

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 209 (Finance)
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 18.56.090 is amended by adding a new paragraph to read:

12 (28) purchase a mortgage loan made to refinance an existing
13 mortgage loan, without regard to whether the corporation holds the
14 existing mortgage loan, as long as the interest rate and fees charged
15 to the borrower are sufficient to fully reimburse the corporation for
16 all costs incurred by the corporation in purchasing the mortgage loan
17 and as long as the borrower will be in compliance with AS 18.56.-
18 096(a)(6) after purchase of the mortgage loan by the corporation.

19 * Sec. 2. AS 18.56.096(b) is amended to read:

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

25 * Sec. 3. AS 18.56.098(a) is amended to read:

26 (a) The corporation shall establish a special mortgage loan
27 purchase program. Under the special mortgage loan purchase program,
28 the corporation may purchase [REFINANCING LOANS OR] first or second
29 mortgage loans. A first or second mortgage loan purchased under this

1 subsection must be [, INCLUDING GRADUATED PAYMENT MORTGAGE LOANS,]
2 made for the purchase, improvement, or rehabilitation of a residence
3 or must be a refinancing loan. First or second mortgage loans pur-
4 chased under this subsection may include graduated payment mortgage
5 loans and adjustable rate mortgage loans [RESIDENCES].

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

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

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

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

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

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

1 money

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

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

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

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

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

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

26 (b) The corporation shall adopt regulations under this section
27 that establish conditions and terms for nonconforming housing loans
28 including terms and conditions relating to owner and nonowner occu-
29 pancy, the number of loans that may be made to a single borrower, and

1 borrower eligibility requirements. The corporation shall permit loans
2 under this section for nonconforming housing located on land to which
3 a borrower has agricultural rights.

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

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

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

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

19 * Sec. 9. AS 18.56.102, added by sec. 5 of this Act, is repealed 18
20 months after the effective date of this Act.

21 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).