credit of the borrower, and shall consider the work proposed to
16 be done. If he finds that the facts are substantially as stated,
17 that the borrower has satisfactory credit as defined in this Act,
18 and that the work proposed to be done will increase the value of
19 the property in an amount at least equal to the amount of the
20 loan, he shall approve the loan, and so advise the applicant.
21 The commissioner may, if necessary, require more information. He
22 may reject all or part of an application which is not in accord-
23 ance with this Act.

24 * Sec. 6. DISBURSEMENTS OF LOAN MONEY. (a) The full amount
25 of the loan is not available to the borrower until the completion
26 of the work. However, the borrower may request the commissioner
27 for partial payments on materials and labor during the progress of
28 the work. The commissioner shall make every effort to expedite
29 disbursement of loan funds, but may not disburse money unless he

1 is satisfied that the work for which the loan is made is pro-
2 gressing in accordance with the plan set out in the application or
3 in accordance with changes in the plan which he has approved. The
4 commissioner shall promulgate regulations necessary to ensure that
5 persons furnishing labor and materials for work financed by loans
6 under this Act are paid, and to make certain that loan funds are
7 not misappropriated.

8 (b) The borrower is entitled to receive money for his own
9 labor and materials used in the work at the prevailing rate for
10 labor and materials of the kind contributed.

11 * Sec. 7. INTEREST ON AND REPAYMENT OF LOANS. (a) The rate
12 of interest on loans under this chapter is the rate which the
13 state pays on its emergency bond issue plus or minus up to one-
14 quarter of one per cent, as the department may establish for
15 simplicity of computation.

16 (b) The commissioner shall establish a uniform monthly pay-
17 ment of principal and interest for the term of the loan, in
18 accordance with sound banking practices.

19 (c) No payment of interest or principal is required until
20 three years after the date of the loan.

21 * Sec. 8. SECURITY. (a) On every loan made under this Act,
22 the commissioner shall require that the borrower execute a promis-
23 sory note and a mortgage on the property involved. A mortgage
24 taken under this Act may be junior and inferior to all previously
25 existing security interests in the property. The borrower is
26 personally liable for the full amount of the note, regardless of
27 the adequacy of the mortgage collateral.

28 (b) The commissioner may take additional security for the
29 note when it is available and is in his opinion justified or

1 required. However, nothing in this section is to be construed to
2 prevent the making of a loan which is secured by property the
3 value of which is or is likely to be less than the total of the
4 encumbrances upon it.

5 * Sec. 9. AGENTS. (a) The commissioner may, with their con-
6 sent, appoint financial institutions including the Alaska State
7 Development Corporation, real estate brokers, state, federal,
8 borough, and city officers, and other persons to act as his agents
9 in the processing and administration of loans under this Act.

10 (b) The commissioner may determine which agents are to be
11 compensated for their services, and shall establish a schedule of
12 fees. Fees for the services of agents may be deducted from the
13 loan proceeds and paid directly to the agent.

14 * Sec. 10. CREDIT OF BORROWER. The credit of the borrower for
15 the purposes of this Act is determined by reference to his credit
16 before March 27, 1964. No loss suffered by the borrower as a
17 result of the earthquake shall be considered in determining his
18 eligibility or solvency under this Act.

19 * Sec. 11. LOCAL LOAN ADVISORY COMMITTEE. The commissioner
20 shall establish, in each local area receiving loans under this
21 Act, a Loan Advisory Committee to assist him in the determination
22 of matters pertaining to credit of the borrower, appropriateness
23 of the loan, labor and material costs, security, and any other
24 matters relating to the sound administration of the loan program
25 in that area. He shall prescribe the number of committees, their
26 area of responsibility, determination and selection of members,
27 procedure, and other relevant matters by regulation.

28 * Sec. 12. DUTIES AND POWERS OF COMMISSIONER. In addition to
29 duties assigned to the commissioner elsewhere in this Act, the

1 commissioner

2 (1) has overall charge of the loan program established
3 by this Act;

4 (2) shall, as soon as possible, establish and staff an
5 administrative division within his department which is adequate
6 to process all loan applications rapidly and efficiently;

7 (3) shall promulgate regulations to provide for all
8 matters necessary to the sound administration of the loan program
9 not specifically covered by this Act, and including but not
10 limited to insuring of mortgaged property, terms and conditions of
11 loan default, misappropriation of funds, conditions of stoppage of
12 payment for construction, and standards of loan application.

13 * Sec. 13. REGULATIONS. Regulations promulgated under this
14 Act are not subject to the Administrative Procedure Act (AS 44.62).
15 They shall, however, be published and made available throughout
16 the state to interested persons. They shall be kept up to date
17 through publication of changes. The commissioner shall take into
18 account the characteristics of each area and situation in prepar-
19 ing the regulations, and may promulgate different regulations for
20 different areas and situations.

21 * Sec. 14. DEFINITIONS. As used in this Act

22 (1) "department" means the Department of Commerce,

23 (2) "commissioner" means the commissioner of commerce.

24 * Sec. 15. EFFECTIVE DATE. This Act takes effect on the day
25 after its passage and approval or on the day it becomes law with-
26 out such approval.

27

28

29