

Introduced: 3/13/81  
Referred: Labor & Commerce  
and Finance

1 IN THE SENATE

BY RODEY

2 SENATE BILL NO. 278

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 savings associations."

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

8 \* Section 1. AS 06.30 is amended by adding a new section to read:

9       Sec. 06.30.003. DECLARATION OF POLICY. In providing authority  
10 for the establishment and regulation of state-chartered associations,  
11 it is the intent of the legislature to make available the benefits of  
12 savings and loan associations, promote a sound and competitive associa-  
13 tion system, and encourage the practice of thrift, savings, investment,  
14 home financing, and the security of depositors in these associations.  
15 For the accomplishment of these purposes, the legislature intends by  
16 this chapter to vest in the department, in addition to other regulatory  
17 authority, the authority to allow by regulation those powers possessed  
18 by state-chartered associations in other states which the department  
19 determines have demonstrated will aid in the accomplishment of this  
20 declaration of policy.

21 \* Sec. 2. AS 06.30.280(a) is amended by adding new paragraphs to read:

22       (20) convert from a mutual association to a stock association  
23 under a plan approved by the department in accordance with this chapter;

24       (21) convert from a stock association to a commercial bank  
25 under a plan approved by the department in accordance with AS 06.05.

26 \* Sec. 3. AS 06.30.500(1) is amended to read:

27       (1) No investment in mortgages executed by any one mortgagor  
28 may exceed in the aggregate the net worth of the association or an  
29 amount equal to 10 percent of the savings liabilities of the associa-

1 tion, whichever is less, except that a mortgage investment in the  
2 aggregate amount of \$100,000 or less may be made notwithstanding the  
3 provisions of this paragraph [TWO PERCENT OF THE ASSETS OF THE ASSOCIA-  
4 TION AT THE TIME THE INVESTMENT IS MADE, OR \$90,000 ON A SINGLE-FAMILY  
5 DWELLING OR \$90,000 PER UNIT ON A MULTIPLE-FAMILY DWELLING OR OTHER  
6 IMPROVED REALTY, WHICHEVER IS GREATER, OR OTHER MAXIMA ESTABLISHED BY  
7 THE COMMISSIONER BY REGULATION].

8 \* Sec. 4. AS 06.30.500(2) is amended to read:

9 (2) No investment in any one mortgage may exceed 90 [TWO  
10 PERCENT OF THE ASSETS OF THE ASSOCIATION AT THE TIME THE INVESTMENT IS  
11 MADE, OR AS SPECIFIED IN (1) OF THIS SECTION, WHICHEVER IS GREATER, OR  
12 MORE THAN 80] percent of the appraised value of a one-to-four family  
13 residence securing a conventional loan; however, an association may  
14 make 95 percent of appraised value loans if the term of the loan does  
15 not exceed 40 [30] years, and the loan is secured by an amortized  
16 mortgage, deed of trust, or other instrument under the terms of which  
17 the installment payments are sufficient to amortize the entire princi-  
18 pal of the loan within the period ending on the date of its maturity  
19 and, in addition, the loan is either

20 (A) insured by a mortgage insurer authorized to do  
21 business in Alaska with coverage in an amount acceptable to the  
22 department [INSURANCE IN AN AMOUNT EQUAL TO 20 PERCENT OF THE LOAN  
23 ISSUED BY A MORTGAGE INSURER AUTHORIZED TO DO BUSINESS IN ALASKA];

24 or

25 (B) secured in addition to the amortized mortgage by a  
26 savings account held by the lending institution in an amount equal  
27 to 15 [10] percent of the loan or other collateral acceptable to  
28 the department.

29 \* Sec. 5. AS 06.30.500(3) is amended to read:

1 (3) No [EXCEPT AS PROVIDED IN (1) OF THIS SECTION, NO]  
2 investment may be made in a conventional loan secured by a mortgage on  
3 a one-to-four family residence unless the mortgaged property is located  
4 inside the state [AND THE MORTGAGE HAS A MATURITY NOT EXCEEDING 30  
5 YEARS FROM THE DATE THE LOAN IS MADE].

6 \* Sec. 6. AS 06.30.500 is amended by adding a new paragraph to read:

7 (7) No investment may be made in a conventional loan secured  
8 by a mortgage on a multiple-family dwelling or improved real estate if  
9 the loan exceeds 90 percent of the appraised value of the property or  
10 has a maturity exceeding 40 years from the date the loan is made.

11 \* Sec. 7. AS 06.30.505 is amended to read:

12 Sec. 06.30.505. OTHER LOANS. (a) An association may use for  
13 loans other than those specified in AS 06.30.500 an aggregate amount  
14 not exceeding 30 percent of the assets at the time of use, or a larger  
15 amount if a loan made after 30 percent of the assets of the associa-  
16 tion have been used is made with a written commitment by a secondary  
17 investor to purchase the loan within a reasonable time and with the  
18 approval of the commissioner as follows:

19 (1) home loans, whether direct-reduction or not, which  
20 exceed 90 percent of the appraised value of [\$90,000 EACH, REGARDLESS  
21 OF WHERE] the home property securing the loan [IS SITUATED];

22 (2) [deleted]

23 (3) home loans of any amount, which are not direct-reduction  
24 home loans, regardless of where the home property securing the loan is  
25 situated;

26 (4) other real estate loans, whether amortized or unamor-  
27 tized, regardless of amount or location of real estate securing the  
28 loan.

29 (b) [THE POWER REFERRED TO IN (a) OF THIS SECTION IS REFERRED TO

1 AS THE "30 PERCENT OF ASSETS LENDING POWER."] A subsequent reduction  
2 of savings liability does not affect outstanding loans made under this  
3 section [THE 30 PERCENT OF ASSETS LENDING POWER].

4 (c) An association may, subject to regulations adopted by the  
5 commissioner, invest not to exceed 20 [10] percent of its assets in  
6 loans secured by mobile homes.

7 (d) The loans referred to in (a) of this section may not exceed  
8 90 [80] percent of appraised value of the property securing the loans  
9 except as provided in AS 06.30.500 and 06.30.510.

10 \* Sec. 8. AS 06.30 is amended by adding a new section to read:

11 Sec. 06.30.507. LENDING STANDARDS. An association may not make a  
12 loan unless it has determined that the type, amount, purpose, and  
13 repayment provisions of the loan in relation to the resources and  
14 credit standing of the borrower support the reasonable belief that the  
15 loan is financially sound, will be repaid according to its terms, and  
16 is lawful.

17 \* Sec. 9. AS 06.30.520 is amended to read:

18 Sec. 06.30.520. PROPERTY IMPROVEMENT AND CONSUMER [SMALL] LOANS.  
19 An association may make property improvement loans to property owners  
20 for maintenance, repair, modernization, improvement, and equipment of  
21 their properties. In addition, an association may make consumer loans.  
22 A property improvement or consumer loan may be made with or without  
23 security [, EXCEPT THAT A LOAN WITHOUT SECURITY MAY NOT EXCEED \$4,500].  
24 An association may not make property improvement loans exceeding 25  
25 percent of its assets [. AN ASSOCIATION MAY MAKE SMALL LOANS TO MEMBERS  
26 WITH OR WITHOUT SECURITY NOT EXCEEDING \$2,500. HOWEVER, AN ASSOCIATION  
27 MAY NOT MAKE] or consumer [SMALL] loans exceeding 40 [15] percent of  
28 its assets. [THE TOTAL AMOUNT OF LOANS MADE UNDER THIS SECTION MAY NOT  
29 EXCEED 25 PERCENT OF THE ASSETS OF THE ASSOCIATION.]

1 \* Sec. 10. AS 06.30.540 is amended to read:

2           Sec. 06.30.540. SERVICING LOANS. An association may service  
3           loans [MORTGAGES AND TRUST DEEDS MADE BY THE ASSOCIATION AND LATER SOLD  
4           SUBJECT TO REGULATIONS AND RESTRICTIONS PRESCRIBED BY THE COMMISSIONER.  
5           THE MAXIMUM PRINCIPAL AMOUNT OF MORTGAGES AND TRUST DEEDS SERVICED BY  
6           AN ASSOCIATION AT ANY ONE TIME SHALL NOT EXCEED TWO-THIRDS OF THE  
7           AMOUNT OF THE SAVINGS LIABILITY OF THE ASSOCIATION].

8 \* Sec. 11. AS 06.30.555(b)(2) is amended to read:

9           (2) the total of the balance of the loan secured by the  
10           first lien and the loan secured by the second lien does not exceed the  
11           maximum percentage of appraised value permitted under AS 06.30.500(2)  
12           [AS 06.30.505(d)];

13 \* Sec. 12. AS 06.30.616 is repealed and reenacted to read:

14           Sec. 06.30.616. INVESTMENT IN SERVICE CORPORATIONS. An associa-  
15           tion may, subject to the approval of the commissioner, invest in capital  
16           stock, obligations, and securities of any service corporation organized  
17           under the laws of this state if: (1) the entire capital stock of the  
18           service corporation is available for purchase only by one or more  
19           savings and loan or banking institutions having their home offices in  
20           the state; and (2) substantially all of the activities of the service  
21           corporation are similar or incident to activities which may be engaged  
22           in by a service corporation in which a federal savings and loan associa-  
23           tion may invest or such other activities as the commissioner may approve.  
24           Investments in service corporations may not exceed five percent of the  
25           assets of an association.

26 \* Sec. 13. AS 06.30.910(4) is amended to read:

27           (4) "direct-reduction loan" means a loan repayable in con-  
28           secutive equal or unequal monthly installments beginning not later than  
29           90 days after the date of the advance of the loan, which are sufficient

1 to retire the debt, interest, and principal within 40 [30] years;  
2 however, the initial loan contract may [SHALL] not provide for a monthly  
3 installment of an amount larger than a previous monthly installment and  
4 in the case of construction loans the first payment of the principal  
5 shall not be later than 24 [18] months after the date of the first  
6 advance and 36 months after the date of first advance if the construc-  
7 tion loan is on improved real estate, and a direct reduction loan is an  
8 amortized loan;

9 \* Sec. 14. AS 06.30.910 is amended by adding new paragraphs to read:

10 (28) "consumer loan" means a secured or unsecured loan to an  
11 individual for personal, family, or household uses;

12 (29) "multiple-family dwelling" means a dwelling for more  
13 than four families, the principal use of which is for residential  
14 purposes.

15 \* Sec. 15. AS 06.30.240, 06.30.430, 06.30.500(4), and 06.30.535, are  
16 repealed.