


1 IN THE SENATE BY THE RULES COMMITTEE BY REQUEST
2 SENATE BILL NO. 333 
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to investment in leasehold estates
7 by mutual banks."

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

9 * Section 1. AS 06.15.250 is amended to read:

10 Sec. 06.15.250. INVESTMENT IN FIRST MORTGAGES. Subject to the
11 provisions of this chapter and any regulations under this chapter, a
12 mutual bank may invest in first mortgages on unencumbered real property,
13 including leasehold estates with unexpired terms at least 10 years
14 longer than the date of last payment of the loans for which the lease-
15 holds are security [, INCLUDING LEASEHOLD ESTATES], subject to the
16 following limitations.

17 (1) No investment in mortgages executed by any one mortgagor
18 may exceed in the aggregate two per cent of the assets of the mutual
19 bank at the time the investment is made, or \$37,500 on a single family
20 dwelling or \$50,000 on a multiple family dwelling or other improved
21 realty, whichever is greater.

22 (2) No investment in any one mortgage may exceed two per
23 cent of the assets of the mutual bank at the time the investment is
24 made, or as specified in (1) of this section, whichever is greater, or
25 more than 80 per cent of the appraised value of a one-to-four family
26 residence securing a conventional loan; however, a mutual bank may make
27 95 per cent of appraised value loans if the term of the loan does not
28 exceed 30 years, and the loan is secured by an amortized mortgage,
29 deed of trust, or other instrument under the terms of which the

1 installment payments are sufficient to amortize the entire principal of
2 the loan within the period ending on the date of its maturity and, in
3 addition, the loan is either (A) insured by mortgage insurance in an
4 amount equal to 20 per cent of the loan issued by a mortgage insurer
5 authorized to do business in Alaska; or (B) the loan is secured in addi-
6 tion to the amortized mortgage by a savings account held by the lending
7 institution in an amount equal to 10 per cent of the loan or other
8 collateral acceptable to the department.

9 (3) Except as provided in (2) of this section, no investment
10 may be made in a conventional loan secured by a mortgage on a one-to-
11 four family residence unless the mortgaged property is located inside
12 this state and the mortgage has a maturity not exceeding 30 years from
13 the date the loan is made.

14 (4) No investment may be made in a conventional loan if the
15 aggregate unpaid principal of all conventional loans exceeds 80 per cent
16 of deposits plus all borrowings from the Federal Home Loan Bank.

17 (5) No participation in mortgage loans with others as co-
18 mortgagees may be permitted except with one or more financial institu-
19 tions, trusts, or pension funds.

20 [(6) NO INVESTMENT MAY BE MADE IN A MORTGAGE UPON A LEASE-
21 HOLD UNLESS

22 (A) THE LEASEHOLD HAS AN UNEXPIRED TERM OF NOT LESS
23 THAN 21 YEARS;

24 (B) THE PRINCIPAL AMOUNT OF THE MORTGAGE LOAN IS NOT
25 IN EXCESS OF 70 PER CENT OF THE APPRAISED VALUE OF THE LEASEHOLD;
26 AND

27 (C) PROVISION IS MADE FOR COMPLETE AMORTIZATION OF THE
28 LOAN WITHIN AN UNEXPIRED TERM BY PERIODIC PAYMENTS AS THE DEPART-
29 MENT MAY PRESCRIBE.]