

Introduced: 3/16/83
Referred: House Special Committee
on Loans and Finance

1 IN THE HOUSE

BY LINDAUER AND UEHLING

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 229

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-

7

ration; and providing for an effective date."

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

9

* Section 1. AS 18.56 is amended by adding new sections to read:

10

Sec. 18.56.300. HOME MORTGAGE PROGRAM ESTABLISHED. The Alaska

11

Housing Finance Corporation home mortgage program is established in

12

the corporation.

13

Sec. 18.56.310. POWERS AND DUTIES OF THE CORPORATION. The

14

corporation may sell home mortgage program bonds to the Alaska

15

permanent fund under AS 37.13.120(n) or to other purchasers and shall

16

use the proceeds from the sale of the bonds to make loans or purchase

17

mortgages under the terms and conditions set out in AS 18.56.300 -

18

18.56.400.

19

Sec. 18.56.320. HOME MORTGAGE FUND. The home mortgage fund is

20

created in the corporation as a trust fund separate and distinct from

21

any other money or funds administered by the corporation. The pro-

22

ceeds from the sale of home mortgage program bonds shall be deposited

23

in the home mortgage fund. The home mortgage fund shall be used only

24

to carry out the purposes of AS 18.56.300 - 18.56.400.

25

Sec. 18.56.330. CONDITIONS OF LOANS. (a) The corporation may

26

make a loan under AS 18.56.300 - 18.56.400 to an eligible individual

27

for the purchase of an owner-occupied residence having between one and

28

four dwelling units.

29

(b) A home mortgage program loan

1 (1) shall be made at an interest rate established by regu-
2 lation adopted by the corporation;

3 (2) may not exceed 95 percent of the appraised value of the
4 residence being purchased;

5 (3) shall be secured by a first mortgage; and

6 (4) may be assumed after a period of four years.

7 Sec. 18.56.340. PURCHASE OF MORTGAGES. The corporation shall
8 purchase a mortgage initiated by a bank or other financial institution
9 in the state if

10 (1) the borrower is eligible to participate in the home
11 mortgage program under AS 18.56.350;

12 (2) the loan is for an owner-occupied residence having
13 between one and four dwelling units;

14 (3) the loan meets the conditions set out in AS 18.56.330;

15 (4) the bank or other financial institution retains at
16 least 10 percent of the financing for the loan, secured by participa-
17 tion in a first or second mortgage; and

18 (5) the corporation has money available to make the pur-
19 chase.

20 Sec. 18.56.350. BORROWER ELIGIBILITY. (a) To receive a loan
21 under the home mortgage program a borrower must be a resident of the
22 state.

23 (b) The corporation shall consider the borrower's rental payment
24 history as a factor in determining eligibility for a loan under the
25 home mortgage program.

26 (c) The willingness of a bank or other financial institution in
27 the state to take a second mortgage to secure a retained interest
28 under AS 18.56.340(4) establishes the financial eligibility of a
29 borrower under the home mortgage program.

1

2 Sec. 18.56.360. REGULATIONS. The corporation may make and
3 enforce reasonable regulations to carry out the purposes of AS 18.-
4 56.300 - 18.56.400.

5 Sec. 18.56.400. DEFINITION. In AS 18.56.300 - 18.56.400 "home
6 mortgage program" means the Alaska Housing Finance Corporation home
7 mortgage program.

8 * Sec. 2. AS 37.13.120 is amended by adding a new subsection to read:

9 (n) Notwithstanding the other provisions of this section, the
10 board shall purchase the Alaska Housing Finance Corporation bonds,
11 bearing interest at a rate negotiated between the board and the Alaska
12 Housing Finance Corporation, guaranteed by the Alaska Housing Finance
13 Corporation, and secured by first mortgages under the Alaska Housing
14 Finance Corporation home mortgage program (AS 18.56.300 - 18.56.400),
15 that are offered to it by the Alaska Housing Finance Corporation until
16 a maximum of 40 percent of the assets of the corporation are invested
17 in the bonds, unless the board finds it necessary to decline the
18 purchase of the bonds in order to diversify the permanent fund under
19 the prudent-man rule stated in (a) of this section.

20 * Sec. 3. This Act takes effect July 1, 1983.