

Introduced: 3/19/79
Referred: Commerce and
Finance

1 IN THE HOUSE

BY BARNES

2 HOUSE BILL NO. 408

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Veterans' Loan Corpora-
7 tion; and providing for an effective date."

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

9 Section 1. FINDINGS AND PURPOSE. (a) The program of making loans to
10 veterans in accordance with AS 26.15 has increased and improved the supply of
11 adequate housing in the state and has materially aided veterans in establish-
12 ing businesses, in self-improvement and in readjustment. The continuation of
13 the program is essential to the economic growth of the state. Participation
14 by the Alaska Veterans' Loan Corporation in the program of purchasing and
15 insuring state veterans' loans as provided in this chapter will be of
16 material aid in insuring the continuance of the program of making loans to
17 veterans in accordance with AS 26.15.

18 (b) The legislature finds that enabling the Alaska Veterans' Loan
19 Corporation to assist in financing the program of veterans' loans in accor-
20 dance with AS 26.15 serves a public purpose in benefiting the people of the
21 state. The Alaska Veterans' Loan Corporation is empowered to act on behalf
22 of the state and its people in serving this public purpose for the benefit of
23 the general public.

24 * Sec. 2. AS 26 is amended by adding a new chapter to read:

25 CHAPTER 16. ALASKA VETERANS' LOAN CORPORATION.

26 Sec. 26.16.010. ALASKA VETERANS' LOAN CORPORATION. The Alaska
27 Veterans' Loan Corporation is a public corporation and government in-
28 strumentality within the Department of Commerce and Economic Develop-
29 ment, but has a legal existence independent of and separate from the

1 state. The corporation may not be terminated as long as it has bonds,
2 notes or other obligations outstanding. Upon termination of the cor-
3 poration, its rights and property pass to the state.

4 Sec. 26.16.020. CORPORATION GOVERNING BODY. (a) The corporation
5 shall be governed by a board of directors. The board of directors of
6 the corporation consists of the commissioner of the Department of
7 Commerce and Economic Development and six members appointed by the
8 governor.

9 (b) Members appointed by the governor serve for three-year terms.
10 The terms of two members appointed by the governor expire on April 30
11 annually.

12 (c) If a vacancy occurs among the public members appointed by the
13 governor, the governor shall make an appointment, to become effective
14 immediately, for the unexpired portion of the term.

15 (d) Members of the board of directors serve without compensation
16 except that each member may be reimbursed by the corporation for actual
17 and necessary expenses at the same rate as set out in AS 39.20.180.

18 Sec. 26.16.030. MEETINGS OF BOARD. The board shall elect a chair-
19 man from among its membership at its first meeting in each year. A
20 majority of the members constitutes a quorum for organizing the board,
21 conducting its business, and exercising the powers of the corporation.
22 The board shall meet at the call of its chairman. The board shall meet
23 not less than once each three months.

24 Sec. 26.16.040. MINUTES OF MEETINGS. The board shall keep minutes
25 of each meeting and send a certified copy to the governor.

26 Sec. 26.16.050. ADMINISTRATION OF AFFAIRS. The board shall manage
27 the assets and business of the corporation and may prescribe, amend, and
28 repeal bylaws and regulations governing the manner in which the business
29 of the corporation is conducted and the manner in which its powers are

1 exercised. The board shall delegate supervision of the administration
2 of the corporation to the executive director, appointed in accordance
3 with AS 26.16.060, and may delegate to him other duties it considers
4 proper.

5 Sec. 26.16.060. EXECUTIVE DIRECTOR. The corporation shall employ
6 an executive director, who may not be a member of the board. The execu-
7 tive director shall be appointed by the board of directors and serves at
8 the pleasure of the board.

9 Sec. 26.16.070. LEGAL ADVISOR. The attorney general is the legal
10 counsel for the corporation. He shall advise the corporation in legal
11 matters and represent it in suits.

12 Sec. 26.16.080. EMPLOYMENT OF PERSONNEL. The board may appoint
13 other officers and engage professional and technical advisors as inde-
14 pendent contractors. The executive director may hire employees of the
15 corporation and, subject to the approval of the board, engage profes-
16 sional and technical advisors under contract with the corporation. The
17 board shall prescribe the duties and compensation of corporation per-
18 sonnel.

19 Sec. 26.16.090. PERSONNEL EXEMPT FROM STATE PERSONNEL ACT. The
20 personnel of the corporation are exempt from AS 39.25.

21 Sec. 26.16.100. INTERDEPARTMENTAL COOPERATION. All departments,
22 agencies and public corporations of the state may provide information,
23 services, facilities and loans to the corporation upon its request. The
24 corporation may reimburse departments, agencies and public corporations
25 of the state for loans advanced or for expenses incurred on the corpora-
26 tion's behalf.

27 Sec. 26.16.110. ADMINISTRATIVE PROCEDURE. (a) Except for AS 44.-
28 62.310 and 44.62.312, regarding public meetings, and AS 44.62.320(a)
29 regarding legislative review of regulations, the Administrative Proce-

1 dure Act (AS 44.62) does not apply to this chapter. The corporation
2 shall make available to members of the public copies of the regulations
3 adopted under (b) - (e) of this section. Within 45 days after adoption,
4 the chairman of the board shall submit a regulation adopted under (b) -
5 (e) of this section to the chairman of the Administrative Regulation
6 Review Committee under AS 24.20.400 - 24.20.460. The provisions of
7 AS 44.62.320(a) apply to regulations adopted under (b) - (e) of this
8 section.

9 (b) The board may adopt regulations by motion or by resolution or
10 in any other manner permitted by its bylaws.

11 (c) The board may adopt regulations to carry out the purposes of
12 this chapter, and shall adopt regulations necessary for the following
13 purposes:

14 (1) determination of borrower eligibility;

15 (2) loan guidelines and terms including, but not limited to,
16 maximum loan amounts and required loan-to-value ratios, but excluding
17 mortgage loan interest rates;

18 (3) characteristics of housing eligible for loans or purchase
19 of loans.

20 (d) Except as provided in (e) of this section, at least 15 days
21 before the adoption, amendment, or repeal of a regulation on a subject
22 specified in (c)(1) - (3) of this section, the board shall give public
23 notice of the proposed action by publishing the notice in at least three
24 newspapers of general circulation in the state and by mailing a copy of
25 the notice to every person who has filed a request for notice of pro-
26 posed regulations with the board or the corporation. The public notice
27 must include a statement of the time, place, and nature of the proceed-
28 ings for the adoption, amendment, or repeal of the regulation and must
29 include an informative summary of the proposed subject of the regula-

1 tion. On the date and at the time and place designated in the notice,
2 the board shall give each interested person or his authorized represen-
3 tative, or both, the opportunity to present statements, arguments, or
4 contentions in writing, and shall give members of the public an oppor-
5 tunity to present oral statements, arguments, or contentions for a total
6 period of at least one hour. The board shall consider all relevant
7 matter presented to it before adopting, amending, or repealing a regu-
8 lation. At a hearing under this subsection, the board may continue or
9 postpone the hearing to a time and place which it determines. A regula-
10 tion which is adopted, or its amendment or repeal, may vary in content
11 from the informative summary specified in this subsection if the subject
12 matter of the regulation, or its amendment or repeal, remains the same
13 and the original notice was written so as to assure that members of the
14 public are reasonably notified of the proposed subject of the board's
15 action in order for them to determine whether their interest could be
16 affected by the board's action on that subject.

17 (e) A regulation or order of repeal on a subject specified in (c)
18 of this section may be adopted as an emergency regulation or order of
19 repeal if the board makes a finding in its order of adoption or repeal,
20 including a statement of the facts which constitute the emergency, that
21 the adoption of the regulation or order of repeal is necessary for the
22 immediate preservation of the orderly operation of the corporation's
23 loan programs. The requirements of (d) of this section do not apply to
24 the initial adoption of an emergency regulation covering a subject
25 specified in (c)(1) - (3) of this section; however, upon adoption of an
26 emergency regulation, the board shall, within 10 days after adoption,
27 give notice of the adoption in accordance with (d) of this section. No
28 emergency regulation adopted under this subsection remains in effect
29 more than 120 days unless the board complies with (d) of this section

1 during the 120-day period.

2 (f) A regulation adopted under (b) - (e) of this section becomes
3 effective immediately upon its adoption by the board, unless otherwise
4 specifically provided by the order of adoption.

5 (g) The provisions of (b) - (e) of this section do not apply to
6 regulations governing interest rates on the corporation's loan programs.

7 Sec. 26.16.120. GENERAL POWERS. In addition to other powers
8 granted in this chapter, the corporation may

9 (1) purchase or participate in the purchase of veterans'
10 loans made under AS 26.15;

11 (2) collect and pay reasonable fees and charges in connection
12 with making, purchasing and servicing its loans, notes, bonds, commit-
13 ments and other evidences of indebtedness;

14 (3) acquire real property, or an interest in real property,
15 in its own name, by purchase, transfer or foreclosure, when the acquisi-
16 tion is necessary or appropriate to protect a loan in which the corpora-
17 tion has an interest; sell, transfer and convey any such property to a
18 buyer; and, if the sale, transfer or conveyance cannot be affected with
19 reasonable promptness or at a reasonable price, rent or lease the pro-
20 perty to a tenant pending the sale, transfer or conveyance;

21 (4) sell, at public or private sale, to any purchaser, in-
22 cluding the Federal National Mortgage Association, all or any part of a
23 mortgage or other instrument or document securing a loan permitted by
24 this chapter;

25 (5) purchase, in order to meet the requirements of the sale
26 of its mortgages to the Federal National Mortgage Association, stock of
27 the Federal National Mortgage Association;

28 (6) procure insurance against any loss in connection with its
29 operation;

1 (7) consent to the modification of the rate of interest, time
2 of payment of an installment of principal or interest, or any other
3 terms, of a loan, to which the corporation is a party;

4 (8) borrow money as provided in this chapter to carry out its
5 corporate purposes; and issue its obligations as evidence of such
6 borrowing;

7 (9) include in any borrowing the amounts necessary to pay
8 financing charges, interest on the obligations for a period not exceed-
9 ing one year after the date on which the corporation estimates funds
10 will otherwise be available to pay the interest, consultant, advisory
11 and legal fees and such other expenses as are necessary or incident to
12 this borrowing;

13 (10) make and execute agreements, contracts and other instru-
14 ments necessary or convenient in the exercise of the powers and func-
15 tions of the corporation under this chapter, including contracts with
16 any person, firm, corporation, governmental agency or other entity;

17 (11) receive, administer and comply with the conditions and
18 requirements respecting any appropriation or gift, grant or donation of
19 property or money;

20 (12) sue and be sued in its own name;

21 (13) adopt an official seal;

22 (14) adopt bylaws for the regulation of its affairs and the
23 conduct of its business and prescribe rules, regulations and policies in
24 connection with the performance of its functions and duties;

25 (15) employ fiscal consultants, engineers, attorneys, real
26 estate counselors, appraisers and such other consultants and employees
27 as may be required in the judgment of the corporation, and fix and pay
28 their compensation from funds available to the corporation;

29 (16) under AS 26.16.110 adopt and publish regulations respect-

1 ing its lending programs and other regulations to carry out its pur-
2 poses;

3 (17) do all acts and things necessary, convenient or desirable
4 to carry out the powers expressly granted or necessarily implied in this
5 chapter;

6 (18) invest or reinvest, subject to its contracts with note-
7 holders and bondholders, any money or funds held by the corporation in
8 any obligations or other securities or investments in which banks or
9 trust companies in the state may legally invest funds held in reserves
10 or sinking funds or any funds not required for immediate disbursement,
11 and in certificates of deposit or time deposits secured by obligations
12 of, or guaranteed by, the state or the United States of America.

13 Sec. 26.16.130. LOAN INSURANCE. (a) There is a special fund of
14 the state to be known as the "veterans' loan insurance fund" (called the
15 "loan insurance fund") which shall be completely segregated and set
16 apart from all other funds of the state, and which is a trust fund for
17 the uses and purposes of this section and into and from which money
18 shall be paid as provided in this section. The loan insurance fund
19 shall be held by the commissioner of revenue, subject to the power of
20 the commissioner of commerce and economic development to enter into and
21 perform agreements for the use of money in the loan insurance fund and
22 to pledge, assign or grant interests in the loan insurance fund as
23 provided in this section. The commissioner of commerce and economic
24 development may enter into agreements with the corporation for the
25 exercise of any power or approval relating to the loan insurance fund
26 under this section, including, without limitation, agreements as to the
27 use of money in the loan insurance fund, agreements regarding the terms
28 and conditions upon which payments from the loan insurance fund shall be
29 made to the corporation for loans insured under this section, and agree-

1 ments regarding the payment of and security for loan insurance bonds,
2 and in connection with these agreements the commissioner of commerce and
3 economic development may pledge, assign or grant other interests in the
4 loan insurance fund to the corporation as may be necessary or appropri-
5 ate in connection with the insurance of loans and to provide for the
6 payment of and security for loan insurance bonds. An agreement or any
7 of the rights of the corporation under the agreement and payments re-
8 ceived or to be received under the agreement may be pledged or assigned
9 by the corporation for the benefit of the holders of loan insurance
10 bonds.

11 (b) In addition to any other fees and charges which the corpora-
12 tion may charge on mortgage loans, it may collect or cause to be
13 collected on all mortgage loans made or purchased with the proceeds of
14 the sale of mortgage insurance bonds, either or both a special mortgage
15 loan insurance commitment fee or a mortgage loan insurance premium. The
16 special mortgage loan insurance commitment fees and special mortgage
17 loan insurance premiums when received shall be deposited in the loan
18 insurance fund by the corporation, or by any mortgage loan servicer,
19 trustee, or agent designated by the corporation to receive them, and
20 shall be held, invested and, together with all investment income derived
21 from them, reinvested by the commissioner of revenue in investments
22 authorized under AS 37.10.070(a), subject to any agreement with the
23 corporation under (a) of this section.

24 (c) If, at any time after receipt by the corporation of a payment
25 from the loan insurance fund with respect to a loan or any portion of
26 the principal and interest and other amounts payable on a loan, the
27 corporation recovers an amount on the loan or portion of it from any
28 source other than the loan insurance fund, it shall apply the amount
29 recovered in the following order: first to repay the general fund of

1 the state to the extent of appropriations made pursuant to requests made
2 under (f) of this section, and second, to repay the loan insurance fund.

3 (d) A state veterans' mortgage loan may be insured if the loan-to-
4 value ratio at the time of the insurance does not exceed 90 per cent or,
5 if the loan-to-value ratio does exceed that percentage, if it is
6 federally insured or guaranteed or insured by a qualified mortgage
7 insurance company to the extent of the excess. The endorsement of the
8 corporation on the mortgage at the time of purchase or acquisition of
9 the mortgage loan is conclusive evidence that the mortgage loan is
10 insured under the provisions of this section. The insurance is payable
11 solely from the mortgage insurance fund.

12 (e) Mortgage loans may only be insured when the amount of mortgage
13 loans in the loan insurance fund as a percentage of the sum of all
14 mortgage loans to be insured and all unpaid principal on mortgage loans
15 insured by the corporation, equals or exceeds the fund requirement. As
16 used in this section, the "fund requirement" is calculated as follows as
17 to the following mortgage loans insured by the corporation:

18 (1) in the case of state veteran mortgage loans insured by a
19 qualified mortgage insurance company or, if not so insured or guaran-
20 teed, with a loan-to-value ratio at the time of the mortgage insurance
21 application less than 80 per cent, the greater of (A) two per cent of
22 the unpaid principal amount of those mortgage loans, or (B) a percentage
23 which the corporation with the approval of the commissioner of commerce
24 and economic development determines is actuarially sound for operation
25 of the loan insurance fund;

26 (2) in the case of state veterans' mortgage loans not insured
27 by a qualified mortgage insurance company and with a loan-to-value ratio
28 at the time of the mortgage insurance application between 80 and 90 per
29 cent, the greater of (A) six per cent of the unpaid principal amount of

1 those state veterans' loans, or (B) a percentage which the corporation
2 with the approval of the commissioner of commerce and economic develop-
3 ment determines is actuarially sound for the operation of the loan
4 insurance fund.

5 (f) On December 1 of each year the commissioner of commerce and
6 economic development shall determine the amount on deposit in the loan
7 insurance fund. If the amount in the fund is less than the fund re-
8 quirement, the commissioner shall request the corporation to transfer
9 from any available funds the amount necessary to restore the loan in-
10 surance fund to the fund requirement and the corporation shall promptly
11 comply with the request from any funds available subject to agreements
12 with holders of any of its obligations. If sufficient funds are not
13 provided as the result of such requests, the commissioner shall, no
14 later than January 2 of the following year, make and deliver to the
15 governor and to the chairmen of the house and senate finance committees
16 his certificate stating the sum required to restore the fund to the fund
17 requirement and the sum so certified may be appropriated and paid to the
18 fund during the then current state fiscal year. Nothing in this sub-
19 section creates a debt or liability of the state.

20 (g) The commissioner of revenue may sell to the corporation, and
21 the corporation may purchase, state veterans' loans purchased for and
22 held in the general fund on such terms and conditions as the commis-
23 sioner of revenue and the corporation consider appropriate. When the
24 commissioner of revenue sells a state veterans' loan to the corporation
25 he may cause to be deposited in the loan insurance fund from the pro-
26 ceeds of sale an amount not exceeding the lesser of (1) six per cent of
27 the proceeds of sale, or (2) the difference between the amount the
28 commissioner of revenue actually receives on the sale and the amount the
29 commissioner determines would have been received if the state veterans'

1 loans had been sold in the private mortgage market. The determination
2 shall be based on information reasonably available to the commissioner
3 of revenue at the time of sale and is conclusive in determining the
4 amount of the deposit.

5 (h) As used in this section, unless the context clearly indicates
6 a different meaning:

7 (1) "loan-to-value ratio" means the ratio between the prin-
8 cipal amount of a mortgage loan and the appraised value, as determined
9 by the corporation, of the residential housing financed by that mortgage
10 loan;

11 (2) "mortgage insurance bond" means a bond, note or other
12 obligation of the corporation, the proceeds of which are authorized to
13 be expended to purchase or make a mortgage loan insured under this
14 section;

15 (3) "qualified mortgage insurance company" means a mortgage
16 insurance company satisfactory to the corporation;

17 (4) "special mortgage loan insurance commitment fee" and
18 "special mortgage loan insurance premium" mean, respectively, a fee of
19 such per cent of the principal amount of a mortgage loan to be insured
20 under this section, and an annual insurance premium of such per cent of
21 the portion of the unpaid principal amount of a mortgage loan insured
22 under this section which is not federally insured or guaranteed or
23 insured by a private mortgage insurance company, which the corporation
24 with the approval of the commissioner of commerce and economic develop-
25 ment determines is actuarially sound for the operation of the mortgage
26 insurance fund;

27 (5) "state veterans' loan" means a mortgage loan for residen-
28 tial housing made in accordance with AS 26.15;

29 (6) the determination of what is "actuarially sound" with

1 respect to the operation of the loan insurance fund shall be based on a
2 consideration of the factors which will provide sufficient revenues for
3 the operation of the fund, without regard to amounts which may have been
4 or may, after the date of determination of actuarial soundness, be
5 appropriated under (f) of this section, including, without limitation,
6 estimates of future defaults and losses on loans insured under this
7 section based on actual default and loss experience on those loans or on
8 similar loans in Alaska or elsewhere, estimates of recoveries on de-
9 faulted or foreclosed loans based on that experience, the terms and
10 conditions of the loans insured under this section, estimates of
11 earnings and income of amounts on deposit in the loan insurance fund,
12 and any other appropriate factors.

13 Sec. 26.16.140. BONDS AND NOTES. (a) The corporation, by reso-
14 lution, may issue bonds and bond anticipation notes in order to provide
15 funds to carry out its purposes.

16 (b) The principal and interest on these bonds or notes is payable
17 from corporation funds. Bond anticipation notes may be payable from the
18 proceeds of the sale of bonds or from the proceeds of sale of other bond
19 anticipation notes or, in the event bond or bond anticipation note
20 proceeds are not available, the notes may be paid from other funds or
21 assets of the corporation. Bonds or notes may be additionally secured
22 by a pledge of a grant or contribution from the federal government, or a
23 corporation, association, institution or person, or a pledge of money,
24 income, or revenues of the corporation from any source.

25 (c) Bonds or bond anticipation notes may be issued in one or more
26 series and shall be dated, bear interest at the rate or rates per year
27 or within the maximum rate, be in the denomination, be in the form,
28 either coupon or registered, carry the conversion or registration pro-
29 visions, have the rank or priority, be executed in the manner and form,

1 be payable from the sources in the medium of payment and place or places
2 in or outside the state, be subject to authentication by a trustee or
3 fiscal agent, and be subject to the terms of redemption with or without
4 premium, as the resolution of the corporation may provide. Bond anti-
5 cipation notes shall mature at such time or times as may be determined
6 by the corporation. Bonds shall mature at such time, not exceeding 50
7 years from their date, as may be determined by the corporation. Before
8 the preparation of definitive bonds or bond anticipation notes, the
9 corporation may issue interim receipts or temporary bonds or bond anti-
10 cipation notes, with or without coupons, exchangeable for bonds or bond
11 anticipation notes when these definitive bonds or bond anticipation
12 notes have been executed and are available for delivery.

13 (d) Bonds or bond anticipation notes may be sold in the manner, on
14 the terms and at the price the corporation determines.

15 (e) If an officer whose signature or a facsimile of whose signa-
16 ture appears on any bonds or notes or coupons attached to them ceases to
17 be an officer before the delivery of the bond, note or coupon, his
18 signature or facsimile is valid the same as if he had remained in office
19 until delivery.

20 (f) In resolution of the corporation authorizing or relating to
21 the issuance of bonds or bond anticipation notes, the corporation has
22 power by provisions in the resolution which will constitute covenants of
23 the corporation and contracts with the holders of the bonds or bond
24 anticipation notes

25 (1) to pledge to any payment or purpose all or any part of
26 its revenues to which its right then exists or may thereafter come into
27 existence, and the money derived from the revenues, and the proceeds of
28 any bonds or notes;

29 (2) to covenant against pledging all or any part of its

1 revenues, or against permitting or suffering a lien on the revenues or
2 its property;

3 (3) to covenant as to the use and disposition of any and all
4 payments of principal or interest received by the corporation on loans
5 or other investments held by the corporation;

6 (4) to covenant as to establishment of reserves or sinking
7 funds and the making of provision for and the regulation and disposition
8 of the reserves or sinking funds;

9 (5) to covenant for or against limitations on a right to sell
10 or otherwise dispose of property of any kind;

11 (6) to covenant as to bonds and notes to be issued, and their
12 limitations, terms and conditions, and as to the custody, application
13 and disposition of the proceeds of the bonds and notes;

14 (7) to covenant as to the issuance of additional bonds or
15 notes, or as to limitations on the issuance of additional bonds or notes
16 and the incurring of other debts;

17 (8) to covenant as to the payment of the principal of or
18 interest on the bonds or notes, as to the sources and methods of the
19 payment, as to the rank or priority of the bonds or notes with respect
20 to a lien or security, or as to the acceleration of the maturity of the
21 bonds or notes;

22 (9) to provide for the replacement of lost, stolen, destroyed
23 or mutilated bonds or notes;

24 (10) to covenant against extending the time for the payment of
25 bonds or notes or interest on the bonds or notes;

26 (11) to covenant as to the redemption of bonds or notes and
27 privileges of their exchange for other bonds or notes of the corpora-
28 tion;

29 (12) to covenant to create or authorize the creation of

1 special funds of money to be held in pledge or otherwise for operating
2 expenses, payment or redemption of bonds or notes, reserves or other
3 purposes, and as to the use and disposition of the money held in the
4 funds;

5 (13) to establish the procedure, if any, by which the terms of
6 any contract or covenant with or for the benefit of the holders of bonds
7 or notes may be amended or abrogated, the amount of bonds or notes the
8 holders of which must consent to amendment or abrogation, and the manner
9 in which the consent may be given;

10 (14) to covenant as to the custody of any of its properties or
11 investments, their safekeeping and insurance, and the use and disposi-
12 tion of insurance money;

13 (15) to covenant as to the time or manner of enforcement or
14 restraint from enforcement of any rights of the corporation arising by
15 reason of or with respect to nonpayment of any principal or interest of
16 any mortgage loans or construction loans;

17 (16) to provide for the rights and liabilities, powers and
18 duties arising upon the breach of any covenant, condition or obligation,
19 and to prescribe the events of default and the terms and conditions upon
20 which any or all the bonds, notes or other obligations of the corpora-
21 tion become or may be declared due and payable before maturity and the
22 terms and conditions upon which any such declaration and its consequen-
23 ces may be waived;

24 (17) to vest in a trustee or trustees in or outside the state
25 such property, rights, powers and duties in trust as the corporation may
26 determine, which may include any or all of the rights, powers and duties
27 of any trustee appointed by the holders of any bonds or notes, and to
28 limit or abrogate the right of the holders of any bonds or notes of the
29 corporation to appoint a trustee under this chapter or limit the rights,

1 powers and duties of the trustee;

2 (18) to pay the cost or expenses incident to the enforcement
3 of the bonds or notes or of the provisions of the resolution or of any
4 covenant or agreement of the corporation with the holders of its bonds
5 or notes;

6 (19) to agree with any corporate trustee which may be a trust
7 company or bank having the powers of a trust company in or outside the
8 state as to the pledging or assigning of revenues or funds to which or
9 in which the corporation has any rights or interest; the agreement may
10 further provide for such other rights and remedies exercisable by the
11 trustee as may be proper for the protection of the holders of any bonds
12 or notes of the corporation and not otherwise in violation of law and
13 may provide for the restriction of the rights of an individual holder of
14 bonds or notes of the corporation;

15 (20) to appoint and provide for the duties and obligations of
16 any paying agent or paying agents, or such other fiduciaries as the
17 resolution may provide in or outside the state;

18 (21) to limit the rights of the holders of any bonds or notes
19 to enforce any pledge or covenant securing bonds or notes;

20 (22) to make covenants other than and in addition to the
21 covenants expressly authorized in this section, of like or different
22 character, and to make the covenants to do or refrain from doing such
23 acts and things as may be necessary, or convenient and desirable, in
24 order to better secure bonds or notes or which, in the absolute discre-
25 tion of the corporation, will tend to make bonds or notes more market-
26 able, notwithstanding that the covenants, acts or things may not be
27 enumerated in this section.

28 Sec. 26.16.150. INDEPENDENT FINANCIAL ADVISOR. In negotiating the
29 private sale of bonds or bond anticipation notes to an underwriter, the

1 corporation shall retain a financial advisor who is independent from the
2 underwriter.

3 Sec. 26.16.160. VALIDITY OF ANY PLEDGE. The pledge of assets or
4 revenues of the corporation to the payment of the principal or interest
5 on any obligations of the agency is valid and binding from the time the
6 pledge is made and any such assets or revenues are immediately subject
7 to the lien of the pledge without physical delivery or further act.
8 The lien of any pledge is valid and binding against all parties having
9 claims of any kind in tort, contract or otherwise against the corpora-
10 tion, irrespective of whether those parties have notice of the lien of
11 the pledge. Nothing in this section prohibits the coporation from
12 selling assets subject to a pledge, except that a sale may be restricted
13 by the trust agreement or resolution providing for the issuance of the
14 obligations.

15 Sec. 26.16.170. CAPITAL RESERVE FUND. (a) For the purpose of
16 securing any one or more issues of its obligations, the corporation may
17 establish one or more special funds, called "capital reserve funds", and
18 shall pay into those capital reserve funds (1) any money appropriated
19 and made available by the state for the purpose of any of those funds,
20 (2) any proceeds of the sale of its obligations, to the extent provided
21 in the resolution or resolutions of the corporation authorizing their
22 issuance, and (3) any other money which may be made available to the
23 corporation for the purposes of those funds from any other source. All
24 money held in a capital reserve fund, except as provided in this
25 section, shall be used as required, solely for (1) the payment of the
26 principal of obligations or of the sinking fund payments with respect to
27 those obligations, (2) the purchase or redemption of obligations, (3)
28 the payment of interest on obligations, or (4) the payment of any
29 redemption premium required to be paid when those obligations are

1 redeemed before maturity; however, money in any fund may not be with-
2 drawn from it at any time in an amount which would reduce the amount of
3 that fund to less than the capital reserve requirement set out in (b) of
4 this section, except for the purpose of making, with respect to those
5 obligations, payment, when due, of principal, interest, redemption
6 premiums and the sinking fund payments for the payment of which other
7 money of the corporation is not available. Any income or interest
8 earned by, or increment to, a capital reserve fund, due to the invest-
9 ment of the fund or any other amounts in it, may be transferred by the
10 corporation to other funds or accounts of the corporation to the extent
11 that the transfer does not reduce the amount of the capital reserve fund
12 below the capital reserve fund requirement.

13 (b) If the corporation decides to issue obligations secured by a
14 capital reserve fund, the obligations may not be issued if the amount in
15 the capital reserve fund is less than such a per cent, not exceeding 10
16 per cent of the principal amount of all of those obligations secured by
17 that capital reserve fund then to be issued and then outstanding in
18 accordance with their terms, as may be established by resolution of the
19 corporation (called the "capital reserve fund requirement"), unless the
20 corporation, at the time of issuance of the obligations, deposits in the
21 capital reserve fund from the proceeds of the obligations to be issued
22 or from other sources, an amount which, together with the amount then in
23 the fund, will not be less than the capital reserve fund requirement.

24 (c) In computing the amount of a capital reserve fund for the
25 purpose of this section, securities in which all or a portion of the
26 funds are invested shall be valued at par or, if purchased at less than
27 par, at amortized costs as the term is defined by resolution of the
28 corporation authorizing the issue of the obligations, or by some other
29 reasonable method established by the corporation by resolution. Valua-

1 tion on a particular date shall include the amount of any interest
2 earned or accrued to that date.

3 (d) To assure the continued operation and solvency of the corpora-
4 tion for the carrying out of its corporate purposes, provision is made
5 in (a) of this section for the accumulation in capital reserve funds of
6 an amount equal to their capital reserve fund requirement.

7 (e) The chairman of the corporation shall annually, no later than
8 January 2, make and deliver to the governor and chairman of the house
9 and senate finance committees his certificate stating the sum, if any,
10 required to restore any capital reserve fund to the capital reserve fund
11 requirement. The legislature may appropriate such a sum, and all sums
12 appropriated during the then current fiscal year by the legislature for
13 the restoration shall be deposited by the corporation in the proper
14 capital reserve fund. Nothing in this section creates a debt or liabil-
15 ity of the state.

16 (f) Whenever the corporation has created and established a capital
17 reserve fund, the commissioner of revenue may lend surplus money in the
18 general fund to the corporation for deposit in a capital reserve fund in
19 an amount equal to the capital reserve fund requirement. The loans
20 shall be made on such terms and conditions as may be agreed upon the
21 commissioner of revenue and the corporation, including without limita-
22 tion terms and conditions providing that the loans need not be repaid
23 until the obligations of the corporation secured and to be secured by
24 the capital reserve fund are no longer outstanding.

25 Sec. 26.16.180. REMEDIES. A holder of obligations or coupons
26 attached to them issued under the provisions of this chapter, and a
27 trustee under a trust agreement or resolution authorizing the issuance
28 of the obligations, except as restricted by a trust agreement or resolu-
29 tion, either at law or in equity, may enforce all rights granted under

1 this chapter or under the trust agreement or resolution, or under any
2 other contract executed by the corporation under this chapter, and may
3 enforce and compel the performance of all duties required by this
4 chapter or by the trust agreement or resolution to be performed by the
5 corporation or by any officer of it.

6 Sec. 26.16.190. NEGOTIABLE INSTRUMENTS. All obligations and
7 interest coupons attached to them are negotiable instruments under the
8 laws of this state, subject only to any applicable provisions for regis-
9 tration.

10 Sec. 26.16.200. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
11 issued under the provisions of this chapter are securities in which all
12 public officers and public bodies of the state and its political sub-
13 divisions, all insurance companies, trust companies, banking associa-
14 tions, investment companies, executors, administrators, trustees and
15 other fiduciaries may properly and legally invest funds, including
16 capital in their control or belonging to them. These obligations may be
17 deposited with any state or municipal officer of an agency or political
18 subdivision of the state for any purpose for which the deposit of bonds,
19 notes or obligations of the state is authorized by law.

20 Sec. 26.16.210. REFUNDING OBLIGATIONS. (a) The corporation may
21 provide for the issuance of refunding obligations for the purpose of
22 refunding any obligations then outstanding which have been issued under
23 the provisions of this chapter, including the payment of any redemption
24 premium on them and any interest accrued or to accrue to the date of
25 redemption of the obligations. The issuance of the obligations, the
26 maturities and other details of them, the rights of the holders of them,
27 and the rights, duties and obligations of the corporation in respect of
28 them are governed by the provisions of this chapter which relate to the
29 issuance of obligations, insofar as those provisions may be appropriate.

1 (b) Refunding obligations may be sold or exchanged for outstanding
2 obligations issued under this chapter and, if sold, the proceeds may be
3 applied, in addition to any other authorized purposes, to the purchase,
4 redemption or payment of the outstanding obligations. Pending the
5 application of the proceeds of any such refunding obligations, with any
6 other available funds, to the payment of the principal, accrued interest
7 and any redemption premium on the obligations being refunded, and, if so
8 provided or permitted in the resolution authorizing the issuance of the
9 refunding obligations or in the trust agreement securing them, to the
10 payment of any interest on the refunding obligations and any expenses in
11 connection with the refunding, the proceeds may be invested in direct
12 obligations of, or obligations the principal of and the interest on
13 which are unconditionally guaranteed by, the United States of America
14 which mature or which will be subject to redemption, at the option of
15 the holders of them, not later than the respective dates when the
16 proceeds, together with the interest accruing on them, will be required
17 for the purposes intended.

18 Sec. 26.16.220. CREDIT OF STATE NOT PLEDGED. (a) Obligations
19 issued under the provisions of this chapter do not constitute a debt,
20 liability or obligation of the state or of any political subdivision of
21 the state or a pledge of the faith and credit of the state or of any
22 such political subdivision but are payable solely from the revenues or
23 assets of the corporation. Each obligation issued under this chapter
24 shall contain on its face a statement that the corporation is not
25 obligated to pay it nor the interest on it except from the revenues or
26 assets pledged for it and that neither the faith and credit nor the
27 taxing power of the state or of any political subdivision of the state
28 is pledged to the payment of the principal of or the interest on the
29 obligation.

1 (b) Expenses incurred by the corporation in carrying out the
2 provisions of this chapter are payable from funds provided under this
3 chapter and no liability may be incurred by the corporation in excess of
4 these funds.

5 Sec. 26.16.230. OFFICERS NOT LIABLE. A member or other officer of
6 the corporation is not subject to personal liability or accountability
7 by reason of his execution of any obligations or the issuance of them.

8 Sec. 26.16.240. TAX EXEMPTION. (a) The exercise of the powers
9 granted by this chapter will be in all respects for the benefit of the
10 people of the state, for their well-being and prosperity and for the
11 improvement of their social and economic conditions, and the corporation
12 is not required to pay a tax or assessment on any property owned by the
13 corporation under the provisions of this chapter or upon the income from
14 it, except taxes on real property of which the corporation is fee owner.

15 (b) All obligations issued under this chapter are hereby declared
16 to be issued by a body corporate and public of the state and for an
17 essential public and governmental purpose, and the obligations, and the
18 interest and income on and from the obligations, and all fees, charges,
19 funds, revenues, income and other money pledged or available to pay or
20 secure the payment of the obligations, or interest on the obligations,
21 are exempt from taxation except for transfer, inheritance and estate
22 taxes.

23 Sec. 26.16.250. ANNUAL REPORT. The corporation shall prepare and
24 transmit annually a report accounting to the governor and the legisla-
25 ture for the efficient discharge of all responsibility assigned by law or
26 by directive to the corporation.

27 Sec. 26.16.260. DEFINITIONS. In this chapter, unless the context
28 clearly indicates a different meaning,

29 (1) "corporation" means the Alaska Veterans' Loan Corporation

1 established by this chapter;

2 (2) "board" means the board of directors of the corporation;

3 (3) "governmental agency" means any department, division,
4 public agency, political subdivision or other public instrumentality of
5 the state or federal government.

6 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).

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