

Offered: 4/30/84  
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 663 (Finance)

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 certain state housing loan pro-  
7 grams; 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 this chapter or an outstanding  
24 first mortgage loan for owner-occupied housing under AS 44.47.

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) and (2) of this subsection on a loan pur-  
3 chased under (a) of this section from the proceeds of the most recent  
4 applicable issue of taxable bonds sold by the corporation [10 PERCENT  
5 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower  
6 interest rate shall be established on the entire loan amount if re-  
7 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-  
8 GAGE SUBSIDY 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 [PLEGDED  
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. AS 44.47.560(5) is repealed and reenacted to read:

4 (5) "rural" means

5 (A) a community with a population of 4,500 or less in  
6 the first or second judicial district of the state;

7 (B) a community with a population of 4,500 or less in  
8 the third judicial district of the state that is more than 100  
9 nautical miles from the conforming boundary of jurisdiction of  
10 the Municipality of Anchorage; or

11 (C) a community with a population of 4,500 or less in  
12 the fourth judicial district of the state that is more than 35  
13 nautical miles from the conforming boundary of jurisdiction of  
14 the City of Fairbanks;

15 \* Sec. 7. The Alaska Housing Finance Corporation may issue bonds in the  
16 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
17 1985.

18 \* Sec. 8. This Act takes effect July 1, 1984.