

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 190

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to mortgage loans purchased by the  
Alaska Housing Finance Corporation; relating to bonds  
issued by the Alaska Housing Finance Corporation; and  
providing for an effective date."

10

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

11

\* Section 1. AS 18.56.096(b) is amended to read:

12

(b) The loan-to-value limitation established in (a)(4) of this  
section does not apply to a mortgage [QUALIFIED] loan that is federal-  
ly insured or guaranteed. The loan-to-value limitations established  
in (a)(1) and (4) of this section do not apply to a mortgage loan that  
is a refinancing mortgage loan under AS 18.56.102.

13

14

15

16

17

\* Sec. 2. AS 18.56.098(a) is amended to read:

18

(a) The corporation shall establish a special mortgage loan  
purchase program. Under the special mortgage loan purchase program,  
the corporation may purchase [REFINANCING LOANS OR] first or second  
mortgage loans. A first or second mortgage loan purchased under this  
subsection must be [, INCLUDING GRADUATED PAYMENT MORTGAGE LOANS,]  
made for the purchase, improvement, or rehabilitation of a residence  
or must be a refinancing loan. First or second mortgage loans pur-  
chased under this subsection may include graduated payment mortgage  
loans and adjustable rate mortgage loans [RESIDENCES].

19

20

21

22

23

24

25

26

27

\* Sec. 3. AS 18.56.098(g) is amended by adding a new paragraph to read:

28

(7) The corporation shall determine the interest rate on a

29

mortgage loan that is an adjustable rate mortgage loan as provided in

1 this subsection. The corporation shall recalculate the interest rate  
2 from time to time based on changes in the cost to the corporation of  
3 the funds used to purchase the adjustable rate mortgage loan. Howev-  
4 er, the corporation may establish a minimum interest rate applicable  
5 to an adjustable rate mortgage loan, and the interest rate on the  
6 adjustable rate mortgage loan may not be less than the minimum inter-  
7 est rate so established regardless of the cost of funds to the corpo-  
8 ration.

9 \* Sec. 4. AS 18.56 is amended by adding a new section to read:

10 Sec. 18.56.102. SIMPLIFIED REFINANCING MORTGAGE LOAN PURCHASE  
11 PROGRAM. (a) The corporation shall establish a simplified refinanc-  
12 ing mortgage loan purchase program. Under the simplified refinancing  
13 mortgage loan purchase program, the corporation may purchase refinanc-  
14 ing mortgage loans to provide relief to borrowers under circumstances  
15 described by regulations adopted by the corporation.

16 (b) AS 18.56.098(c), (e), and (k) apply to refinancing mortgage  
17 loans purchased under (a) of this section.

18 (c) Subject to (d) of this section, the interest rate on a  
19 refinancing mortgage loan purchased under (a) of this section is three  
20 percent less than the cost to the corporation of the money used to  
21 purchase the refinancing mortgage loan, except that

22 (1) if the cost of money is 10 percent or less, the inter-  
23 est rate is equal to the cost of money; and

24 (2) if the cost of money is more than 10 percent, the  
25 interest rate may not be less than 10 percent.

26 (d) If the refinancing mortgage loan is an adjustable rate  
27 mortgage loan, the corporation shall establish the initial interest  
28 rate as provided in (c) of this section and shall recalculate the  
29 interest rate from time to time in accordance with (c) of this

1 section. However, notwithstanding (c)(1) of this section, the corpo-  
2 ration may establish a minimum interest rate applicable to an adjust-  
3 able rate refinancing mortgage loan; the interest rate on the adjust-  
4 able rate refinancing mortgage loan may not be less than the minimum  
5 interest rate so established, regardless of the cost of money to the  
6 corporation. The corporation may adopt regulations to implement this  
7 section, including regulations to define "cost of money" for purposes  
8 of this section. The regulations may provide for recalculation of the  
9 cost of money under this subsection at the times and frequencies the  
10 corporation considers appropriate. The time and frequency for a  
11 recalculation under this subsection is not required to match the time  
12 or frequency of a change in the cost of money to the corporation.

13 (e) Equity extraction may not be allowed under this program.

14 (f) In this section, "refinancing mortgage loan" means a loan  
15 refinancing another mortgage loan owned by the corporation.

16 \* Sec. 5. AS 18.56.110(g) is amended to read:

17 (g) Notwithstanding AS 18.56.090(12) and (a) of this section,  
18 the corporation may not issue bonds [, OTHER THAN REFUNDING BONDS,] in  
19 any 12-month period beginning after June 30, 1983, in an amount that  
20 exceeds the amount of bonds authorized to be issued during the preced-  
21 ing period, unless a different amount is authorized by the legisla-  
22 ture. This subsection does not apply to the issuance by the corpo-  
23 ration of refunding bonds or to the issuance by the corporation of  
24 bonds the proceeds of which are intended to be used to refinance  
25 mortgage loans held by the corporation.

26 \* Sec. 6. AS 18.56.900 is amended by adding a new paragraph to read:

27 (13) "adjustable rate mortgage loan" means a mortgage loan with  
28 respect to which the interest rate varies or is expected to vary from  
29 time to time by reference to an index or formula or other reference

1 point.

2 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).