

1 IN THE HOUSE

BY THE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a program of grants to
7 homeowners whose property was destroyed or
8 severely damaged by the effects of the
9 earthquake of March 27, 1964; and providing
10 for an effective date."

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

12 * Section 1. INTENT OF ACT. It is the intention of the legis-
13 lature that the State of Alaska cooperate with the federal
14 government in establishing a program to retire or adjust outstand-
15 ing home mortgage obligations or other real property liens
16 secured by one to four family dwellings which were destroyed or
17 severely damaged in the earthquake of March 27, 1964 and subsequent
18 seismic waves and to comply with the requirements of Section 57
19 of the "1964 Amendments to the Alaska Omnibus Act." Doubt as to
20 the proper construction of a provision of this Act shall be
21 resolved in favor of conformity with the provisions of the Alaska
22 Omnibus Act of 1964 and the manifest intent of Congress.

23 * Sec. 2. PURPOSE. (a) It is determined and declared as a
24 matter of legislative finding that

25 (1) a large number of one to four family homes that
26 were severely damaged or destroyed in the March 1964 earthquake
27 and subsequent seismic waves were owned subject to substantial
28 mortgages and other liens;

29 (2) the damage to family homes in many cases exceeded

1 60 per cent of the pre-earthquake value of the homes;

2 (3) that no federal or state programs exist to relieve
3 the economic hardship suffered by the home owners although such
4 programs do exist in many cases to assist other individuals and
5 businesses;

6 (4) the President of the United States is authorized
7 by Section 57 of the "1964 Amendments to the Alaska Omnibus Act"
8 to make additional grants to the state in an amount up to
9 \$5,500,000 to match, on a fifty-fifty basis, any funds provided
10 by the state to pay costs of retiring and adjusting such mortgage
11 obligations;

12 (5) the absence of an effective program for relief of
13 said mortgagors threatens to depress a substantial portion of the
14 economy of the state and several municipalities within the state;

15 (6) the absence of an effective program for relief of
16 said mortgagors will make it impossible for great numbers of
17 individuals to rebuild their homes which will result in an exodus
18 of solid citizens from the state and decrease the economy and the
19 tax base of the state and certain municipalities at all levels;

20 (7) the absence of an adequate program for relief of
21 mortgagors creates conditions contrary to the public interest
22 which threaten, or may threaten, the health, safety, welfare,
23 comfort, and security of the citizens of the state;

24 (8) an adequate program for relief of mortgagors will
25 permit substantial rebuilding that would otherwise not be done
26 and thus stabilize the economy of the state;

27 (9) an adequate plan for relief will stimulate the
28 economy of the state by making available \$5,500,000 of federal
29 matching funds on a grant basis and is both necessary and

1 desirable and in the best interests of the public welfare;

2 (10) as a result of the 1964 earthquake and subsequent
3 seismic waves there is an aggravated housing shortage in several
4 areas of the state that were affected by the earthquake and
5 seismic waves and an adequate relief program will greatly contri-
6 bute to the rebuilding of homes that were severely damaged or
7 destroyed;

8 (11) there is a definite need for relief in the state
9 for mortgagors who have lost their homes but still are burdened
10 by substantial mortgages;

11 (12) a large number of mortgages, on one to four family
12 homes which were severely damaged or destroyed in the March 1964
13 earthquake and subsequent seismic waves, are owned by banks and
14 lending institutions outside the State of Alaska. These banks
15 and lending institutions are a primary source of development
16 capital for financing home mortgages, industrial development pro-
17 grams, and capital improvement programs within the State of
18 Alaska. Bankruptcy and defaults resulting from the inability of
19 individuals to pay their mortgage obligations may substantially
20 and adversely affect the credit of the State of Alaska and its
21 citizens and damage its reputation in financial circles throughout
22 the United States for meeting its financial commitments. Injury
23 to the State's credit and to its reputation for meeting financial
24 obligations threaten to reduce sources of development capital
25 which are essential to the economic growth and development of the
26 State of Alaska.

27 (b) Therefore, it is the policy of the state to promote the
28 health, safety, and welfare of its citizens by the creation of an
29 agency to implement Section 57 of the "1964 Amendments to the

1 Alaska Omnibus Act" by using federal grants and state matching
2 money to relieve mortgagors whose homes were severely damaged or
3 destroyed in the 1964 earthquake and subsequent seismic waves.
4 The implementation of this program will stabilize the population
5 of the state and stimulate and improve the economy and increase
6 the tax base of the state and municipalities affected by the 1964
7 earthquake. These purposes are considered necessary and are
8 public purposes for which public money may be spent.

9 * Sec. 3. POWERS AND DUTIES. (a) The commissioner of com-
10 merce may make grants to mortgagors for the purpose of retiring
11 or adjusting mortgage obligations or other real property liens
12 secured by one to four family dwellings which were destroyed or
13 damaged in the earthquake and seismic waves of March 27, 1964.

14 (b) The commissioner of commerce or his duly authorized
15 agent shall:

16 (1) prepare a plan to be submitted by the governor to
17 the President of the United States for the implementation of the
18 purpose of Section 57 of the "1964 Amendments to the Alaska
19 Omnibus Act";

20 (2) enact rules and regulations and do all other things
21 necessary to effectuate the purpose of this Act;

22 (3) hire, define the duties, and fix the compensation
23 of personnel necessary to effectuate the purposes of this Act;

24 (4) make reports in the form and containing the infor-
25 mation required by the federal government;

26 (5) allow the federal government access to all records
27 pertaining to the purposes of this Act.

28 (c) Personnel hired under this Act shall be exempt from the
29 State Personnel Act (AS 39.25.010 - 220).

1 (d) Rules and regulations promulgated under this Act shall
2 not be subject to the Administrative Procedures Act.

3 (e) The commissioner of commerce may take title to property
4 that is subject to this Act and may transfer property acquired
5 under this Act to further the purposes of the program established
6 under this Act.

7 * Sec. 4. GRANTS. Mortgagors whose property was severely
8 damaged or destroyed in the earthquake of March 27, 1964, and
9 subsequent seismic waves may make application for relief under
10 this Act on or before March 31, 1965. Grants shall be approved
11 only if the physical damage to the one to four family dwellings
12 securing the home mortgage obligation or other real property
13 lien amounts to 60 per cent or more of the pre-earthquake value
14 of the secured property. Pre-earthquake value means the fair
15 market value of the property on March 27, 1964, but before the
16 earthquake. The mortgagor shall be required to absorb the
17 physical damage loss to the entire extent of his equity interest
18 in the property and also agree to pay up to \$1,000 of the out-
19 standing mortgage balance. No grant shall exceed \$30,000 on a
20 single property. Where the land on which the earthquake-damaged
21 properties were located has been destroyed or altered so drasti-
22 cally as to render the site unacceptable as a location for future
23 structures, the commissioner of commerce may require the transfer
24 of title to the state in order to facilitate urban land stabili-
25 zation and other community action. The commissioner of commerce
26 shall assure equal treatment among home owners and prevent un-
27 justified payments or gains to mortgagors or mortgagees. The
28 decision of the commissioner is final, binding and conclusive as
29 to all questions of fact.

1 * Sec. 5. A person who makes a false statement or misrepre-
2 sentation knowing it is false or who knowingly fails to disclose
3 a material fact, to obtain an increase of payment under the pro-
4 gram established pursuant to this Act, either for himself or
5 another person, upon conviction, is punishable by a fine of not
6 more than \$10,000, or by imprisonment for not more than one year,
7 or both. Each false statement or misrepresentation or failure
8 to disclose a material fact is a separate offense.

9 * Sec. 6. This Act takes effect on the day after its passage
10 and approval or on the day it becomes law without such approval.

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