

Original sponsor: Mulcahy

Offered: 3/5/81
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 148 (Finance)

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 construc-
11 tion, purchase, renovation, or improvements and building materials, for
12 nonconforming housing made to qualified buyers in accordance with
13 AS 44.47.360 - 44.47.560.

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

15 Sec. 44.47.380. NONCONFORMING HOUSING LOAN FUND. 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 (4) loans for construction of nonconforming housing.

28 * Sec. 3. AS 44.47.390 is amended to read:

29 Sec. 44.47.390. LIMITATIONS ON USE OF NONCONFORMING HOUSING LOAN

1 FUND. The director may not use the money in the nonconforming housing
2 loan fund to

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

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

9 (A) which exceeds \$45,000 or exceeds

10 (i) 80 percent of the appraised value of the work
11 completed on the nonconforming housing for which the loan is made
12 if the nonconforming housing is pledged as collateral for the
13 loan; or

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

17 (B) unless the terms of the loan agreement require
18 inspections and certifications, as required by regulations of the
19 director, at the expense of the borrower; and

20 (C) unless the period of time allowed for repayment of
21 the loan is equal to or less than 15 years [THE LESSER OF

22 (1) THREE YEARS; OR

23 (ii) THE MAXIMUM PERIOD OF TIME ESTABLISHED BY
24 REGULATION BY THE DIRECTOR BASED ON THE PREVAILING PRACTICE AMONG
25 PRIVATE FINANCIAL INSTITUTIONS IN THE GENERAL AREA IN WHICH THE
26 LOAN IS MADE FOR LOANS FOR THE PURCHASE OF BUILDING MATERIALS];

27 (3) originate direct loans or purchase or participate in the
28 purchase of a nonconforming housing mortgage loan which is secured by
29 real property the marketable title to which is shown in accordance with

1 AS 44.47.420(b)(2) if the total amount of outstanding nonconforming
2 housing mortgage loans held by the division exceeds 10 times the amount
3 of money in the restricted title loss reserve account (AS 44.47.430) [;

4 (4) PURCHASE OR PARTICIPATE IN THE PURCHASE OF CONSTRUCTION
5 LOANS].

6 * Sec. 4. AS 44.47 is amended by adding a new section to read:

7 Sec. 44.47.395. OPERATING LOSS RESERVE ACCOUNT. (a) There is
8 established an operating loss reserve account for the purpose of meet-
9 ing legal expenses incurred through the foreclosure of properties
10 acquired by the director under AS 44.47.370(6) and making repairs to
11 these properties so that they may be sold to new buyers.

12 (b) The operating reserve loss account consists of money appro-
13 priated by the legislature. To the extent that money is paid out of
14 the operating loss reserve account for the purposes stated in this
15 section, this money shall be replaced with money received as interest
16 on loans authorized by this chapter.

17 * Sec. 5. AS 44.47.400 is amended to read:

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

22 (b) A person may pledge as security for the repayment of a loan
23 originated or purchased in whole or in part under AS 44.47.380 a pre-
24 ference right he holds to receive title to land he occupies as a pri-
25 mary place of residence, primary place of business, subsistence
26 campsite, or as headquarters for reindeer husbandry. The preference
27 right must be conveyed to the person by the Native corporation to which
28 the land was granted under section 14 of the Alaska Native Claims
29 Settlement Act (85 Stat. 688, 43 U.S.C. secs. 1601 - 1626, as amended

1 by P.L. 94-204) before it may be pledged as security under this sub-
2 section. The commissioner of community and regional affairs shall
3 prescribe procedures and standard forms for establishing, pledging, and
4 appraising the value of a preference right held by a person to secure
5 the repayment of a loan originated or purchased in whole or in part
6 under AS 44.47.380.

7 * Sec. 6. AS 44.47.410 is amended to read:

8 Sec. 44.47.410. INTEREST ON LOANS. The interest rate on a mort-
9 gage loan originated or purchased in whole or in part under AS 44.-
10 47.380 may not exceed

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

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

15 * Sec. 7. AS 44.47.420(a) is amended to read:

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

20 * Sec. 8. AS 44.47.430(b) is amended to read:

21 (b) The director may withdraw money from the restricted title
22 loss reserve account in an amount equal to the loss to the division on
23 a nonconforming housing mortgage loan originated or purchased in whole
24 or in part by the division if marketable title to the real property
25 used to secure the loan was shown in accordance with AS 44.47.420(b)-
26 (2). Money withdrawn from the restricted title loss reserve account
27 under this section shall be deposited in the nonconforming housing loan
28 fund.

29 * Sec. 9. AS 44.47.460 is amended to read:

1 Sec. 44.47.460. LOAN SERVICING. (a) Before purchasing or par-
2 ticipating in the purchase of a loan, the director shall enter into a
3 loan servicing agreement with the private financial institution from
4 which the loan is to be purchased.

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

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

12 * Sec. 10. AS 44.47.470 is amended to read:

13 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or
14 participating in the purchase of a nonconforming housing mortgage loan,
15 the director may have or may require the borrower to have an appraisal
16 made of the fair market value of the real property, including struc-
17 tures on the real property, for which the loan is made. In conducting
18 an appraisal under this section, the appraiser shall give full value to
19 insulation and other features of construction in structures on the real
20 property which add to the energy efficiency of the structures.

21 * Sec. 11. AS 44.47.490 is amended to read:

22 Sec. 44.47.490. ASSISTANCE BY DIVISION PERSONNEL. (a) The
23 director shall create field offices which have the authority of final
24 approval of loans under this chapter, hire at least one lending offi-
25 cer, and may [SHALL] contract for the services of

26 (1) real property appraisers who are familiar with rural
27 construction; and

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

1 (b) The personnel described in (a) of this section shall make
2 regular visits to each of the regions established under AS 44.47.510(a)
3 to provide preconstruction and post-construction inspections of real
4 property for which loans are originated or purchased by the division in
5 whole or in part under AS 44.47.380 and to provide assistance to pri-
6 vate financial institutions and their borrowers in the regions.

7 * Sec. 12. AS 44.47.510(b) is amended to read:

8 (b) Unless otherwise required by an appropriation, the director
9 shall allocate the money in the nonconforming housing loan fund among
10 the regions established under (a) of this section for the purpose of
11 originating or purchasing each type of loan described in AS 44.47.380.
12 In making an allocation under this subsection, the director shall
13 consider the past and potential lending activity of private financial
14 institutions in the region as well as the need for loans in the region.
15 The director may reallocate the money among the regions as he considers
16 necessary.

17 * Sec. 13. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).