

Original sponsor: Rules Committee by
Request of the Governor

Offered: 2/4/74
Referred: Rules

1 IN THE HOUSE

BY JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 253

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment of surplus retirement
7 fund money; and providing for an effective date."

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

9 * Section 1. AS 14.25.180(b) is amended to read:

10 (b) When, in the opinion of the commissioner of administration,
11 there is on hand in the retirement fund a surplus over and above a
12 reasonably safe amount to take care of current demands upon the fund,
13 the surplus or so much of it as in the judgment of the commissioner of
14 administration is considered proper may be invested by the commissioner
15 of revenue in (1) bonds or other interest-bearing obligations and
16 securities of the United States or an agency of the United States, a
17 state of the United States, or a political subdivision of any state of
18 the United States, if the political subdivision has a population as
19 shown by the last federal census preceding the investment of no less
20 than 30,000 inhabitants, except no population limitation applies to a
21 political subdivision of this state; (2) first lien real estate
22 mortgage securities insured by the Federal Housing Administration
23 under the National Housing Act of the United States, or held by the
24 Department of Commerce, or the Department of Natural Resources; (3)
25 corporation bonds, and preferred and common stocks as the commissioner
26 of revenue considers proper investments for the funds; (4) shares of
27 federally chartered savings and loan associations in Alaska, to the
28 extent that the investment is insured by the federal government or by
29 an agency of the federal government; (5) deposits with mutual savings

1 banks in Alaska, to the extent that the investment is insured by the
2 federal government or an agency of the federal government; (6) deposits
3 with state and national banks in Alaska to the extent that the invest-
4 ment is insured by the federal government or an agency of the federal
5 government; (7) loans guaranteed by the division of veterans' affairs
6 under AS 26.15.040(b); (8) [deleted] [AND] (9) the guaranteed portion
7 of Small Business Administration loans; (10) first lien real estate
8 mortgages guaranteed by the federal Veterans Administration; (11)
9 notes secured by mortgages of commercial or residential real estate or
10 other security if the mortgages are insured by a corporation which is
11 authorized to do business in Alaska and has combined capital, surplus
12 and reserves aggregating at least \$20,000,000; (12) conventional
13 residential mortgages if the originating financial institution retains
14 at least 25 per cent of the mortgage for a minimum of two years; (13)
15 notes secured by mortgages of commercial real estate if the originating
16 financial institution retains at least 25 per cent of the mortgage;
17 (14) FHA guaranteed portion of business and industrial loans made
18 under the Rural Development Act of 1972; (15) guaranteed portion of
19 loans made under the Federal Ship Financing Act of 1972. No more than
20 25 per cent of the surplus may be invested in mortgage securities of
21 the Department of Commerce, and the state shall appropriate sufficient
22 money from the general fund to reimburse the teachers' retirement
23 system for any losses incurred as a result of failure of the obligors
24 to pay on the notes. No more than \$400,000 of the surplus may be
25 invested annually in the mortgage securities of the Department of
26 Natural Resources, and the state shall appropriate sufficient money
27 from the general fund to reimburse the teachers' retirement system for
28 any losses incurred as a result of failure of the obligors to pay on
29 the notes.

1 * Sec. 2. AS 14.25.180 is amended by adding new subsections to read:

2 (e) To qualify as a mortgage which may be purchased under (b)(12)
3 and (13) of this section, the mortgage must

4 (1) have as a mortgagor an Alaska resident;

5 (2) be certified by the originating financial institution
6 that the loan being sold has been made in compliance with the law and
7 that liens supporting the loan have been perfected:

8 (3) have been closed after the effective date of this Act
9 and no loan may be eligible for purchase that is held by the originating
10 institution for a period greater than 90 days.

11 (f) When more than one-half of one per cent of the aggregate of
12 all loans purchased from a financial institution becomes delinquent
13 for 60 days, the pension fund shall discontinue purchasing loans from
14 that financial institution until the delinquency is reduced to less
15 than one-half of one per cent.

16 * Sec. 3. AS 39.35.110(a) is amended by adding new paragraphs to read:

17 (10) first lien real estate mortgages guaranteed by the
18 federal Veterans Administration;

19 (11) notes secured by mortgages of commercial or residential
20 real estate or other security if the mortgages are insured by a corpo-
21 ration which is authorized to do business in Alaska and has combined
22 capital, surplus and reserves aggregating at least \$20,000,000;

23 (12) conventional residential mortgages if the originating
24 financial institution retains at least 25 per cent of the mortgage for
25 a minimum of two years;

26 (13) notes secured by mortgages of commercial real estate
27 if the originating financial institution retains at least 25 per cent
28 of the mortgage;

29 (14) FHA guaranteed portion of business and industrial

1 loans made under the Rural Development Act of 1972;

2 (15) guaranteed portion of loans made under the Federal Ship
3 Financing Act of 1972.

4 * Sec. 4. AS 39.35.110 is amended by adding new subsections to read:

5 (e) To qualify as a mortgage which may be purchased under (a)(12)
6 and (13) of this section, it must

7 (1) have as a mortgagor an Alaska resident;

8 (2) be certified by the originating financial institution
9 that the loan being sold has been made in compliance with the law and
10 that liens supporting the loan have been perfected;

11 (3) have been closed after the effective date of this Act
12 and no loan may be eligible for purchase that is held by the originating
13 institution for a period greater than 90 days.

14 (f) When more than one-half of one per cent of the aggregate of
15 all loans purchased from a financial institution becomes delinquent
16 for 60 days, the pension fund shall discontinue purchasing loans from
17 that financial institution until the delinquency is reduced to less
18 than one-half of one per cent.

19 (g) Notwithstanding any other provisions, the pension fund may
20 purchase any assets of the retirement system of any participating
21 municipality as of the effective date of participation in such amount
22 as shall be mutually agreed upon by the participating municipalities
23 and the commissioner of revenue.

24 * Sec. 5. This Act takes effect on the day after its passage and
25 approval or on the day it becomes law without approval.