

Introduced: 4/11/64  
Referred: Commerce

1 IN THE HOUSE

BY THE LABOR AND  
MANAGEMENT COMMITTEE

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HOUSE BILL NO. 442

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

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

1 prior to March 1, 1965, with the commissioner of commerce, and to  
2 be considered by him must contain

3 (1) pertinent personal information and property de-  
4 scriptions 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 manner  
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 rehabi-  
27 litation of real or business property, or for the acquisition of  
28 necessary business or real property.

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

1 one owner or business, subject to the restriction that

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

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

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

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

1 commissioner shall promulgate regulations necessary to ensure that  
2 prompt payment is made to persons furnishing labor or goods to bor-  
3 rowers and that loan funds are not misappropriated.

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

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

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

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

28 (b) Nothing in this section is to be construed to prevent the  
29 making of a loan which is secured by property the value of which

1 is or is likely to be less than the total of the encumbrances  
2 upon it.

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

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

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

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

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

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

29 (2) shall, as soon as possible, establish and staff an



1 administrative division within his department which is adequate  
2 to process all loan applications rapidly and efficiently;

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

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

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

25 \* Sec. 15. DEFINITIONS. As used in this Act  
26 (1) "department" means the Department of Commerce;  
27 (2) "commissioner" means the commissioner of commerce;  
28 (3) "business property" means all property, except real  
29 property, used by the borrower in the conduct of the business or

1 commercial enterprise and includes stock-in-trade, fixtures, furn-  
2 ishings, and equipment;

3 (4) "business" includes profession.

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

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