

Introduced: 5/6/77
Referred: Finance

1 IN THE SENATE

BY SACKETT

2 HCS SENATE BILL NO. 351

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for settlement of the claims of
7 owners and occupants of housing constructed under the
8 remote housing program of 1971 and authorizing a
9 settlement of the claims of owners and occupants of
10 housing constructed under the state remote housing bond
11 program of 1970; and providing for an effective date."

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

13 * Section 1. LEGISLATIVE FINDINGS. The legislature finds that

14 (1) owners and occupants of housing constructed under the remote
15 housing program of 1971 have instituted a class action alleging defects in
16 the design and construction of the housing units;

17 (2) owners and occupants of housing constructed from the proceeds
18 of the state general obligation bond authorized and issued under ch. 180, SLA
19 1970 may be invited to join in the class action or, in the alternative, may
20 institute similar proceedings alleging defects in the design and construction
21 of the housing units;

22 (3) the determination of the liability of the state and the Alaska
23 State Housing Authority, if any, through the judicial process will not pro-
24 vide early opportunity for settlement of the claims and prospective claims;
25 and

26 (4) it is in the interests of the owners and occupants of the
27 housing and the state to authorize the direct settlement of the claims on a
28 class-settlement basis without need for further litigation, in a manner which
29 limits the liability of the state and provides owners and occupants oppor-

1 tunity to obtain title to the housing units clear of debts, liens and encum-
2 brances owed to the state or the authority.

3 * Sec. 2. AUTHORIZATION TO SETTLE CLAIMS. (a) The Alaska State Housing
4 Authority may take any action which it considers reasonable to settle the
5 claims of all persons who are members or prospective members of the class
6 engaged in litigation with the authority and the state involving the design,
7 construction or quality of the housing constructed from the proceeds of the
8 general fund appropriation made under ch. 250, SLA 1970. The grant of author-
9 ity to take action under this subsection is contingent upon the resolution of
10 all claims, existing or pending, which the members or prospective members of
11 the class have or may have against the authority or the state. In providing
12 for the settlement of claims under this subsection, the Board of Directors of
13 the Alaska State Housing Authority, through its executive director, shall

14 (1) order the cancellation of the entire outstanding indebtedness
15 of the individual members or prospective members of the class with respect to
16 the units of housing;

17 (2) direct the determination and, subject to legislative appro-
18 priation for the purpose, the refund to individual members or prospective
19 members of the class of payments made by each of them under the terms of any
20 mortgage, deed of trust or similar agreement between the authority and the
21 individual to secure payment of any loan or financial assistance involving a
22 unit of housing; and

23 (3) convey and quitclaim to the individual, without additional
24 consideration, the interests of the authority in the unit of housing.

25 (b) If persons who own and occupy housing constructed from the proceeds
26 of the general obligation bond authorized and issued under ch. 180, SLA 1970
27 join in the class action described in (a) of this section, or if those per-
28 sons initiate a separate class action alleging defects in the design, con-
29 struction or quality of their housing, the Board of Directors of the Alaska

1 State Housing Authority is authorized to provide for settlement of the claims
2 of the members or prospective members of the class on the terms and conditions
3 provided in (a) of this section. The grant of authority to take action under
4 this subsection is contingent upon a resolution of all the claims which the
5 members or prospective members of the class may have against the authority or
6 the state.

7 * Sec. 3. TERMINATION OF AUTHORITY TO SETTLE. (a) The grant of author-
8 ity to settle claims described in sec. 2(a) of this Act terminates December
9 31, 1977.

10 (b) The grant of authority to settle claims described in sec. 2(b) of
11 this Act expires on March 31, 1978, or, if a separate class action complaint
12 is filed, on the date which is six months after the date of filing of the
13 complaint, whichever is earlier.

14 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

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