

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 209 (Rules)

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 or made  
7 by the Alaska Housing Finance Corporation; relating  
8 to bonds issued by the Alaska Housing Finance Corpo-  
9 ration; 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  
13 section does not apply to a mortgage [QUALIFIED] loan that is feder-  
14 ally insured or guaranteed. The loan-to-value limitations established  
15 in (a)(1) and (4) of this section do not apply to a mortgage loan that  
16 is a refinancing mortgage loan under AS 18.56.102.

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

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

27 \* Sec. 3. AS 18.56.098(g)(1) is amended to read:

28 (1) The interest rate on the first \$90,000 of a mortgage  
29 loan purchased with the proceeds of an issue of taxable bonds of the

1 corporation is two [THREE] percent less than the cost of funds of that  
2 issue, except that

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

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

7 \* Sec. 4. AS 18.56.098(g) is amended by adding a new paragraph to read:

8 (7) The corporation shall determine the interest rate on a  
9 mortgage loan that is an adjustable rate mortgage loan as provided in  
10 this subsection. The corporation shall recalculate the interest rate  
11 from time to time based on changes in the cost to the corporation of  
12 the funds used to purchase the adjustable rate mortgage loan. Howev-  
13 er, the corporation may establish a minimum interest rate applicable  
14 to an adjustable rate mortgage loan, and the interest rate on the  
15 adjustable rate mortgage loan may not be less than the minimum inter-  
16 est rate so established regardless of the cost of funds to the corpo-  
17 ration.

18 \* Sec. 5. AS 18.56 is amended by adding a new section to read:

19 Sec. 18.56.102. SIMPLIFIED REFINANCING MORTGAGE LOAN PURCHASE  
20 PROGRAM. (a) The corporation shall establish a simplified refinanc-  
21 ing mortgage loan purchase program. Under the simplified refinancing  
22 mortgage loan purchase program, the corporation may purchase refinanc-  
23 ing mortgage loans to provide relief to borrowers under circumstances  
24 described by regulations adopted by the corporation.

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

27 (c) Subject to (d) of this section, the interest rate on a  
28 refinancing mortgage loan purchased under (a) of this section is three  
29 percent less than the cost to the corporation of the money used to

1 purchase the refinancing mortgage loan, except that if the cost of  
2 money

3 (1) is 10 percent or less, the interest rate is equal to  
4 the cost of money; and

5 (2) is more than 10 percent, the interest rate may not be  
6 less than 10 percent.

7 (d) If the refinancing mortgage loan is an adjustable rate  
8 mortgage loan, the corporation shall establish the initial interest  
9 rate as provided in (c) of this section and shall recalculate the  
10 interest rate from time to time in accordance with (c) of this sec-  
11 tion. However, notwithstanding (c)(1) of this section, the corpo-  
12 ration may establish a minimum interest rate applicable to an adjust-  
13 able rate refinancing mortgage loan; the interest rate on the adjust-  
14 able rate refinancing mortgage loan may not be less than the minimum  
15 interest rate so established, regardless of the cost of money to the  
16 corporation. The corporation may adopt regulations to implement this  
17 section, including regulations to define "cost of money" for purposes  
18 of this section. The regulations may provide for recalculation of the  
19 cost of money under this subsection at the times and frequencies the  
20 corporation considers appropriate. The time and frequency for a  
21 recalculation under this subsection is not required to match the time  
22 or frequency of a change in the cost of money to the corporation.

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

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

26 \* Sec. 6. AS 18.56.106(b) is amended to read:

27 (b) The corporation shall adopt regulations under this section  
28 that establish conditions and terms for nonconforming housing loans  
29 including terms and conditions relating to owner and nonowner

1 occupancy, the number of loans that may be made to a single borrower,  
2 and borrower eligibility requirements. The corporation shall permit  
3 loans under this section for nonconforming housing located on land to  
4 which a borrower has agricultural rights.

5 \* Sec. 7. AS 18.56.110(g) is amended to read:

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

15 \* Sec. 8. AS 18.56.900 is amended by adding a new paragraph to read:

16 (13) "adjustable rate mortgage loan" means a mortgage loan  
17 with respect to which the interest rate varies or is expected to vary  
18 from time to time by reference to an index or formula or other refer-  
19 ence point.

20 \* Sec. 9. This Act takes effect immediately under AS 01.10.070(c).