

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) am
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 is amended by adding a new section to read:

29 Sec. 44.47.385. ELIGIBLE LOCATIONS. (a) The director may make

1 loans from the nonconforming housing loan fund only for nonconforming
2 housing loans to qualified buyers for nonconforming housing located in

3 (1) the unorganized borough, including cities and villages
4 of the unorganized borough; and

5 (2) an organized borough or unified municipality; however,
6 a nonconforming housing loan made under this paragraph may not be made
7 within a city of an organized borough or service area of a unified
8 municipality if the population of that city or service area exceeds
9 3,500.

10 (b) For purposes of (a) of this section, population shall be de-
11 termined with reference to the 1980 preliminary census report as pub-
12 lished in "Alaska 1980 Population" and released January 1, 1981 by the
13 Department of Labor.

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

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

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

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

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

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

29 (ii) 80 percent of the value of other property

1 which is pledged as security for the loan and which is satis-
2 factory to the director as collateral;

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

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

8 (1) THREE YEARS; OR

9 (11) THE MAXIMUM PERIOD OF TIME ESTABLISHED BY
10 REGULATION BY THE DIRECTOR BASED ON THE PREVAILING PRACTICE AMONG
11 PRIVATE FINANCIAL INSTITUTIONS IN THE GENERAL AREA IN WHICH THE
12 LOAN IS MADE FOR LOANS FOR THE PURCHASE OF BUILDING MATERIALS];

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

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

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

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

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

1 section, this money shall be replaced with money received as interest
2 on loans authorized by this chapter.

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

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

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

15 * Sec. 10. AS 44.47.460 is amended to read:

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

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

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

27 * Sec. 11. AS 44.47.470 is amended to read:

28 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or
29 participating in the purchase of a nonconforming housing mortgage loan,

1 the director may have or may require the borrower to have an appraisal
2 made of the fair market value of the real property, including struc-
3 tures on the real property, for which the loan is made. In conducting
4 an appraisal under this section, the appraiser shall give full value to
5 insulation and other features of construction in structures on the real
6 property which add to the energy efficiency of the structures.

7 * Sec. 12. AS 44.47.490 is amended to read:

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

12 (1) real property appraisers who are familiar with rural
13 construction; and

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

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

22 * Sec. 13. AS 44.47.510(b) is amended to read:

23 (b) Unless otherwise required by an appropriation, the director
24 shall allocate the money in the nonconforming housing loan fund among
25 the regions established under (a) of this section for the purpose of
26 originating or purchasing each type of loan described in AS 44.47.380.
27 In making an allocation under this subsection, the director shall
28 consider the past and potential lending activity of private financial
29 institutions in the region as well as the need for loans in the region.

1 The director may reallocate the money among the regions as he considers
2 necessary.

3 * Sec. 14. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

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