

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 663 (Finance) am  
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 18.56.091 is amended to read:

10 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
11 corporation shall implement a home ownership assistance program [THERE  
12 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
13 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
14 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
15 to purchase homes financed under the special mortgage loan purchase  
16 program by providing a subsidy to the persons in an amount not greater  
17 than the difference between

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

21 (2) 25 percent of that person's annual gross income.

22 \* Sec. 2. AS 18.56.096 is amended to read:

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

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

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

7           (3) a mortgage loan to finance the purchase of new housing  
8 or for the improvement or rehabilitation of existing housing, unless  
9 the construction, improvement, or rehabilitation work has been per-  
10 formed by a contractor who is registered to work as a contractor under  
11 AS 08.18; this paragraph does not apply if the construction, improve-  
12 ment, or rehabilitation work

13                   (A) has been totally or substantially performed by the  
14 borrower;

15                   (B) has been performed by a borrower who acts as the  
16 contractor for the construction, improvement, or rehabilitation  
17 work; or

18                   (C) has been performed in an area designated by the  
19 corporation as exempt from the requirements of this paragraph  
20 because of the unavailability of registered contractors in that  
21 area;

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

1 Mortgage Association as to principal amount by more than 10 percent,  
2 or has a loan-to-value ratio, when considered with the principal  
3 balance of the first mortgage loan, that exceeds 90 percent; [OR]

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

9 (6) a first mortgage loan if the borrower has an outstand-  
10 ing first mortgage housing loan under this chapter or an outstanding  
11 first mortgage loan for owner-occupied housing under AS 44.47.

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

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

16 (g) The corporation shall establish the interest rate on a first  
17 mortgage loan purchased under (a) of this section in accordance with  
18 the following:

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

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

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

27 (2) [Repealed

28 (3)] An interest rate determined under this subsection on  
29 the first \$90,000 of a mortgage loan that is not purchased from the

1 proceeds of bonds that are qualified veterans' mortgage bonds under  
2 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as  
3 amended, shall be reduced by one percentage point if the loan is made  
4 to an eligible veteran under AS 18.56.101.

5 (3) [(4)] The interest rate for the amount of a mortgage  
6 loan purchased under (a) of this section that exceeds \$90,000 is equal  
7 to the cost of funds to the corporation attributable to that part of  
8 the loan.

9 (4) [(5)] The interest rate on the first \$90,000 of a  
10 mortgage loan purchased with money that is not the proceeds of either  
11 taxable or tax-exempt bonds is the rate the corporation determines is  
12 appropriate by application of the provision of (1) of this subsection.

13 (5) [(6)] The interest rate on the first \$90,000 of a  
14 mortgage loan purchased from the proceeds of bonds that are exempt  
15 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26  
16 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified  
17 veterans' bonds under (i) of this section, is equal to the interest  
18 rate determined under (1) and (2) of this subsection on a loan pur-  
19 chased under (a) of this section from the proceeds of the most recent  
20 applicable issue of taxable bonds sold by the corporation [10 PERCENT  
21 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower  
22 interest rate shall be established on the entire loan amount if re-  
23 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-  
24 GAGE SUBSIDY BOND TAX ACT].

25 (6) [(7)] In this subsection

26 (A) "cost of funds" means the true interest cost  
27 expressed as a rate on bonds of the corporation plus an addi-  
28 tional percentage as determined by the corporation to represent  
29 the allocable expenses of operation, costs of issuance, and

1 mortgage servicing;

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

6 \* Sec. 4. AS 18.56.170(a) is amended to read:

7 (a) Obligations issued under the provisions of this chapter  
8 other than state guaranteed bonds do not constitute a debt, liability  
9 or obligation of the state or of any political subdivision of the  
10 state or a pledge of the faith and credit of the state or of any such  
11 political subdivision but are payable solely from the revenues or  
12 assets of the corporation. Each obligation issued under this chapter  
13 other than a state guaranteed bond shall contain on its face a state-  
14 ment that the corporation is not obligated to pay it nor the interest  
15 on it except from the revenues or assets of the corporation [PLEGGED  
16 FOR IT] and that neither the faith and credit nor the taxing power of  
17 the state or of any political subdivision of the state is pledged to  
18 the payment of the principal of or the interest on the obligation.

19 \* Sec. 5. AS 44.47.560(5) is repealed and reenacted to read:

20 (5) "rural" means

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

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

27 (C) a community with a population of 4,500 or less in  
28 the fourth judicial district of the state that is more than 35  
29 nautical miles from the conforming boundary of jurisdiction of

1           the City of Fairbanks;

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

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