

Original sponsor: Kerttula

Offered: 4/16/79
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR 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 is amended by adding a new subsection to read:

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

18 * Sec. 2. AS 03.10.030(a) is amended to read:

19 (a) A farm development loan may not exceed \$500,000 [\$200,000].
20 The mortgage which secures a farm development loan may be of any prior-
21 ity if the total indebtedness on the real estate, including the secured
22 farm development loan, does not exceed \$500,000 [\$200,000]. A farm
23 development loan which, if granted, would raise the existing indebted-
24 ness on the real estate above \$500,000 [\$200,000], or a farm development
25 loan on real estate which has a prior existing indebtedness of \$500,000
26 [\$200,000] or more, may be made only if all prior mortgagees agree to
27 subordinate their mortgages to that of the state for the amount of the
28 farm development loan which exceeds the \$500,000 [\$200,000] indebtedness
29 limit on the real estate. A loan may not run longer than 30 years nor

1 bear interest exceeding six per cent, and it shall be secured by a real
2 estate or chattel mortgage, or both.

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

4 (b) Except for loans for irrigation systems as provided in this
5 subsection, a chattel loan may not exceed \$300,000 [\$100,000] for each
6 farm unit and may not run longer than seven years or the useful life of
7 the chattel if more than seven years. It may not bear interest exceed-
8 ing six per cent. It shall be secured by a real estate or chattel
9 mortgage, or both. Loans and the real estate and chattel mortgage
10 security on them for irrigation systems may be in amounts and for terms
11 as determined by the commissioner.

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

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

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, or irriga-
21 tion system loan under this chapter unless the borrower either

22 (1) pays the outstanding balance of the loan in a lump sum or
23 under other terms agreed to by the commissioner which accelerate payment
24 of the loan; or

25 (2) pays the outstanding principal balance for the remaining
26 term of the loan at the prevailing rate of interest which is charged by
27 commercial banks in the state during the calendar quarter in which the
28 department receives notice of the change of use, sale, lease or other
29 disposal of the farm land.

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

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

Sec. 03.10.040. CREATION OF FUND. There is an agricultural revolving loan fund which shall not exceed \$20,000,000 [\$5,000,000] to carry out the purpose of this chapter.

* Sec. 7. The provisions of AS 03.10.020(e) enacted in sec. 1 of this Act and AS 03.10.035 enacted in sec. 5 of this Act apply to farm development, chattel, and irrigation system loans made after July 1, 1979.

* Sec. 8. This Act takes effect July 1, 1979.