

Introduced: 4/11/64  
Referred: Commerce

1 IN THE HOUSE

BY THE LABOR AND  
MANAGEMENT COMMITTEE

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HOUSE BILL NO. 442

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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THIRD LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to emergency loans to  
7 owners of business and commercial enter-  
8 prises in the earthquake disaster area;  
9 and providing for an effective date."

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

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\* Section 1. PURPOSE. The legislature recognizes that great  
loss has been suffered by many businesses and commercial enter-  
prises throughout the area affected by the earthquake of March 27,  
1964, and that if some action is not taken to provide the owners  
of these enterprises with the money they need to rehabilitate  
them further deterioration will take place, unemployment in these  
areas will become more acute, inhabitants will be forced to leave  
the area, distress sales will disrupt the entire economy, and the  
whole state will suffer thereby. The purpose of this Act is to  
provide the necessary money to businessmen at the lowest possible  
rates of interest to alleviate hardship and to permit the economy  
to return to normal as soon as possible.

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\* Sec. 2. PERSONS ELIGIBLE. (a) The owner, as that term is  
defined by the commissioner, of a business or commercial enterprise  
which was destroyed, damaged, or otherwise devalued by the earth-  
quake of March 27, 1964, or by waves, fires, floods, or slides  
resulting from the earthquake, may apply for an emergency loan  
under this Act.

(b) An application for an emergency loan shall be filed with

1 the commissioner of commerce, and to be considered by him must  
2 contain

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

5 (2) a detailed statement of the destruction, damage, or  
6 devaluation of the business or commercial enterprise and the manne-  
7 of its occurrence;

8 (3) a description of the work to be done or business  
9 property to be acquired;

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

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

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

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

22 \* Sec. 3. PURPOSE OF LOAN. Money lent under this Act may be  
23 used for any purpose necessary to counteract the devaluation of  
24 a business or commercial enterprise which results as a direct con-  
25 sequence of the factors mentioned in sec. 2 of this Act. It may  
26 not be used for working capital, but only for the repair or rehabil-  
27 itation of real or business property, or for the acquisition of  
28 necessary business property.

29 \* Sec. 4. AMOUNT OF LOAN. (a) Up to \$20,000 may be lent to

1 one person, subject to the restriction that

2 (1) not more than \$10,000 may be lent to one person for  
3 repair or rehabilitation of real property

4 (2) not more than \$10,000 may be lent to one person for  
5 the repair, rehabilitation, or acquisition of business property.

6 \* Sec. 5. CONSIDERATION AND GRANT OR REJECTION OF LOAN. Upon  
7 receipt of an application for a loan, the commissioner shall make  
8 an investigation of the facts stated in the application and the  
9 credit of the borrower, and shall consider the work proposed to  
10 be done or business property to be acquired. If he finds that the  
11 facts are substantially as stated, that the borrower has satisfactory  
12 credit as defined in this Act, and that the work proposed to be  
13 done or expenditure to be made will increase the value of the enter-  
14 prise in an amount at least equal to the amount of the loan, he shall  
15 approve the loan and so advise the applicant. The commissioner  
16 may, if necessary, require more information. He may reject all or  
17 part of an application which is not in accordance with this Act.

18 \* Sec. 6. DISBURSEMENTS OF LOAN MONEY. (a) The full amount  
19 of the loan is not available to the borrower until the completion  
20 of the work or the acquisition of the business property. However,  
21 the borrower may request the commissioner to make partial payments  
22 on materials and labor during the progress of the work, or to make  
23 necessary advance payments for the acquisition of business property.  
24 The commissioner shall make every effort to expedite disbursement  
25 of loan funds, but may not disburse money unless he is satisfied  
26 that the purposes for which the loan is made are being accomplished  
27 in accordance with the plan set out in the application or in  
28 accordance with changes in the plan which he has approved. The  
29 commissioner shall promulgate regulations necessary to ensure that

1 prompt payment is made to persons furnishing labor or goods to bor-  
2 rowers and that loan funds are not misappropriated.

3 (b) The borrower is entitled to receive money for his own  
4 labor and materials used in the repair and rehabilitation of real  
5 and business property at the prevailing rate for labor and materials  
6 of the kind contributed.

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

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

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

17 \* Sec. 8. SECURITY. (a) On every loan made for repair or  
18 rehabilitation of real property under this Act, the commissioner  
19 shall require that the borrower execute a promissory note and a  
20 mortgage on the property involved. The commissioner shall take  
21 chattel paper as security for a loan for the repair, rehabilitation,  
22 or acquisition of business property. A mortgage or chattel paper  
23 taken under this Act may be junior and inferior to all previously  
24 existing security interests in the property. The borrower is  
25 personally liable for the full amount of the note, regardless of  
26 the adequacy of the collateral.

27 (b) Nothing in this section is to be construed to prevent the  
28 making of a loan which is secured by property the value of which  
29 is or is likely to be less than the total of the encumbrances

1 upon it.

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

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

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

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

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

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

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

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

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

18         \* Sec. 14. DEFINITIONS. As used in this Act

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

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

21           (3) "business property" means all property, except real  
22 property, used by the borrower in the conduct of the business or  
23 commercial enterprise and includes stock-in-trade, fixtures, furn-  
24 ishings, and equipment.

25           (4) "business" includes profession.

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

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