

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 402

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Alaska Industrial Development
7 and Export Authority; and providing for an effective
8 date."

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

10 * Section 1. AS 44.88.155(d) is amended to read:

11 (d) A loan purchased in whole or in part by the authority with
12 assets of the enterprise development account or with proceeds of bonds
13 secured by assets of the enterprise development account, other than a
14 loan that [WHICH] is financed with the proceeds of bonds of the au-
15 thority and secured only by a project applicant or a project,

16 (1) may not exceed

17 (A) \$25,000,000 [\$10,000,000]; or

18 (B) \$1,000,000 [\$500,000] if the loan is purchased
19 under AS 44.88.158;

20 (2) may not exceed the cost of the project or 75 percent of
21 the appraised value of the project, whichever is less, unless the
22 amount of the loan in excess of this limit is federally insured or
23 guaranteed or is insured by a qualified mortgage insurance company;

24 (3) may not be for a term longer than three-quarters of the
25 authority's estimate of the life of the project or 25 years from the
26 date the loan is made, whichever is earlier;

27 (4) shall contain complete amortization provisions satis-
28 factory to the authority requiring periodic payments by the borrower;

29 (5) shall be in the form and contain the terms and

1 provisions with respect to insurance, repairs, alterations, payment of
2 taxes and assessments, default reserves, delinquency charges, default
3 remedies, acceleration of maturity, secondary liens, and other matters
4 the authority prescribes;

5 (6) shall be secured as to repayment by a mortgage or other
6 security instrument in the manner the authority determines is feasible
7 to assure timely repayment under a loan agreement entered into with
8 the borrower;

9 (7) may not be made unless

10 (A) at least 10 percent of the principal amount of the
11 loan is retained by the originator of the loan; or

12 (B) 100 percent of the principal amount of the loan is
13 guaranteed by the United States or an agency or instrumentality
14 of the United States;

15 (8) must be

16 (A) at least partially guaranteed by the United States
17 or an agency or instrumentality of the United States, subject to
18 the provisions of AS 44.88.158;

19 (B) financed from the proceeds of bonds; or

20 (C) expected by the authority to be financed from the
21 proceeds of bonds.

22 * Sec. 2. AS 44.88.159(c) is amended to read:

23 (c) The interest rate to be received by the authority on a
24 federally guaranteed loan purchased under AS 44.88.158 [BY THE AUTHOR-
25 ITY WITH MONEY IN THE SMALL ENTERPRISE LOAN ACCOUNT] that is not from
26 the proceeds of the sale of a series of bonds is the lesser of (1) the
27 prevailing prime rate adopted by the United States Small Business
28 Administration; (2) Moody's Investors Service Aa corporate bond yield
29 index; or (3) such other index as established by regulation of the

1 authority. The interest rate to be received by the authority on a
2 federally guaranteed loan purchased by the authority may be either
3 floating or fixed [EQUAL TO THE MOST RECENT INDEX OF Aa CORPORATE BOND
4 YIELD AVERAGES AS PUBLISHED BY MOODY'S INVESTORS SERVICE].

5 * Sec. 3. AS 44.88.165 is repealed and reenacted to read:

6 Sec. 44.88.165. DELINQUENT LOANS. The authority shall adopt
7 regulations to describe the circumstances under which it will discon-
8 tinue purchasing loans from a financial institution because of exces-
9 sive delinquencies among the loans previously purchased from the
10 financial institution. In adopting the regulations, the authority
11 shall take into consideration its delinquency experience with loans it
12 has purchased from all financial institutions. The authority may
13 include in the regulations other remedies it considers appropriate as
14 alternatives to the discontinuance of purchasing loans from the finan-
15 cial institution.

16 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).