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Referred: Finance

Original sponsor: House Special Committee
on State Loans

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 302 (Loans)

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 state housing loan and state
alternative technology loan programs; and providing
for an effective date."

7

8

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

10

* Section 1. AS 18.56.096(1) is amended to read:

11

(1) a first mortgage loan under this chapter for a duplex,

12

triplex, or four-plex that exceeds the limitations on first mortgage

13

loans for similar housing purchased by the Federal National Mortgage

14

Association as to principal amount and loan-to-value ratio; [OR]

15

* Sec. 2. AS 18.56.096(2) is amended to read:

16

(2) a second mortgage loan for a duplex, triplex, or four-

17

plex the amount of which, when combined with the principal balance of

18

a first mortgage loan on the property, exceeds the limitation on the

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amount set out in (1) of this section or that has a loan-to-value

20

ratio, when considered with the principal balance of the first mort-

21

gage loan, that exceeds 90 percent; [.]

22

* Sec. 3. AS 18.56.096 is amended by adding a new paragraph to read:

23

(4) a first mortgage loan for a single-family residence

24

that exceeds the limitations on first mortgage loans for similar

25

housing purchased by the Federal National Mortgage Association as to

26

principal amount by more than 10 percent, or has a loan-to-value ratio

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that exceeds 95 percent, or a second mortgage loan for a single-family

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residence, the amount of which, when combined with the principal

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balance of a first mortgage loan on the property, exceeds the

1 limitations on loans for similar housing purchased by the Federal
2 National Mortgage Association as to principal amount by more than 10
3 percent, or has a loan-to-value ratio, when considered with the prin-
4 cipal balance of the first mortgage loan, that exceeds 90 percent.

5 * Sec. 4. AS 18.56.098(g)(1) is amended to read:

6 (1) The interest rate on the first \$100,000 [\$90,000] of a
7 mortgage loan purchased with the proceeds of an [THE FIRST] issue of
8 taxable bonds of the corporation is three percent less than [10 PER-
9 CENT OR] the cost of funds of that issue, except that

10 (A) if the cost of funds of that issue is less than 10
11 percent, the interest rate is equal to the cost of funds; and

12 (B) if the cost of funds of that issue is more than 10
13 percent, the interest rate may not be less than 10 percent [
14 WHICHEVER IS LESS].

15 * Sec. 5. AS 18.56.098(g)(3) is amended to read:

16 (3) An interest rate determined under this subsection on
17 the first \$100,000 [\$90,000] of a mortgage loan that is not purchased
18 from the proceeds of bonds that are qualified veterans' mortgage bonds
19 under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as
20 amended, shall be reduced by one percentage point if the loan is made
21 to an eligible veteran under AS 18.56.101.

22 * Sec. 6. AS 18.56.098(g)(4) is amended to read:

23 (4) The interest rate for the amount of a mortgage loan
24 purchased under (a) of this section that exceeds \$100,000 [\$90,000] is
25 equal to the cost of funds to the corporation attributable to that
26 part of the loan.

27 * Sec. 7. AS 18.56.098(g)(5) is amended to read:

28 (5) The interest rate on the first \$100,000 of a mortgage
29 loan purchased with [FROM] money that is not the proceeds of either

1 taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the
2 rate the corporation determines is appropriate by application of the
3 provisions of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED
4 ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF
5 BONDS.]

6 * Sec. 8. AS 18.56.098(g)(6) is amended to read:

7 (6) The interest rate on the first \$100,000 [\$90,000] of a
8 mortgage loan purchased from the proceeds of bonds that are exempt
9 from taxation under the Mortgage Subsidy Bond Tax Act of 1980 (26
10 U.S.C. 103(A)), as amended, other than bonds that constitute qualified
11 veterans' bonds under (i) of this section, is 10 percent or the cost
12 of the funds, whichever is less. A higher or lower interest rate shall
13 be established on the entire loan amount if required under the Mort-
14 gage Subsidy Bond Tax Act.

15 * Sec. 9. AS 18.56.101 is amended to read:

16 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The
17 following persons are eligible veterans for the purposes of AS 18.56.-
18 098(g) and (h):

19 (1) a person who served in the armed forces of the United
20 States for 90 days or more, or whose service was for less than 90 days
21 because of injury or disability incurred in the line of duty, after
22 April 6, 1917,

23 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS
24 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR
25 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO
26 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-
27 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE
28 TERRITORY OR STATE; OR

29 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE

1 TERRITORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS
2 BEEN A RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR
3 AT THE TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO
4 THE TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

5 (C)] whose discharge was under honorable conditions;

6 (2) the widow or widower of a member of the armed forces or
7 an eligible veteran if

8 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-
9 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

10 (B)] the member or veteran served in the armed forces
11 for at least 90 days after April 6, 1917 [;] and

12 [(C)] the veteran's [HIS] discharge was under honorable
13 conditions;

14 (3) a person who has served for not less than five years in
15 the Alaska Army National Guard, the Alaska Air National Guard, [OR]
16 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the
17 United States armed forces [IN ALASKA] if the reserve unit required,
18 as a minimum, one weekend each month of duty and 15 consecutive days
19 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and
20 whose discharge was under honorable conditions.

21 * Sec. 10. AS 18.56.115 is amended to read:

22 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating
23 the private sale of bonds or bond anticipation notes to an under-
24 writer, the corporation may [SHALL] retain a financial advisor. A
25 financial advisor retained under this section must be [WHO IS] inde-
26 pendent from the underwriter.

27 * Sec. 11. AS 18.56 is amended by adding a new section to read:

28 Sec. 18.56.205. RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF
29 THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the

1 special mortgage loan purchase program (AS 18.56.098) to purchase a
2 mortgage loan made for the purchase or rehabilitation of a residence
3 located in the District of Columbia or within 50 miles of the District
4 of Columbia to a member of the United States Congress from Alaska if
5 the member is otherwise qualified for assistance under the special
6 mortgage loan purchase program.

7 * Sec. 12. AS 44.47.380 is amended to read:

8 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created
9 in the Department of Community and Regional Affairs, as a revolving
10 loan fund, the housing assistance loan fund consisting of money appro-
11 priated to it by the legislature and repayments of principal of loans
12 made or purchased from the assets of the fund. Interest on loans made
13 or purchased from the assets of the fund must be transferred to the
14 Department of Revenue for deposit in the general fund. The director
15 shall administer the housing assistance loan fund in accordance with
16 AS 44.47.360 - 44.47.560 and shall use the money in the housing assis-
17 tance loan fund to originate, purchase, or participate in the purchase
18 of

19 (1) nonconforming and rural housing mortgage loans;

20 (2) loans made for building materials for nonconforming and
21 rural housing;

22 (3) loans made for renovations or improvements to noncon-
23 forming and rural housing;

24 (4) loans made for the construction of owner-occupied
25 nonconforming and rural housing other than loans to builders or con-
26 tractors or loans that compensate an owner for the owner's labor or
27 services in constructing the owner's own housing.

28 * Sec. 13. AS 44.47 is amended by adding a new section to read:

29 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is

1 created in the Department of Community and Regional Affairs, the home
2 ownership assistance fund consisting of money appropriated to it by
3 the legislature. Money in the fund shall be used solely to assist
4 persons of lower and moderate income to purchase single-family homes
5 financed under AS 44.47.360 - 44.47.560 by providing a subsidy to
6 those persons.

7 (b) The subsidy provided by this section may not exceed the
8 amount that is necessary to reduce the annual interest rate paid on
9 the mortgage loan to six percent.

10 (c) A mortgage loan that is subsidized from the home ownership
11 assistance fund may not exceed \$120,000.

12 (d) The division shall adopt regulations that establish maximum
13 income-to-loan payment ratios for persons who apply for a subsidy
14 under this section.

15 (e) In this section, "persons of lower and moderate income"
16 means individuals considered by the division to require assistance
17 under this section because of inadequate income or other limited
18 personal financial resources, taking into consideration

19 (1) the amount of total income available for housing needs;

20 (2) the size of the family;

21 (3) the cost and condition of available housing;

22 (4) standards established in various federal programs for
23 determining eligibility based on income;

24 (5) the ability to enter the private housing market and to
25 pay market amounts for decent, safe, and sanitary housing; and

26 (6) other factors considered relevant by the division.

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

28 (4) originate a direct loan for nonconforming or rural
29 housing or purchase or participate in the purchase of a nonconforming

1 or rural housing mortgage loan, other than a loan for the repair,
2 remodeling, rehabilitation, or expansion of an existing owner-occupied
3 residence, if the borrower has an outstanding housing loan made under
4 a state loan program, other than a loan for nonowner-occupied housing
5 under AS 44.47.520, that bears interest at a rate that was less than
6 the prevailing market interest rate for similar housing loans at the
7 time the loan was made.

8 * Sec. 15. AS 44.47.410 is amended to read:

9 Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a
10 mortgage loan originated or purchased in whole or in part under
11 AS 44.47.380 for nonconforming housing that is not rural housing is
12 one-quarter percent more than [EQUAL TO] the interest rate, as deter-
13 mined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased
14 under AS 18.56.098(a) from the proceeds of the most recent applicable
15 issue of taxable bonds before the origination or purchase of the
16 mortgage loan originated or purchased under AS 44.47.380.

17 (b) The interest rate on a mortgage loan originated or purchased
18 in whole or in part under AS 44.47.380 for rural housing is one per-
19 cent less than the interest rate, as determined under AS 18.56.098-
20 (g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from
21 the proceeds of the most recent applicable issue of taxable bonds
22 before the origination or purchase of the mortgage loan originated or
23 purchased under AS 44.47.380 [10-1/2 PERCENT].

24 * Sec. 16. AS 44.47.560(5) is repealed and reenacted to read:

25 (5) "rural" means of or relating to a community in the
26 state with a population of 4,500 or less, as determined by the depart-
27 ment under AS 29.88.015, that

28 (A) is not connected by road or rail to Anchorage; or

29 (B) is connected by road or rail to Anchorage, but is

1 more than 50 air miles from Anchorage;

2 * Sec. 17. AS 45.88.500(2) is amended by adding a new subparagraph to
3 read:

4 (E) a steam, hot water, or ducted hot air central
5 heating system that uses solid fuel;

6 * Sec. 18. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.

7 * Sec. 19. Section 13 of this Act takes effect January 1, 1984.

8 * Sec. 20. Sections 1 - 12, and 14 - 18 of this Act take effect immedi-
9 ately in accordance with AS 01.10.070(c).