

Introduced: 1/30/85  
Referred: Resources and  
Finance

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 110

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to agricultural loans."

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

8 \* Section 1. AS 03.10.030(a) is amended to read:

9 (a) The farm development, chattel, or irrigation loan made under  
10 this chapter

11 (1) may not exceed a term of 30 years, except that a  
12 chattel loan may not exceed a term of seven years;

13 (2) may not, when added to the outstanding balance of other  
14 loans made under this chapter, exceed a total outstanding balance of  
15 \$2,000,000 [\$1,000,000];

16 (3) shall be secured by a real estate or chattel mortgage  
17 of any priority, except that the portion of a loan that exceeds  
18 \$500,000, when added to prior indebtedness that is secured by the same  
19 property, must be secured by a first mortgage;

20 (4) shall bear interest at a rate that may not be less than  
21 eight percent or more than the commercial rate, unless the commercial  
22 rate is eight percent or less; in this paragraph "commercial rate"  
23 means the prevailing rate of interest at private lending institutions  
24 in the state for loans similar to those referred to in this subsec-  
25 tion.

26 \* Sec. 2. AS 03.10.030(c) is amended to read:

27 (c) A short term loan, to be amortized within one year, not to  
28 exceed \$500,000 [\$350,000] to any one borrower may be made for operat-  
29 ing purposes, except that a loan made under this subsection may not

1 exceed \$400,000 [\$200,000] unless the loan is made to a borrower in a  
2 farm disaster area declared under AS 03.10.058. An applicant for a  
3 short term loan may be required to purchase insurance through the  
4 Federal Crop Insurance Act (7 U.S.C. 1501 - 1520) as a condition of  
5 the loan. The term of a loan made under this subsection may be ex-  
6 tended for up to three years by the agricultural revolving loan fund  
7 board, in the discretion of the board, upon application by the  
8 borrower.