

Offered: 6/20/83  
Referred: Rules

Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 SENATE CS FOR CS FOR HOUSE BILL NO. 302 (Finance)  
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  
7 alternative technology loan programs; and providing  
8 for an effective date."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 18.55.996(a) is amended by adding a new paragraph to  
11 read:  
12 (14) Sitka Community Association (Baranof Island)  
13 \* Sec. 2. AS 18.56 is amended by adding a new section to read:  
14 Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The  
15 Alaska housing finance revolving fund is established in the  
16 corporation. The revolving fund consists of appropriations made to  
17 the revolving fund by the legislature, money or other assets  
18 transferred to the revolving fund by the corporation, unrestricted  
19 repayments of principal on loans made or purchased by the corporation.  
20 Amounts deposited in the revolving fund shall be expended for the  
21 purposes of the corporation, set out in this chapter.  
22 \* Sec. 3. AS 18.56.089 is amended to read:  
23 Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of  
24 the corporation is subject to the Executive Budget Act (AS 37.07). To  
25 further ensure effective budgetary decision making by the legislature,  
26 the corporation shall present a complete accounting of the Alaska  
27 housing finance revolving fund to the legislature by January 10 of  
28 each year. The accounting shall be audited by an independent outside  
29 auditor and shall include a full description of all mortgage loan

1 interest and principal repayments and program receipts, including  
2 mortgage loan commitment fees, received by or accrued to the  
3 corporation during the preceding fiscal year, and all income earned on  
4 assets of the corporation during that period, including earnings on  
5 assets of the state assisted mortgage fund [FOR FISCAL YEARS  
6 BEGINNING AFTER JUNE 30, 1981].

7 \* Sec. 4. AS 18.56.096(1) is amended to read:

8 (1) a first mortgage loan under this chapter for a duplex,  
9 triplex, or four-plex that exceeds the limitations on first mortgage  
10 loans for similar housing purchased by the Federal National Mortgage  
11 Association as to principal amount and loan-to-value ratio; [OR]

12 \* Sec. 5. AS 18.56.096(2) is amended to read:

13 (2) a second mortgage loan for a duplex, triplex, or  
14 four-plex the amount of which, when combined with the principal  
15 balance of a first mortgage loan on the property, exceeds the  
16 limitation on the amount set out in (1) of this section or that has  
17 loan-to-value ration, when considered with the principal balance of  
18 the first mortgage loan, that exceeds 90 percent; [.]

19 \* Sec. 6. AS 18.56.096 is amended by adding new paragraphs to read:

20 (4) a first mortgage loan for a single-family residence  
21 that exceeds the limitations on first mortgage loans for similar  
22 housing purchased by the Federal National Mortgage Association as to  
23 principal amount by more than 10 percent, or has a loan-to-value ratio  
24 that exceeds 95 percent, or a second mortgage loan for a single-family  
25 residence, the amount of which, when combined with the principal  
26 balance of a first mortgage loan on the property, exceeds the  
27 limitations on loans for similar housing purchased by the Federal  
28 National Mortgage Association as to principal amount by more than 10  
29 percent, or has a loan-to-value ratio, when considered with the

1 principal balance of the first mortgage loan, that exceeds 90 percent;  
2 or

3 (5) a first or second mortgage loan for rental housing  
4 unless the borrower agrees not to discriminate against tenants or  
5 prospective tenants because of sex, marital status, changes in marital  
6 status, pregnancy, parenthood, race, religion, color, national origin,  
7 or status as a student.

8 \* Sec. 7. AS 18.56.098(g)(1) is amended to read:

9 (1) The interest rate on the first \$90,000 of a mortgage  
10 loan purchased with the proceeds of an [THE FIRST] issue of taxable  
11 bonds of the corporation is three percent less than [10\*PERCENT OR]  
12 the cost of funds of that issue, except that

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

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

18 \* Sec. 8. AS 18.56.098(g)(5) is amended to read:

19 (5) The interest rate on the first \$90,000 of a mortgage  
20 loan purchased with [FROM] money that is not the proceeds of either  
21 taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the  
22 rate the corporation determines is appropriate by application of the  
23 provision of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED  
24 ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF  
25 BONDS.]

26 \* Sec. 9. AS 18.56.101 is amended to read:

27 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
28 following persons are eligible veterans for the purposes of AS  
29 18.56.098(g) and (h):

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

5           [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
6 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
7 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
8 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER  
9 DISCHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
10 TERRITORY OR STATE: OR

11           (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE  
12 TERRITORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAD  
13 BEEN A RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR  
14 AT THE TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO  
15 THE TERRITORY OR STATE FOR AT LEAST FIVE YEARS: AND

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

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

19           [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE  
20 TERRITORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE  
21 SERVICE;

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

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

26           (3) a person who has served for not less than five years in  
27 the Alaska Army National Guard, or the Alaska Air National Guard, [OR  
28 THE ALASKA NAVAL MILITIA] or [WHO HAS SERVED IN] a reserve unit of the  
29 United States armed forces [IN ALASKA] if the reserve unit required,

1 as a minimum, one weekend each month of duty and 15 consecutive days  
2 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
3 whose discharge was under honorable conditions.

4 \* Sec. 10. AS 18.56.115. is amended to read:

5 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
6 the private sale of bonds or bond anticipation notes to an  
7 underwriter, the corporation may [SHALL] retain a financial advisor.  
8 A financial advisor retained under this section must be [WHO IS]  
9 independent from the underwriter.

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

11 Sec. 18.56.205 RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF  
12 THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the  
13 special mortgage loan purchase program (AS 18.56.098) to purchase a  
14 mortgage loan made for the purchase or rehabilitation of a residence  
15 located in the District of Columbia or within 50 miles of the District  
16 of Columbia to a member of the United State Congress from Alaska if  
17 the member is otherwise qualified for assistance under the special  
18 mortgage loan purchase program.

19 \* Sec. 12. AS 44.47.380 is amended to read:

20 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created  
21 in the Department of community and Regional Affairs, as a revolving  
22 loan fund, the housing assistance loan fund consisting of money  
23 appropriated to it by the legislature and repayments of principal on  
24 loans made or purchased from the assets of the fund. [INTEREST ON  
25 LOANS MADE OR PURCHASED FROM THE ASSETS OF THE FUND MUST BE  
26 TRANSFERRED TO THE DEPARTMENT OF REVENUE FOR DEPOSIT IN THE GENERAL  
27 FUND.] The director shall administer the housing assistance loan fund  
28 in accordance with AS 44.47.360 - 44.47.560 and shall use the money in  
29 the housing assistance loan fund to originate, purchase, or

1 participate in the purchase of

2 (1) nonconforming and rural housing mortgage loans;

3 (2) loans made for building materials for nonconforming and  
4 rural housing;

5 (3) loans made for renovations or improvements to  
6 nonconforming and rural housing;

7 (4) loans made for the construction of owner-occupied  
8 nonconforming and rural housing other than loans to builders or  
9 contractors or loans that compensate an owner for the owner's labor or  
10 services in constructing the owner's own housing.

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

12 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is  
13 created in the Department of Community and Regional Affairs, the home  
14 ownership assistance fund consisting of money appropriated to it by  
15 the legislature. Money in the fund shall be used solely to assist  
16 persons of lower and moderate income to purchase or construct  
17 single-family homes financed under AS 44.47.360 - 44.47.560 by  
18 providing a subsidy to those persons.

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

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

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

27 (e) In this section, "persons of lower and moderate income"  
28 means individuals considered by the division to require assistance  
29 under this section because of inadequate income or other limited

1 personal financial resources, taking into consideration

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

3 (2) the size of the family;

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

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

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

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

10 \* Sec. 14. AS 44.47.390(4) is amended to read

11 (4) originate a direct loan for nonconforming or rural  
12 housing or purchase or participate in the purchase of a nonconforming  
13 or rural housing mortgage loan, other than a loan for the repair,  
14 remodeling, rehabilitation, or expansion of an existing owner-occupied  
15 residence, if the borrower has an outstanding housing loan made under  
16 a state loan program, other than a loan for nonowner-occupied housing  
17 under AS 44.47.520, that bears interest at a rate that was less than  
18 the prevailing market interest rate for similar housing loans at the  
19 time the loan was made.

20 \* Sec. 15. AS 44.47.390 is amended by adding a new paragraph to read:

21 (5) originate a direct mortgage loan or purchase or  
22 participate in the purchase of a mortgage loan for rental housing  
23 unless the borrower agrees not to discriminate against tenants or  
24 prospective pregnancy, parenthood, race, religion, color, national  
25 origin, or status as a student.

26 \* Sec. 16. AS 44.47.410 is amended to read:

27 Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a  
28 mortgage loan originated or purchased in whole or in part under AS  
29 44.47.380 for a nonconforming housing that is not rural housing is

1 one-quarter percent more than [EQUAL TO] the interest rate, as  
2 determined under AS 18.56.098(g)(1) - (4), on a mortgage loan  
3 purchased under AS 18.56.098(a) from the proceeds of the most recent  
4 applicable issue of taxable bonds before the origination or purchase  
5 of the mortgage loan originated or purchased under AS 44.47.380.

6 (b) The interest reate on a mortgage loan originated or  
7 purchased in whole or in part under AS 44.47.380 for rural housing is  
8 one percent less than the interest rate, as determined under AS  
9 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS  
10 18.56.098(a) from the proceeds of the most recent applicable issue of  
11 taxable bonds before the origination or purchase of the mortgage loan  
12 originated or purchased under AS 44.47.380 [10- PERCENT].

13 \* Sec. 17. AS 44.47 ANNUAL REPORT is amended by adding a new section  
14 to read:

15 Sec. 44.47.530. To further ensure effective budgetary decision  
16 making by the legislature, the division shall present a complete  
17 accounting of the housing assistance revolving fund to the legislature  
18 by January 10 of each year. The accounting shall be audited by an  
19 independent outside auditor and shall include a full description of  
20 all mortgage loan interest and principal repayments and program  
21 receipts, including mortgage loan commitment fees, received by or  
22 accrued to the division during the preceding fiscal year, and all  
23 income earned on assets of the division during that period.

24 \* Sec. 18. AS 44.47.385 is repealed and reenacted to read:

25 Not more than 20 percent of the total amount appropriated to the  
26 housing assistance loan fund may be allocated in communities other  
27 than those defined in AS 44.47.560(5).

28 \* Sec. 19. AS 45.88.030(c)(1) is amended to read:

29 (c) Loans made under this chapter may be used to finance

1 (1) the cost of purchase, construction, and installation of an  
2 alternative energy system or "centralized multifuel heating  
3 systems" which is likely to result in energy conservation or  
4 energy cost savings; or

5 \* Sec. 20. Delete and replace with:

6 AS 45.88.500 is amended to read:

7 AS 45.88.500(a) In this chapter, "alternative energy  
8 system"

9 (1) means a source of thermal, mechanical or electrical energy  
10 which is not dependent on oil or gas or a nuclear fuel for the supply  
11 of energy for space heating and cooling, refrigeration and cold  
12 storage, electrical power, mechanical power, or the heating of water;

13 (2) includes

14 (A) an alternative energy property as defined by sec.  
15 48[(1)](1)(3)(A) of the Internal Revenue Code (26 U.S.C. sec.  
16 48[(1)](1)(3)(A);

17 (B) a method of architectural design and construction which  
18 provides for the collection, storage and use of direct radiation from  
19 the sun;

20 (C) any other device approved by the Commissioner of  
21 Commerce and Economic Development under AS 44.33.040(12); and

22 (D) a woodstove with a catalytic converter or a catalytic  
23 converter for a wood stove[.]; and

24 (E) a steam, hot water, or ducted hot air central heating  
25 system that uses wood or coal for fuel;

26 (3) does not include

27 (A) [A WOOD, COAL, OR MULTIFUEL HEATING STOVE] a stove that  
28 uses only wood, coal or oil for fuel; or

29 (B) a fireplace or fireplace insert.

1       (b) Notwithstanding any other provision in this chapter, a multifuel  
2       heating system which uses the combination(s) of wood or fossil fuel(s)  
3       for fuel does qualify under this loan fund.

4       \* Sec. 21 AS 44.47 is amended by adding new sections to read:

5                       ARTICLE 12. LOW COST AND LOW INCOME  
6                       MULTIPLE FAMILY HOUSING DEVELOPMENT FUND.

7               AS 44.47.630 DECLARATION OF PURPOSE. There exists in the  
8       state a serious shortage of low cost multiple family residential  
9       housing available at low rentals. There also exists in the state  
10      organizations whose purposes are to provide the housing needed to  
11      alleviate this shortage. Development work to provide this housing  
12      involves substantial expense that is often beyond the resources of the  
13      organizations.

14              Sec. 44.47.635. LOW COST AND LOW INCOME MULTIPLE FAMILY HOUSING  
15      DEVELOPMENT. (a) There is created in the Department of Community and  
16      Regional Affairs a low cost and low income multiple family housing  
17      development fund. Subject to appropriation or through proceeds of a  
18      bond issue, the department shall make grants to municipalities or  
19      public or private nonprofit corporations designated as tax exempt  
20      under 26 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) for  
21      the purpose of developing low cost, low income multiple family  
22      housing. A grant from the proceeds of a bond issue may be made only  
23      to a municipality.

24              (b) Application for a grant under (a) of this section shall be  
25      in the form prescribed by the department. The application shall  
26      demonstrate the need for low cost, low income multiple family housing  
27      in the area to be served, the feasibility of the proposed project, and  
28      an adequate management plan that shall demonstrate the ability of the  
29      eligible recipient to sustain the proposed project.

1 (c) All projects under this section shall be in accordance with  
2 facility procurement policies developed under AS 35.10.160 - 35.10.200  
3 and are public facilities under those sections.

4 (d) The department shall adopt regulations to carry out the  
5 purposes of this section. The provisions of the Administrative  
6 Procedure Act (AS 44.62) apply to regulations adopted under this  
7 section.

8 (e) In this section "low cost and low income multiple family  
9 housing" means a specific work or improvement undertaken primarily to  
10 provide multiple family dwelling accommodations for low income  
11 persons. Low cost and low income multiple family housing includes the  
12 acquisition, construction, or rehabilitation of land, buildings,  
13 improvements, and other nonhousing facilities that are incidental or  
14 appurtenant to the housing.

15 \* Sec. 22. Section 69(c)(8), ch. 113, SLA 1982, is amended to read:

16 (8) to use assets of the multifamily housing loans security  
17 fund to establish capital reserve funds to secure bonds issued in  
18 connection with the financing of multifamily housing projects and to  
19 provide a loan loss reserve for loans purchased by the multifamily  
20 housing loan account of the enterprise development fund.

21 \* Sec. 23. Section 69(e), ch. 113, SLA 1982, is amended to read:

22 (e) A capital reserve fund established under this section to  
23 secure bonds issued in connection with the financing of multifamily  
24 housing projects is not subject to the \$10,000,000 limitation stated  
25 in AS 44.88.105(a). The provisions of AS 44.88.105(f) do not apply to  
26 capital reserve funds established to secure bonds issued to finance  
27 one or more multifamily housing projects.

28 \* Sec. 24. Section 69(f), ch. 113, SLA 1982, is amended to read:

29 (f) A multifamily housing loan account is established in the

1 enterprise development fund of the authority (AS 44.88.155),  
2 consisting of money and other assets of the enterprise development  
3 fund that the authority deposits into it. [HOWEVER, THE AUTHORITY MAY  
4 NOT DEPOSIT PROCEEDS FROM THE SALE OF BONDS OF THE AUTHORITY INTO THE  
5 MULTIFAMILY HOUSING LOAN ACCOUNT.] The multifamily housing loan  
6 account shall be used only to purchase or originate loans for  
7 multifamily housing projects. The authority may not use proceeds from  
8 the sale of bonds of the authority to finance secondary loans for  
9 multifamily housing. Notwithstanding the provisions of AS  
10 44.88.155(d), a loan purchased or originate by the authority for the  
11 multifamily housing loan account

12 (1) may not be for a term longer than 30 years from the  
13 date the loan is made;

14 (2) shall be secured by a mortgage or other security  
15 instrument in the manner the authority determines is feasible to  
16 assure timely repayment under a loan agreement entered into with the  
17 borrower; the mortgage or other security instrument constitutes a  
18 first lien against the multifamily housing project, except that it may  
19 be subordinated by the authority to a loan made directly or indirectly  
20 with the proceeds of a sale of bonds by the authority, the Alaska  
21 State Housing Authority, or a municipality of the state during the  
22 time when the loan from these proceeds is outstanding, and may be  
23 subordinated to a loan that refinances the original loan, if the  
24 authority considers it appropriate to do so;

25 (3) shall provide for a schedule of payments of principal  
26 and interest that is satisfactory to the authority, and that may  
27 include, without limitation, deferrals or reductions of payments,  
28 variable payments, balloon payments, sharing in equity appreciation,  
29 and other arrangements;

1 (4) shall be in the form and contain the terms and  
2 provisions with respect to insurance, repairs, alterations, payment of  
3 taxes and assessments, default reserves, delinquency charges, default  
4 remedies, acceleration of maturity, secondary liens, and other matters  
5 as the authority prescribes.

6 \* Sec. 25. Section 69(h), ch. 113, SLA 1982, is amended to read:

7 (h) The multifamily housing loans security fund is established  
8 in the authority. The multifamily housing loans security fund  
9 consists of money and assets appropriated or transferred to it, the  
10 income produced from its investments and holdings, and deposits that  
11 the authority may make from repayments of multifamily housing loans  
12 purchased by the multifamily housing loan account of the enterprise  
13 development fund. The assets of the multifamily housing loans  
14 security fund may be used to establish capital reserve funds to secure  
15 bonds issued in connection with the financing of multifamily housing  
16 projects. The assets of [THE PURPOSE OF] the multifamily housing  
17 loans security fund may also be used [IS] to provide a loan loss  
18 reserve for the enterprise development fund for multifamily housing  
19 loans made by the authority from the multifamily housing loan account  
20 of the enterprise development fund. The multifamily housing loans  
21 security fund is not a general asset of the authority and may not be  
22 pledged or committed in any way except as provided in this subsection  
23 [TO PROVIDE A LOAN LOSS RESERVE FOR THE ENTERPRISE DEVELOPMENT FUND  
24 FOR MULTIFAMILY HOUSING LOANS MADE BY THE AUTHORITY FROM THE  
25 MULTIFAMILY HOUSING LOAN ACCOUNT OF THE ENTERPRISE DEVELOPMENT FUND].

26 The authority may

27 (1) establish separate accounts in the multifamily housing  
28 loans security fund for multifamily housing loans, as it finds  
29 appropriate, and may establish other accounts that it considers

1 appropriate;

2 (2) hold and invest money and other assets of the  
3 multifamily housing loans security fund at competitive national market  
4 rates in the types of investments described in AS 37.10.070(a).

5 \* Sec. 26. Section 69(k)(2), ch. 113, SLA 1982, is amended to read:

6 (2) "multifamily housing project" means a specific  
7 building, structure, work, or improvement of five or more dwelling  
8 units, or a group of these buildings, structures, works, or  
9 improvements, the primary purpose of which is to provide rental  
10 dwelling accommodations and which qualifies for tax-exempt financing  
11 under sec. 103 of the Internal Revenue Code of 1954, as amended (26  
12 U.S.C. sec. 103), or sec. 11(b) of the National Housing Act of 1937,  
13 as amended [, AND WHICH IS ORIGINALLY FINANCED BEFORE JANUARY 1,  
14 1984]; "multifamily housing project" includes the acquisition,  
15 construction, or rehabilitation of land, buildings, and improvements  
16 for rental dwellings, accommodations, and other facilities that may be  
17 incidental or appurtenant to rental dwelling accommodations.

18 \* Sec. 27. AS 18.56.098(g)(2) is repealed.

19 \* Sec. 28. Section 13 of this Act takes effect January 1, 1984.

20 \* Sec. 29. Sections 1 - 12, and 14 - 26 of this Act take effect  
21 immediately in accordance with AS 01.10.070(c).