

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

1 IN THE HOUSE

BY THE LABOR AND  
MANAGEMENT COMMITTEE

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.

1 (b) An application for an emergency loan shall be filed with  
2 the commissioner of commerce prior to March 1, 1965, and to be  
3 considered by him must 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 or acquisition of  
27 land for a new location. In the event a dwelling unit is completely  
28 destroyed, the owner may request a loan for purposes of building  
29 or acquiring another dwelling.

1       \* Sec. 4. AMOUNT OF LOAN. (a) The following loan limits are  
2 established:

3               (1) for a single unit dwelling, not more than  
4 \$10,000;

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

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

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

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

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

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

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

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

17 (b) The commissioner shall establish a uniform monthly pay-  
18 ment of principal and interest for the term of the loan, in  
19 accordance with sound banking practices, except that the commis-  
20 sioner may waive payment of principal for a period not to exceed three  
21 years after the date of the loan.

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

29 (b) The commissioner may take additional security for the

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

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

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

15 \* Sec. 10. CREDIT OF BORROWER. The credit of the borrower for  
16 the purposes of this Act is determined by reference to his credit  
17 before March 27, 1964.

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

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

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

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

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

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

20 \* Sec. 14. SOURCE OF FUNDS. The provisions of this Act shall  
21 be implemented by the commissioner and the department only when  
22 the governor certifies that funds are available for the purposes  
23 of the Act from the proceeds of the emergency bond issue (or from  
24 money borrowed in anticipation of such proceeds) previously  
25 authorized after the earthquake of March 27, 1964, or from possible  
26 future federal funds which might become available and which would  
27 qualify for this program.

28 \* Sec. 15. DEFINITIONS. As used in this Act

29 (1) "department" means the Department of Commerce;

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

\* Sec. 16. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.