

Introduced: 2/18/67  
Referred: Commerce and  
Finance

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1 IN THE HOUSE

2 HOUSE BILL NO. 206

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the creation of the Alaska  
7 Veterans Service Corporation; and providing for an  
8 effective date."

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

10 \* Section 1. AS 26 is amended by adding a new chapter to read:

11 CHAPTER 25. ALASKA VETERANS SERVICE CORPORATION.

12 ARTICLE 1. CREATION AND ORGANIZATION.

13 Sec. 26.25.010. THE ALASKA VETERANS SERVICE CORPORATION. There  
14 is created the Alaska Veterans Service Corporation which is a public  
15 corporation and governmental instrumentality within the Department of  
16 Commerce, but has a legal existence independent of and separate from  
17 the state. The corporation has continuing succession until its  
18 existence is terminated by law. The corporation may not be terminated  
19 as long as its bonds or other obligations are outstanding.

20 Sec. 26.25.020. GOVERNING BODY. The board of directors of the  
21 corporation shall conduct the business of the corporation. The  
22 governor shall designate one of the appointed members of the board as  
23 the chairman of the board.

24 Sec. 26.25.030. APPOINTMENT, COMPENSATION, AND TENURE OF MEMBERS  
25 OF THE BOARD. (a) The board of directors consists of the commissioner  
26 of commerce and four members appointed by the governor. To be eligible  
27 for appointment as a member of the board, a person must be a resident  
28 of the state and experienced in financial or real estate practices. A  
29 public employee is not eligible for appointment to the board.

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1 (b) Appointed members of the board receive no salary, but are  
2 entitled to per diem and travel expenses authorized by law.

3 (a) The appointment of members to the board must be confirmed  
4 by the legislature meeting in joint session. A member may act and  
5 receive compensation pursuant to his appointment until his appointment  
6 is confirmed or rejected by the legislature.

7 (d) The term of office for an appointed member is three years  
8 and expires on June 30 of the appropriate year. Of the first board  
9 appointments, two appointed members shall serve for two-year terms and  
10 the other appointed members shall serve full terms. A member appointed  
11 by the governor to fill a vacancy on the board serves for the unexpired  
12 portion of the term of the member he succeeds.

13 **Sec. 26.25.040. BOARD MEETINGS.** (a) Three members constitute a  
14 quorum for the transaction of the corporation's business. Each member  
15 shall be given notice of a meeting of the board.

16 (b) Board meetings are public, except that any portion of a  
17 meeting in which loan applications are discussed shall be private.

18 (c) A certified copy of the minutes of each board meeting shall  
19 be sent to the governor.

20 **Sec. 26.25.050. PERSONNEL.** (a) The board shall employ an  
21 executive director who shall

22 (1) perform all executive duties required by the board;

23 (2) administer the laws and regulations relating to the  
24 veterans loan program;

25 (3) hire other employees who may be required by the board  
26 for the conduct of the corporation's business.

27 (b) The board shall prescribe the duties and compensation of the  
28 employees of the corporation. Employees of the corporation are exempt  
29 from the state personnel act.

1 (c) The attorney general is the legal counsel for the corporation  
2 and shall advise the corporation in legal matters and represent it in  
3 suits.

4 (d) The corporation shall bond its employees. The board shall  
5 determine the amount of bond.

6 Sec. 26.25.060. CONFLICT OF INTEREST. Upon appointment and dur-  
7 ing his term of office, a board member shall declare privately in  
8 writing to the governor and the board any financial interest he has  
9 which might conflict with the public nature of his appointment. If  
10 there is conflict, the board shall request the member to abstain from  
11 decisions resulting in a conflict.

12 ARTICLE 2. POWERS AND DUTIES OF THE CORPORATION.

13 Sec. 26.25.070. POWERS. (a) The corporation shall

14 (1) establish a veterans loan program consonant with the  
15 provisions of this chapter;

16 (2) adopt bylaws and regulations governing the business of  
17 the corporation;

18 (3) establish the principal office of the corporation at the  
19 state capital and may establish regional or local offices considered  
20 to be necessary;

21 (4) cooperate with the federal government in matters of  
22 mutual concern pertaining to the welfare of Alaskan veterans;

23 (5) make reports which the federal government may require;

24 (6) cooperate with the state and its political subdivisions  
25 and agencies.

26 (b) The corporation may

27 (1) adopt a seal;

28 (2) sue and be sued;

29 (3) make contracts and execute instruments necessary or

1 convenient to the exercise of its corporate powers;

2 (4) acquire, hold, and dispose of personal property;

3 (5) acquire real property, or interests in real property,  
4 by purchase or foreclosure if acquisition is necessary or appropriate  
5 to protect a loan in which the corporation has an interest; sell,  
6 transfer, and convey the property to a buyer and if a sale, transfer,  
7 or conveyance cannot be made with reasonable promptness or at a  
8 reasonable price, rent or lease the property;

9 (6) sell or transfer at par value, premium or discount to  
10 the Department of Revenue, any bank, or other private purchaser the  
11 mortgages and notes held by the corporation as security for the loans  
12 made under this chapter;

13 (7) invest money held in reserve or sinking funds or money  
14 not required for immediate disbursement in obligations of the state  
15 or the United States or obligations the principal and interest of  
16 which are guaranteed by the state or the United States.

17 (c) The corporation may not pledge the credit or the taxing  
18 power of the state or its political subdivisions. The state and its  
19 political subdivisions are not liable for the debts of the corporation.

20 Sec. 26.25.080. ANNUAL REPORT. Before January 1 of each year,  
21 the board shall submit to the governor and the legislature a comprehen-  
22 sive report describing the operations, fiscal transactions, and finan-  
23 cial condition of the corporation.

24 Sec. 26.25.090. ANNUAL AUDIT. The legislative auditor shall  
25 annually audit the financial records of the corporation. The legisla-  
26 tive auditor may have access to the records of the corporation at any  
27 time.

28 **ARTICLE 3. FINANCIAL PROVISIONS.**

29 Sec. 26.25.100. ISSUANCE OF BONDS. The corporation may issue

bonds for those amounts and purposes authorized by law.

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Sec. 26.25.110. **LIMITATION OF LIABILITY ON BONDS.** (a) The members of the board and any person executing the bonds are not personally liable for bonds issued by the corporation.

(b) Bonds issued by the corporation are not a debt of the state or its political subdivisions and each bond shall so state on its face. Bonds issued by the corporation are payable only from the funds or properties of the corporation.

Sec. 26.25.120. **TAX EXEMPTION.** The bonds of the corporation and the income from them, and the income and revenues of the corporation are free from taxation and assessments of every kind.

Sec. 26.25.130. **ISSUANCE AND SALE OF BONDS.** (a) The bonds of the corporation are authorized by adoption of a resolution which shall prescribe the date of issuance and maturity, interest rate, denomination, form, execution, terms of redemption, and the medium and place of repayment.

(b) The bonds shall be sold at public sale at a price determined by the corporation.

(c) The signature of a member of the board or an employee of the corporation upon a bond or coupon is not invalidated by his ceasing to hold office before delivery of the bond.

Sec. 26.25.140. **MAXIMUM INTEREST RATE.** The interest rate on bonds of the corporation shall not exceed six per cent a year.

Sec. 26.25.150. **ADDITIONAL POWERS TO SECURE BONDS.** In order to secure payment of its bonds, the corporation, in addition to its other powers, may

(1) pledge all or a part of the money received in payment of mortgage loans and interest on mortgage loans, and other money received or to be received by the corporation;

1 (2) pledge all or a part of the assets of the corporation  
2 including mortgages and obligations securing mortgages;

3 (3) establish reserves or sinking funds and provide for the  
4 regulation and disposition of these funds;

5 (4) provide for the replacement of lost, destroyed, or  
6 mutilated bonds.

7 **ARTICLE 4. LOANS.**

8 **Sec. 26.25.160. TYPES OF LOANS.** (a) The corporation may make  
9 the following loans:

10 (1) Personal loans may be made for educational, domestic,  
11 and other personal purposes not exceeding \$5,000. The loans shall be  
12 secured by acceptable collateral when available; but, if not available,  
13 the corporation may make loans on the basis of good character.

14 (2) Farm and home loans may be made to purchase, refinance,  
15 remodel, repair, build, furnish, or equip homes or farms in the state,  
16 including the clearing and drainage for farms, not exceeding \$22,500.  
17 The loans may not exceed 90 per cent of the appraised value when the  
18 loan is for the purchase or construction of a home unless additional  
19 amounts are secured by collateral determined to be appropriate by the  
20 corporation.

21 (3) Business loans may be made to purchase, refinance, or  
22 equip businesses including mining and fishing, but not including  
23 farming, not exceeding \$22,500. The loans shall be secured by  
24 acceptable collateral and may not exceed 75 per cent of the appraised  
25 value of the collateral offered as security.

26 (4) The rate of interest on loans made under (a)(1) - (3)  
27 of this section shall not exceed six and one-half per cent a year on  
28 the unpaid balance.

29 (b) The corporation may enter into agreements with private banks,

1 other lending institutions, and individuals for the purpose of guaran-  
2 teeing loans made to qualified applicants. The guarantess may not ex-  
3 ceed 90 per cent of the amount loaned and the loans shall be secured in  
4 the same manner provided for direct loans under this section. A loan  
5 guaranteed under this subsection by the corporation shall bear an inter-  
6 est rate not exceeding six and one-half per cent a year on the unpaid  
7 balance.

8 (c) No loans authorized by (a)(2) and (3) of this section may be  
9 made unless the corporation is satisfied that no money is available to  
10 the applicant from private lending institutions on a guaranteed basis  
11 under (b) of this section. An applicant is eligible for more than one  
12 type of loan but total amount loaned by the corporation to an applicant  
13 may not exceed \$22,500 at any one time.

14 Sec. 26.25.170. ELIGIBILITY FOR LOANS. (a) The corporation may  
15 provide a loan to a person who between September 16, 1940, and July 25,  
16 1947, and June 25, 1950, to six months after termination of hostilities  
17 involving forces of the United States in Viet Nam,

18 (1) served in the armed forces of the United States for 90  
19 days or more, or whose service was for a lesser period of time because  
20 of injury or disability incurred in the line of duty; and

21 (2) was separated or discharged from the armed forces under  
22 conditions other than dishonorable; and

23 (3) was, at the time of induction into the armed forces, a  
24 resident of the territory and had been a resident of the territory for  
25 not less than one year before induction and who returned to the terri-  
26 tory or state, with the intention to reside permanently in the territory  
27 or state, within one year after

28 (A) release from active military service, or

29 (B) completion of an educational program or medical

1 treatment which the person was entitled to as a federal veteran's  
2 benefit, provided the program or treatment was begun within one  
3 year after separation or discharge from active military service; or

4 (4) if not a resident of the territory before induction  
5 into the armed forces, has resided in the territory or state for a  
6 period of at least 10 years following his separation or discharge from  
7 active military service.

8 (b) The corporation may provide a loan for a person who was  
9 dependent on a member of the armed forces if

10 (1) the member was a resident of the territory for one  
11 year before induction into the armed forces;

12 (2) the member served in the armed forces for at least 90  
13 days between September 16, 1940, and November 1, 1945, and June 25,  
14 1950, to six months after termination of hostilities involving forces  
15 of the United States in Viet Nam; and

16 (3) the member died before November 1, 1945, if a World War  
17 II veteran, or before January 31, 1955, if a Korean War Veteran; and

18 (4) the member was separated or discharged from the armed  
19 forces under conditions other than dishonorable; and

20 (5) the dependent, whether widow, widower, mother, father,  
21 sister, or brother is incapable of self-support and was chiefly  
22 dependent on the deceased member as a means of support; and

23 (6) the dependent is a resident of the state at the time of  
24 making application for a loan and intends to reside in the state  
25 permanently.

26 (c) A dependent child is eligible for a personal loan under this  
27 chapter if

28 (1) the conditions in (b) of this section are met; and

29 (2) there is no surviving spouse; and

1           (3) there is an appointed guardian for the child who may  
2           apply for the loan in the child's behalf.

3           \* Sec. 2. The assets, liabilities, debts, and claims of the division of  
4 veterans' affairs of the Department of Commerce are transferred to the  
5 Alaska Veterans Service Corporation. All deeds, mortgages, assignments,  
6 or other instruments executed and delivered in conformity with law by the  
7 division of veterans' affairs are valid and subsisting and the covenants  
8 and conditions in these instruments shall be kept, paid, performed or  
9 observed by the corporation.

10          \* Sec. 3. The Alaska Veterans Service Corporation may issue bonds not  
11 to exceed \$3,000,000 in principal amount. The proceeds from the sale of  
12 these bonds shall be used for veterans' loans.

13          \* Sec. 4. AS 26.15 is repealed.

14          \* Sec. 5. This Act takes effect September 1, 1967.