

Introduced: 2/4/81
Referred: Finance

1 IN THE SENATE

BY MULCAHY

2 SENATE BILL NO. 148

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to housing loans; and providing for
7 an effective date."

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

9 * Section 1. AS 44.47.370 is amended by adding a new paragraph to read:

10 (8) originate and service direct loans made for purchase,
11 renovation, or improvements and building materials, for nonconforming
12 housing made to qualified buyers in accordance with AS 44.47.360 -
13 44.47.560.

14 * Sec. 2. AS 44.47.380 is amended to read:

15 Sec. 44.47.380. NONCONFORMING HOUSING LOAN FUND. (a) There is
16 created in the Department of Community and Regional Affairs the non-
17 conforming housing loan fund consisting of money appropriated to it by
18 the legislature. The director shall administer the nonconforming
19 housing loan fund in accordance with AS 44.47.360 - 44.47.560 and shall
20 use the money in the nonconforming housing loan fund to originate,
21 purchase, or participate in the purchase of

22 (1) nonconforming housing mortgage loans;

23 (2) loans made for building materials for nonconforming
24 housing;

25 (3) loans made for renovations or improvements to noncon-
26 forming housing.

27 (b) Loans may be made for

28 (1) owner-occupied single and two-family structures;

29 (2) owner-occupied three and four unit structures located

1 in rural areas;

2 (3) nonowner-occupied single and two-family structures; and

3 (4) nonowner-occupied three and four unit structures located

4 in rural areas.

5 * Sec. 3. AS 44.47 is amended by adding a new section to read:

6 Sec. 44.47.385. DISPOSITION OF LOAN FUND. (a) Not less than 80
7 percent of the amount appropriated by the legislature to the nonconform-
8 ing housing loan fund shall be used to originate direct loans or pur-
9 chase or participate in the purchase of loans in accordance with
10 AS 44.47.380(b)(1) and (b)(2).

11 (b) Not more than 20 percent of the amount appropriated by the
12 legislature to the nonconforming housing loan fund may be used to
13 originate direct loans or purchase or participate in the purchase of
14 loans in accordance with AS 44.47.380(b)(3) and (b)(4).

15 * Sec. 4. AS 44.47.390 is amended to read:

16 Sec. 44.47.390. LIMITATIONS ON USE OF NONCONFORMING HOUSING LOAN
17 FUND. The director may not use the money in the nonconforming housing
18 loan fund to

19 (1) originate direct loans or purchase or participate in the
20 purchase of a nonconforming housing mortgage loan which exceeds the
21 limitations on mortgage loans purchased by the Federal National Mortgage
22 Association as to principal amount;

23 (2) originate direct loans or purchase or participate in the
24 purchase of a loan made for building materials for nonconforming housing

25 (A) which exceeds

26 (i) 80 percent of the appraised value of the work
27 completed on the nonconforming housing for which the loan is made
28 if the nonconforming housing is pledged as collateral for the
29 loan; or

1 (ii) 80 percent of the value of other property
2 which is pledged as security for the loan and which is satis-
3 factory to the director as collateral;

4 (B) unless the terms of the loan agreement require
5 inspections and certifications, as required by regulations of the
6 director, at the expense of the borrower; and

7 (C) unless the period of time allowed for repayment of
8 the loan is equal to or less than the lesser of

9 (i) three years; or

10 (ii) the maximum period of time established by
11 regulation by the director based on the prevailing practice among
12 private financial institutions in the general area in which the
13 loan is made for loans for the purchase of building materials;

14 (3) originate direct loans or purchase or participate in the
15 purchase of a nonconforming housing mortgage loan which is secured by
16 real property the marketable title to which is shown in accordance with
17 AS 44.47.420(b)(2) if the total amount of outstanding nonconforming
18 housing mortgage loans held by the division exceeds 10 times the amount
19 of money in the restricted title loss reserve account (AS 44.47.430);

20 (4) originate direct loans or purchase or participate in the
21 purchase of construction loans.

22 * Sec. 5. AS 44.47 is amended by adding a new section to read:

23 Sec. 44.47.395. OPERATING LOSS RESERVE ACCOUNT. (a) There is
24 established an operating loss reserve account for the purpose of meeting
25 legal expenses incurred through the foreclosure of properties acquired
26 by the director under AS 44.47.370(6) and making repairs to these
27 properties so that they may be sold to new buyers.

28 (b) The operating reserve loss account consists of money appro-
29 priated by the legislature. To the extent that money is paid out of

1 the operating loss reserve account for the purposes stated in this
2 section, this money shall be replaced with money received as interest
3 on loans authorized by this chapter.

4 * Sec. 6. AS 44.47.400 is amended to read:

5 Sec. 44.47.400. SECURITY FOR LOANS. (a) The director shall
6 adopt regulations in accordance with the Administrative Procedure Act
7 (AS 44.62) establishing acceptable security for loans originated or
8 purchased in whole or in part under AS 44.47.380.

9 (b) A person may pledge as security for the repayment of a loan
10 originated or purchased in whole or in part under AS 44.47.380 a pre-
11 ference right he holds to receive title to land he occupies as a primary
12 place of residence, primary place of business, subsistence campsite, or
13 as headquarters for reindeer husbandry. The preference right must be
14 conveyed to the person by the Native corporation to which the land was
15 granted under section 14 of the Alaska Native Claims Settlement Act (85
16 Stat. 688, 43 U.S.C. secs. 1601 - 1626, as amended by P.L. 94-204)
17 before it may be pledged as security under this subsection. The commis-
18 sioner of community and regional affairs shall prescribe procedures and
19 standard forms for establishing, pledging, and appraising the value of a
20 preference right held by a person to secure the repayment of a loan
21 originated or purchased in whole or in part under AS 44.47.380.

22 * Sec. 7. AS 44.47.410 is amended to read:

23 Sec. 44.47.410. INTEREST ON LOANS. The interest rate on a mort-
24 gage loan originated or purchased in whole or in part under AS 44.-
25 47.380 may not exceed

26 (1) nine percent for a mortgage loan made to a person who is
27 an eligible veteran under AS 18.56.101;

28 (2) ten percent for a mortgage loan made to a person other
29 than a person described in (1) of this subsection.

1 * Sec. 8. AS 44.47.420(a) is amended to read:

2 Sec. 44.47.420. TITLE. (a) Before the director originates or
3 purchases a nonconforming housing mortgage loan in whole or in part,
4 the director may require a borrower to show marketable title to real
5 property offered as security for the loan to be purchased.

6 * Sec. 9. AS 44.47.430(b) is amended to read:

7 (b) The director may withdraw money from the restricted title
8 loss reserve account in an amount equal to the loss to the division on
9 a nonconforming housing mortgage loan originated or purchased in whole
10 or in part by the division if marketable title to the real property
11 used to secure the loan was shown in accordance with AS 44.47.420(b)(2).
12 Money withdrawn from the restricted title loss reserve account under
13 this section shall be deposited in the nonconforming housing loan fund.

14 * Sec. 10. AS 44.47.440 is amended by adding a new subsection to read:

15 (b) The division may establish a blanket fire insurance policy in
16 cooperation with the Alaska Housing Finance Corporation covering the
17 assets of both corporations as provided in AS 18.56.

18 * Sec. 11. AS 44.47.460 is amended to read:

19 Sec. 44.47.460. LOAN SERVICING. (a) Before purchasing or
20 participating in the purchase of a loan, the director shall enter into
21 a loan servicing agreement with the private financial institution from
22 which the loan is to be purchased.

23 (b) The director may execute service agreements with private
24 lending institutions to service loans originated by the division.

25 (c) Under the servicing agreement, the private financial insti-
26 tution shall administer the loan and may charge the division a negoti-
27 ated fee on the division's share of the loan. When appropriate, the
28 [THE] private financial institution may also charge the borrower a
29 reasonable originator fee not to exceed one percent.

1 * Sec. 12. AS 44.47.470 is amended to read:

2 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or
3 participating in the purchase of a nonconforming housing mortgage loan,
4 the director may have or may require the borrower to have an appraisal
5 made of the fair market value of the real property, including struc-
6 tures on the real property, for which the loan is made. In conducting
7 an appraisal under this section, the appraiser shall give full value to
8 insulation and other features of construction in structures on the real
9 property which add to the energy efficiency of the structures.

10 * Sec. 13. AS 44.47.490 is amended to read:

11 Sec. 44.47.490. ASSISTANCE BY DIVISION PERSONNEL. (a) The
12 director shall create field offices which have the authority of final
13 approval of loans under this chapter, hire at least one lending
14 officer, and may [SHALL] contract for the services of

15 (1) real property appraisers who are familiar with rural
16 construction; and

17 (2) engineers who are familiar with engineering problems in
18 arctic and subarctic regions.

19 (b) The personnel described in (a) of this section shall make
20 regular visits to each of the regions established under AS 44.47.510(a)
21 to provide preconstruction and post-construction inspections of real
22 property for which loans are originated or purchased by the division in
23 whole or in part under AS 44.47.380 and to provide assistance to private
24 financial institutions and their borrowers in the regions.

25 * Sec. 14. AS 44.47.510(b) is amended to read:

26 (b) Unless otherwise required by an appropriation, the director
27 shall allocate the money in the nonconforming housing loan fund among
28 the regions established under (a) of this section for the purpose of
29 originating or purchasing each type of loan described in AS 44.47.380.

1 In making an allocation under this subsection, the director shall
2 consider the past and potential lending activity of private financial
3 institutions in the region as well as the need for loans in the region.
4 The director may reallocate the money among the regions as he considers
5 necessary.

6 * Sec. 15. AS 44.47.560(3) is amended to read:

7 (3) "housing" means owner-occupied single and two family
8 structures, owner-occupied three and four unit structures located in
9 rural areas, and nonowner-occupied single and two family structures and
10 nonowner-occupied three and four unit structures located in rural areas
11 [, SINGLE-FAMILY HOUSING AND OWNER-OCCUPIED DUPLEXES];

12 * Sec. 16. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).