

Introduced: 2/18/80  
Referred: Finance

1 IN THE HOUSE

BY BUCHHOLDT

2 HOUSE BILL NO. 867

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing financing for the purchase of un-  
7 improved land."

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

9 \* Section 1. AS 34 is amended by adding a new chapter to read:

10 CHAPTER 14. LAND PURCHASE LOANS.

11 Sec. 34.14.010. FUNDS CREATED. (a) There is created in the  
12 Department of Commerce and Economic Development the land purchase re-  
13 volving loan fund. The loan fund consists of money appropriated to that  
14 fund by the legislature.

15 (b) There is created in the Department of Commerce and Economic  
16 Development the land purchase loan guarantee fund. The loan guarantee  
17 fund consists of money appropriated to that fund by the legislature.

18 (c) The commissioner is the administrator of the funds created in  
19 this section.

20 Sec. 34.14.020. POWERS OF THE DEPARTMENT. The department may

21 (1) adopt regulations necessary to carry out the purposes of  
22 this chapter;

23 (2) establish amortization plans for repayment of loans,  
24 which may include an extension for a borrower who because of personal  
25 hardship is unable to comply with the loan agreement;

26 (3) enter into agreements with private lending institutions,  
27 other state agencies, or agencies of the federal government to carry out  
28 the purposes of this chapter.

29 Sec. 34.14.030. LAND PURCHASE LOANS. The department may make

1 loans for the purchase of unimproved land located in the state to an  
2 individual who is eligible under AS 34.14.040. A loan under this sec-  
3 tion may not exceed \$30,000 or 99 percent of the appraised value of the  
4 land, whichever is less. A loan may not be for a period longer than 20  
5 years or bear interest which exceeds seven percent, and the loan shall  
6 be secured by a first lien, mortgage or deed of trust.

7 Sec. 34.14.040. ELIGIBILITY. (a) An individual is eligible for a  
8 loan or loan guarantee under this chapter if he

9 (1) submits proof, as required by regulation, that he has  
10 been a state resident for at least one year before the loan application  
11 is made;

12 (2) is at least 18 years of age;

13 (3) has not previously received a loan or a loan guarantee  
14 under this chapter;

15 (4) has sufficient financial resources to repay the loan; and

16 (5) certifies that he is purchasing the land for his residen-  
17 tial use.

18 (b) An individual is eligible to receive a loan under this chapter  
19 even if the individual has no history of other credit transactions.

20 Sec. 34.14.050. LOAN GUARANTEE. (a) The department may guarantee  
21 the payment of loans for the purchase of unimproved land located in the  
22 state made by lending institutions and persons to individuals who are  
23 eligible under AS 34.14.040. A loan guarantee may not exceed 90 percent  
24 of the amount loaned, and the loan must be secured by a first lien,  
25 mortgage or deed of trust. The interest rate on loans guaranteed under  
26 this section may not exceed the prevailing interest rate for real estate  
27 mortgage loans made by the federal land bank for the farm credit  
28 district for Alaska at the time the loan agreement is signed.

29 (b) The department shall pay a lender the unpaid principal and

1 interest due on any loan guaranteed under this section upon which there  
2 is a default by the borrower. Payments made under this subsection must  
3 be from the loan guarantee fund.

4 (c) The commissioner may not guarantee loans under this  
5 section if the balance of the loan guarantee fund is less than 20 per-  
6 cent of the unpaid balance of all outstanding loans guaranteed under  
7 this section.

8 Sec. 34.14.060. CONDITIONS FOR LOANS AND GUARANTEES. A loan which  
9 is made or guaranteed under this chapter must contain the following  
10 conditions:

11 (i) the borrower may prepay the principal of the loan without  
12 penalty;

13 (2) the loan obligation may only be assumed by a person who  
14 is eligible under AS 34.14.040; and

15 (3) the loan balance and interest become immediately due if

16 (A) the borrower constructs improvements on the land for  
17 use other than residential use, or

18 (B) the borrower conveys the land to a person who is not  
19 eligible under AS 34.14.040.

20 Sec. 34.14.070. DEFINITIONS. In this chapter,

21 (1) "commissioner" means the commissioner of commerce and  
22 economic development;

23 (2) "department" means the Department of Commerce and Eco-  
24 nomic Development;

25 (3) "loan fund" means the land purchase revolving loan fund  
26 established in AS 34.14.010(a);

27 (4) "loan guarantee fund" means the land purchase guarantee  
28 fund established in AS 34.14.010(b);

29 (5) "residential use" means the use of land for a temporary

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or permanent place of residence.