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Offered: 5/14/81
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 96 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing financing for the purchase of unim-
7 proved 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) The land purchase revolving
12 loan fund is created in the Department of Commerce and Economic Develop-
13 ment. The loan fund consists of money appropriated to that fund by the
14 legislature.

15 (b) The land purchase loan guarantee fund is created in the
16 Department of Commerce and Economic Development. 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 is unable to comply
25 with the loan agreement because of personal hardship;

26 (3) enter into agreements with private lending institutions,
27 other state agencies, or agencies of the federal government to carry
28 out 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 90 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 the prevailing interest rate for
6 loans made by the Alaska Housing Finance Corporation, and the loan
7 shall be secured by a first lien, mortgage or deed of trust, except
8 that the state may subordinate its security interest to that of a
9 lending institution which makes a loan for the construction of a resi-
10 dence on the land, if sufficient security is retained by the state
11 after subordination to secure the balance of the land purchase loan.

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

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

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

18 (3) has not previously received a loan or a loan guarantee
19 under this chapter;

20 (4) is able to repay the loan; and

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

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

25 Sec. 34.14.050. LOAN GUARANTEE. (a) The department may guarantee
26 the payment of loans for the purchase of unimproved land located in the
27 state made by lending institutions and persons to individuals who are
28 eligible under AS 34.14.040. A loan guarantee may not exceed 90 percent
29 of the amount loaned, and the loan must be secured by a first lien,

1 mortgage, or deed of trust.

2 (b) The department shall pay a lender the unpaid principal and
3 interest due on any loan guaranteed under this section upon which there
4 is a default by the borrower. Payments made under this subsection must
5 be from the loan guarantee fund.

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

10 Sec. 34.14.060. CONDITIONS FOR LOANS AND GUARANTEES. A loan
11 which is made or guaranteed under this chapter must contain the follow-
12 ing conditions:

13 (1) the borrower may prepay the principal of the loan without
14 penalty;

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

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

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

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

22 Sec. 34.14.070. DEFINITIONS. In this chapter,

23 (1) "commissioner" means the commissioner of commerce and
24 economic development;

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

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

29 (4) "loan guarantee fund" means the land purchase guarantee

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fund established in AS 34.14.010(b);

(5) "residential use" means the use of land for a temporary or permanent place of residence.