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Referred: Special
Committee on Invest-
ments and Monetary
Policy

1 IN THE SENATE

BY MERDES AND B. PHILLIPS

2 SENATE BILL NO. 488

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Guaranteed Mortgage
7 Association."

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

9 * Section 1. AS 44 is amended by adding a new chapter to read:

10 CHAPTER 55. ALASKA GUARANTEED MORTGAGE ASSOCIATION.

11 Sec. 44.55.010. PURPOSE. (a) It is determined and declared as
12 a matter of legislative finding that

13 (1) individuals wishing to build single-family dwellings for
14 themselves are unable to obtain adequate financing from the existing
15 private lending agencies in the state;

16 (2) there is presently a dangerous shortage of housing in
17 the state which by all indicators will not be remedied in the near
18 future without state intervention;

19 (3) this shortage of housing is creating conditions contrary
20 to the public interests and threatens the health, safety, welfare,
21 comfort and security of the citizens of the state.

22 (b) Therefore, it is the policy of the state to promote the
23 health, safety, and welfare of its citizens by creation of a body cor-
24 porate and politic, to exist and operate for the purposes resulting
25 from the conditions caused by the lack of available financing for
26 private home construction from private lending institutions and to
27 guarantee loans made by private lending institutions to individuals for
28 the construction of their personal single-family dwellings, thereby
29 improving and stimulating the distribution of investment capital for

1 housing. These purposes are considered necessary and are public pur-
2 poses for which public money may be spent.

3 Sec. 44.55.020. ALASKA GUARANTEED MORTGAGE ASSOCIATION. The
4 Alaska Guaranteed Mortgage Association is a public corporation and
5 government instrumentality within the Department of Commerce, but having
6 a legal existence independent of and separate from the state, and has
7 continuing succession until its existence is terminated by law. The
8 association may not be terminated as long as it has an outstanding
9 obligation to a private lending institution by virtue of its having
10 guaranteed a loan as authorized in this chapter. Upon termination of
11 the association, its rights and property pass to the state.

12 Sec. 44.55.030. ASSOCIATION MEMBERSHIP. The membership of the
13 board of commissioners of the association consists of the commissioner
14 of commerce and four persons appointed by the governor with the approv-
15 al of the legislature in the same manner as the legislature approves
16 appointments to the heads of executive departments. Initial terms of
17 appointment shall be for two, three, four, and five years with subse-
18 quent terms of appointment being for four years. An appointed member
19 of the association may act and receive compensation from his appoint-
20 ment until confirmation or rejection by the legislature.

21 Sec. 44.55.040. COMPENSATION. Appointed members of the associa-
22 tion receive no salary, but are entitled to per diem and travel expenses
23 authorized by law for other boards and associations.

24 Sec. 44.55.050. REMOVAL. Appointed members of the association
25 may be removed by the governor for good cause which shall be stated in
26 writing and presented to the member at a public hearing called by the
27 governor for the purposes of removal.

28 Sec. 44.55.060. ASSOCIATION GOVERNING BODY. The board is the
29 governing body of the association. The board shall elect a chairman

1 from among its membership at its first meeting in each year. A majority
2 of the members constitute a quorum for organizing the association. The
3 board of directors shall meet at the call of its chairman. The board
4 shall meet not less than once each three months.

5 Sec. 44.55.070. MINUTES OF MEETING. The association shall keep
6 minutes of each meeting and send a certified copy to the governor no
7 later than three weeks after each meeting.

8 Sec. 44.55.080. ADMINISTRATION OF AFFAIRS. The board may manage
9 the assets and business of the association and prescribe, amend and
10 repeal bylaws, rules and regulations governing the manner in which the
11 business of the association is conducted and the manner in which its
12 powers are exercised. The association may delegate to one or more of
13 its directors, officers, agents or employees those powers and duties
14 it considers proper. The board may delegate supervision of the adminis-
15 tration of the association to an executive officer.

16 Sec. 44.55.090. LEGAL ADVISER. The attorney general is the legal
17 counsel for the association. He shall advise the corporation in legal
18 matters and represent it in suits.

19 Sec. 44.55.100. BOARD MAY EMPLOY PERSONNEL. The board may ap-
20 point other officers, hire employees and agents, and engage professional
21 and technical services and advice upon employment or independent-
22 contract basis. The board shall prescribe the duties and compensation
23 of association personnel.

24 Sec. 44.55.110. PERSONNEL EXEMPT FROM PERSONNEL ACT. The person-
25 nel of the association are exempt from AS 39.25 to the same extent as
26 the personnel of the Alaska State Housing Authority.

27 Sec. 44.55.120. INTERDEPARTMENTAL COOPERATION. All departments,
28 agencies and public corporations of the state may provide information,
29 services and facilities to the association upon its request.

1 Sec. 44.55.130. ASSOCIATION POWERS. The association may

2 (1) adopt, use and alter a corporate seal;

3 (2) make and alter bylaws for its organization and internal
4 management;

5 (3) sue and be sued;

6 (4) enter into contracts and execute instruments necessary
7 or convenient for carrying on its operations;

8 (5) acquire, hold and dispose of personal property;

9 (6) acquire real or personal property, or interest in real
10 or personal property, by purchase or foreclosure where acquisition is
11 necessary or appropriate to protect a loan in which the association has
12 an interest; sell, transfer and convey the property to a buyer, and
13 if sale, transfer or conveyance cannot be made with reasonable prompt-
14 ness or at a reasonable price, rent or lease the property;

15 (7) guarantee loans made by private lending institutions to
16 eligible persons for the construction or purchase of single-family
17 dwellings in an amount up to 90 per cent of the valuation of the
18 dwelling and real property when complete, or, in the case of a finished
19 dwelling, at the time of the making of the loan, but in no case may a
20 guarantee be made on a loan which exceeds eight per cent in interest
21 and \$50,000 in principal;

22 (8) invest funds held in reserve funds or sinking funds or
23 money not required for immediate use or disbursement, at the discretion
24 of the association, in obligations of the state or the United States,
25 or obligations, the principal and interest of which are guaranteed by
26 the state or the United States;

27 (9) accept grants and subsidies from the federal government
28 or a private person, and make reasonable agreements required as a
29 condition to obtaining the grants and subsidies;

1 (10) accept grants-in-aid, donations, legacies or usages of
2 money made or extended by individuals, organizations, public or private
3 corporations or the federal government, and return money advanced for
4 its usage if required by the agreement or grant;

5 (11) procure insurance against loss in connection with its
6 property in amounts and from insurers as it considers desirable;

7 (12) charge reasonable insurance premiums against the person
8 granted a guaranteed loan under this chapter;

9 (13) investigate the credit of a person applying for a
10 guarantee under this chapter to determine if the person is a reasonable
11 credit risk, but in no case is the association authorized to make
12 further assessment against the applicant by discounting or applying
13 points to the loan;

14 (14) levy expenses authorized by law in foreclosure proceed-
15 ings;

16 (15) guarantee loans in dollar value not to exceed 150 per
17 cent of the dollar amount of the unencumbered appropriation and funds
18 of the association.

19 Sec. 44.55.140. ANNUAL REPORT. Before December 1 of each year,
20 the association shall submit to the governor and the legislature a
21 comprehensive report describing the operations, fiscal transactions,
22 financial condition, and future plans of the association. The governor
23 may prescribe the form of the report.

24 Sec. 44.55.150. ANNUAL AUDIT. The association shall have its
25 financial records audited annually. The legislative auditor shall
26 conduct the annual audit. If an audit conducted by a certified public
27 accountant is satisfactory in the judgment of the legislative auditor,
28 it may be accepted instead of the state audit. The legislative
29 auditor may prescribe the form and contents of the financial records

1 of the association and may have access to these records at any time.

2 Sec. 44.55.160. APPROPRIATIONS. Appropriations made to the
3 association are to be disbursed to the association in the same manner
4 as appropriations made to other state agencies.

5 Sec. 44.55.170. DEFINITIONS. In this chapter, "eligible person"
6 means a person who meets reasonable credit risk standards and cannot
7 obtain a loan in the free market to purchase or construct a single-
8 family dwelling for his own occupancy and use.