

Original sponsor: Rules/Governor

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 663 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND 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 18.56.050 is amended to read:

10 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall
11 manage the assets and business of the corporation and may prescribe,
12 amend and repeal bylaws and regulations governing the manner in which
13 the business of the corporation is conducted and the manner in which
14 its powers are exercised. The board shall delegate supervision of the
15 administration of the corporation to the executive director, appointed
16 in accordance with AS 18.56.052. Among other duties that the board
17 may delegate to the executive director, the board may delegate to the
18 executive director the authority to sell an issue of bonds or notes of
19 the corporation, providing that the board establish by resolution a
20 maximum acceptable true interest cost on the bonds or notes to be sold
21 under the delegation.

22 * Sec. 2. AS 18.56.091 is amended to read:

23 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The
24 corporation shall implement a home ownership assistance program [THERE
25 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING
26 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND
27 SHALL BE USED SOLELY] to assist persons of lower and moderate income
28 to purchase homes financed under the special mortgage loan purchase
29 program by providing a subsidy to the persons in an amount not greater

1 than the difference between

2 (1) the amount annually required to pay interest and prin-
3 cipal on that person's loan and real property taxes and insurance for
4 the home purchased with the loan; and

5 (2) 25 percent of that person's annual gross income.

6 * Sec. 3. AS 18.56.096 is amended to read:

7 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE
8 LOANS. (a) The corporation may not make, participate in the making
9 of, purchase, or participate in the purchase of

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

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

20 (3) a mortgage loan to finance the purchase of new housing
21 or for the improvement or rehabilitation of existing housing, unless
22 the construction, improvement, or rehabilitation work has been per-
23 formed by a contractor who is registered to work as a contractor under
24 AS 08.18; this paragraph does not apply if the construction, improve-
25 ment, or rehabilitation work

26 (A) has been totally or substantially performed by the
27 borrower;

28 (B) has been performed by a borrower who acts as the
29 contractor for the construction, improvement, or rehabilitation

1 work; or

2 (C) has been performed in an area designated by the
3 corporation as exempt from the requirements of this paragraph
4 because of the unavailability of registered contractors in that
5 area;

6 (4) a first mortgage loan for a single-family residence
7 that exceeds the limitations on first mortgage loans for similar
8 housing purchased by the Federal National Mortgage Association as to
9 principal amount by more than 10 percent, or has a loan-to-value ratio
10 that exceeds 95 percent, or a second mortgage loan for a single-family
11 residence, the amount of which, when combined with the principal
12 balance of a first mortgage loan on the property, exceeds the limita-
13 tions on loans for similar housing purchased by the Federal National
14 Mortgage Association as to principal amount by more than 10 percent,
15 or has a loan-to-value ratio, when considered with the principal
16 balance of the first mortgage loan, that exceeds 90 percent; [OR]

17 (5) a first or second mortgage loan for rental housing
18 unless the borrower agrees not to discriminate against tenants or
19 prospective tenants because of sex, marital status, changes in marital
20 status, pregnancy, parenthood, race, religion, color, national origin,
21 or status as a student; or

22 (6) a first mortgage loan if the borrower has an outstand-
23 ing first mortgage housing loan under a state loan program, other than
24 a loan for nonowner-occupied housing under AS 44.47.520.

25 (b) The loan-to-value limitation established in (a)(4) of this
26 section does not apply to a qualified loan that is federally insured
27 or guaranteed.

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

29 (g) The corporation shall establish the interest rate on a first

1 mortgage loan purchased under (a) of this section in accordance with
2 the following:

3 (1) The interest rate on the first \$90,000 of a mortgage
4 loan purchased with the proceeds of an issue of taxable bonds of the
5 corporation is three percent less than the cost of funds of that
6 issue, except that

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

9 (B) if the cost of funds of that issue is more than 10
10 percent, the interest rate may not be less than 10 percent.

11 (2) [Repealed

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

18 (3) [(4)] The interest rate for the amount of a mortgage
19 loan purchased under (a) of this section that exceeds \$90,000 is equal
20 to the cost of funds to the corporation attributable to that part of
21 the loan.

22 (4) [(5)] The interest rate on the first \$90,000 of a
23 mortgage loan purchased with money that is not the proceeds of either
24 taxable or tax-exempt bonds is the rate the corporation determines is
25 appropriate by application of the provision of (1) of this subsection.

26 (5) [(6)] The interest rate on the first \$90,000 of a
27 mortgage loan purchased from the proceeds of bonds that are exempt
28 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26
29 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified

1 veterans' bonds under (i) of this section, is equal to the interest
2 rate determined under (1) - (3) of this subsection on a loan purchased
3 under (a) of this section from the proceeds of the most recent appli-
4 cable issue of taxable bonds sold by the corporation [10 PERCENT OR
5 THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower interest
6 rate shall be established on the entire loan amount if required to
7 insure the tax-exempt status of the bonds [UNDER THE MORTGAGE SUBSIDY
8 BOND TAX ACT].

9 (6) [(7)] In this subsection

10 (A) "cost of funds" means the true interest cost
11 expressed as a rate on bonds of the corporation plus an addi-
12 tional percentage as determined by the corporation to represent
13 the allocable expenses of operation, costs of issuance, and
14 mortgage servicing;

15 (B) "taxable bonds" means bonds bearing interest that
16 is taxable under the provisions of the Mortgage Subsidy Bond Tax
17 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of
18 first mortgage loans.

19 * Sec. 5. AS 18.56.170(a) is amended to read:

20 (a) Obligations issued under the provisions of this chapter
21 other than state guaranteed bonds do not constitute a debt, liability
22 or obligation of the state or of any political subdivision of the
23 state or a pledge of the faith and credit of the state or of any such
24 political subdivision but are payable solely from the revenues or
25 assets of the corporation. Each obligation issued under this chapter
26 other than a state guaranteed bond shall contain on its face a state-
27 ment that the corporation is not obligated to pay it nor the interest
28 on it except from the revenues or assets of the corporation [PLEGGED
29 FOR IT] and that neither the faith and credit nor the taxing power of

1 the state or of any political subdivision of the state is pledged to
2 the payment of the principal of or the interest on the obligation.

3 * Sec. 6. The Alaska Housing Finance Corporation may issue bonds in the
4 principal amount of \$1,500,000,000 during the fiscal year ending June 30,
5 1985.

6 * Sec. 7. This Act takes effect July 1, 1984.