

Original sponsor: Kerttula

Offered: 3/12/79
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 5

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to agricultural loans under the Alaska
7 Agricultural Loan Act; and providing for an effective
8 date."

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

10 * Section 1. AS 03.10.030(a) is amended to read:

11 (a) A farm development loan may not exceed \$500,000 [\$200,000].
12 The mortgage which secures a farm development loan may be of any prior-
13 ity if the total indebtedness on the real estate, including the secured
14 farm development loan, does not exceed \$500,000 [\$200,000]. A farm
15 development loan which, if granted, would raise the existing indebted-
16 ness on the real estate above \$500,000 [\$200,000], or a farm development
17 loan on real estate which has a prior existing indebtedness of \$500,000
18 [\$200,000] or more, may be made only if all prior mortgagees agree to
19 subordinate their mortgages to that of the state for the amount of the
20 farm development loan which exceeds the \$500,000 [\$200,000] indebtedness
21 limit on the real estate. A loan may not run longer than 30 years nor
22 bear interest exceeding six per cent, and it shall be secured by a real
23 estate or chattel mortgage, or both.

24 * Sec. 2. AS 03.10.030(b) is amended to read:

25 (b) Except for loans for irrigation systems as provided in this
26 subsection, a chattel loan may not exceed \$300,000 [\$100,000] for each
27 farm unit and may not run longer than seven years or the useful life of
28 the chattel if more than seven years. It may not bear interest exceed-
29 ing six per cent. It shall be secured by a real estate or chattel

1 mortgage, or both. Loans and the real estate and chattel mortgage
2 security on them for irrigation systems may be in amounts and for terms
3 as determined by the commissioner.

4 * Sec. 3. AS 03.10.030(c) is amended to read:

5 (c) A short term loan, to be amortized within one year, not to
6 exceed \$200,000 [\$25,000] to any one borrower may be made for operating
7 purposes.

8 * Sec. 4. AS 03.10.030 is amended by adding a new subsection to read:

9 (e) An installment payment is delinquent unless it is mailed by
10 the borrower on or before the 60th day after the date specified for
11 payment in the loan agreement or unless it is received by the department
12 on or before the 60th day after the date specified for payment in the
13 loan agreement. If an installment payment is delinquent the director
14 may assess a delinquency penalty. The delinquency penalty shall be an
15 amount equal to seven per cent of the delinquent payment.

16 * Sec. 5. AS 03.10 is amended by adding a new section to read:

17 Sec. 03.10.035. USE OR DISPOSAL OF MORTGAGED FARM LAND. (a) A
18 borrower may not use farm land for a non-farm use or sell, lease or
19 otherwise dispose of farm land if that land is encumbered by a mortgage
20 given to secure the payment of a farm development, chattel, irrigation
21 system or short-term loan under this chapter unless the borrower pays
22 the outstanding balance of the loan in a lump sum or under other terms
23 agreed to by the commissioner which accelerate payment of the loan.

24 (b) In this section, "non-farm use" means a use of land other than
25 for the production of domesticated plants and animals useful to man,
26 including forage and sod crops, grain and feed crops, fruits, vegetables
27 and livestock.

28 * Sec. 6. AS 03.10.040 is amended to read:

29 Sec. 03.10.040. CREATION OF FUND. There is an agricultural revolv-

1 ing loan fund which shall not exceed \$20,000,000 [\$5,000,000] to carry
2 out the purpose of this chapter.

3 * Sec. 7. The provisions of AS 03.10.030(e) enacted in sec. 4 of this Act
4 and AS 03.10.035 enacted in sec. 5 of this Act apply to farm development,
5 chattel, irrigation system and short-term loans made after the effective date
6 of this Act.

7 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
8 070(c).

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