

1 IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST OF
THE LEGISLATIVE COUNCIL BY REQUEST

2 HOUSE BILL NO. 41

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the purchase of mortgages by the
7 Alaska State Mortgage Association; and providing for
8 an effective date."

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

10 * Section 1. AS 44.56.090(8) is amended to read:

11 (8) purchase and sell, at its own discretion, mortgages

12 (A) insured by the Federal Housing Administration,

13 (B) insured or reinsured by the association under secs. 290 -
14 360 of this chapter,

15 (C) insured by a private insurance carrier authorized to
16 transact mortgage guaranty insurance business in the state by the
17 division of insurance of the Department of Commerce or

18 (D) [MORTGAGES] obtained by the division of veterans affairs,
19 Department of Commerce, which have been assigned, sold or pledged
20 to the association in return for cash, notes, bonds or debentures
21 of the association;

22 • Sec. 2. AS 44.56.280(4) is amended to read:

23 (4) "insured mortgage" means a mortgage or deed of trust

24 (A) insured or approved to be insured by the Federal Housing
25 Administration under the National Housing Act of June 27, 1934,
26 and its amendments and supplements, or

27 (B) insured or reinsured by the association under secs. 290 -
28 360 of this chapter, or

29 (C) insured by a private insurance carrier authorized to

1 transact mortgage guaranty insurance in the state by the division
2 of insurance of the Department of Commerce;

3 • Sec. 3. AS 44.56 is amended by adding a new section to read:

4 Sec. 44.56.155. DEBT SERVICE RESERVE FUNDS. (a) The association
5 may create and establish one or more reserve funds to be known as debt
6 service reserve funds and may pay into the debt service reserve funds:

7 (1) money appropriated and made available by the state for the
8 purposes of the funds;

9 (2) proceeds of sale of notes or bonds, to the extent pro-
10 vided in the resolution of the association authorizing their issuance;
11 and

12 (3) any other money which may be made available to the
13 association for the purpose of the funds from other sources. The money
14 held in or credited to a debt service reserve fund established under
15 this section, except as otherwise provided, shall be used solely for
16 the payment of the principal of bonds of the association secured by the
17 debt service reserve fund as the bonds mature, the purchase of bonds of
18 the association; the payment of interest on bonds of the association;
19 or the payment of redemption premiums required to be paid when the bonds
20 are redeemed prior to maturity. However, the association may provide
21 that money in any debt service reserve may not be withdrawn at any time
22 in an amount that would reduce the amount of the fund to less than the
23 maximum amount of principal and interest maturing and coming due in any
24 succeeding calendar year on the outstanding bonds of the association,
25 which are secured by the debt service reserve fund, except for the
26 purpose of paying principal of and interest on the bonds secured by a
27 debt service reserve fund maturing and coming due and for the payment
28 of which other monies of the association are not available. Any
29 income or interest earned by, or increment to, a debt service reserve

1 transact mortgage guaranty insurance in the state by the division
2 of insurance of the Department of Commerce;

3 * Sec. 3. AS 44.56 is amended by adding a new section to read:

4 Sec. 44.56.155. DEBT SERVICE RESERVE FUNDS. (a) The association
5 may create and establish one or more reserve funds to be known as debt
6 service reserve funds and may pay into the debt service reserve funds

7 (1) money appropriated and made available by the state for the
8 purposes of the funds;

9 (2) proceeds of sale of notes or bonds, to the extent pro-
10 vided in the resolution of the association authorizing their issuance;
11 and

12 (3) any other money which may be made available to the
13 association for the purpose of the funds from other sources. The money
14 held in or credited to a debt service reserve fund established under
15 this section, except as otherwise provided, shall be used solely for
16 the payment of the principal of bonds of the association secured by the
17 debt service reserve fund as the bonds mature, the purchase of bonds of
18 the association; the payment of interest on bonds of the association;
19 or the payment of redemption premiums required to be paid when the bonds
20 are redeemed prior to maturity. However, the association may provide
21 that money in any debt service reserve may not be withdrawn at any time
22 in an amount that would reduce the amount of the fund to less than the
23 maximum amount of principal and interest maturing and coming due in any
24 succeeding calendar year on the outstanding bonds of the association,
25 which are secured by the debt service reserve fund, except for the
26 purpose of paying principal of and interest on the bonds secured by a
27 debt service reserve fund maturing and coming due and for the payment
28 of which other monies of the association are not available. Any
29 income or interest earned by, or increment to, a debt service reserve

1 fund from investing it may be transferred by the association to any
2 other fund or account of the association. The association may provide
3 that a transfer may not reduce the amount of the debt service reserve
4 fund below the maximum amount of principal and interest maturing and
5 coming due in any succeeding calendar year on all outstanding bonds of
6 the association, secured by the debt service reserve fund.

7 (b) The association may not issue bonds at any time if the maximum
8 amount of principal and interest maturing and coming due in any succeed-
9 ing calendar year on the outstanding bonds, then to be issued and secured
10 by a debt service reserve fund, will exceed the amount of the debt
11 service fund at the time of issuance; unless the association, at the
12 time of the issuance of the bonds, deposits in the debt service reserve
13 fund from the proceeds of the bonds to be issued, or from other proceeds,
14 an amount which, together with the amount then in the debt service re-
15 serve fund, will be not less than the maximum amount of principal and
16 interest maturing and coming due in any succeeding calendar year on the
17 bonds to be issued and on all other outstanding bonds of the associa-
18 tion, secured by the debt service reserve fund.

19 (c) In order further to assure the maintenance of the debt service
20 reserve funds in the respective amounts provided for the association in
21 the issuance of its bonds secured, there shall be annually apportioned
22 and paid to the association for deposit in each debt service reserve
23 fund an amount to be certified by the chairman of the association to
24 the governor as necessary to restore the debt service reserve fund to
25 an amount equal to the maximum amount provided for by the association.
26 The chairman of the association shall annually, or on before December 1,
27 make and deliver to the governor his certificate stating the amount
28 required to restore each debt service reserve fund to the certified
29 amount, and this amount shall be apportioned and

1 paid to the authority during the then current state fiscal year.

2 (d) In computing the amount of any debt service reserve fund for
3 the purposes of this section, securities in which all or a portion of
4 the fund shall be invested shall be valued at par, or if purchased at
5 less than par, at their cost to the association.

6 * Sec. 4. This Act takes effect on the day after its passage and
7 approval or on the day it becomes law without approval.