

BY THE RULES COMMITTEE BY REQUEST OF THE HOUSING FINANCE TASK FORCE

1 IN THE HOUSE

2

HOUSE BILL NO. 462

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-  
7 ration and its housing programs; exempting the corpo-  
8 ration from the Executive Budget Act and the State  
9 Procurement Code; amending the special mortgage loan  
10 purchase program and progressively reducing the  
11 maximum level of loan amounts eligible for a re-  
12 duction under a mortgage loan subsidy; amending the  
13 mortgage loan subsidy program for persons of lower  
14 and moderate income; and providing for an effective  
15 date."

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

17 \* Section 1. AS 18.56.089 is amended to read:

18 Sec. 18.56.089. ANNUAL ACCOUNTING. The [EXECUTIVE BUDGET ACT.  
19 THE OPERATING BUDGET OF THE CORPORATION IS SUBJECT TO THE EXECUTIVE  
20 BUDGET ACT (AS 37.07). TO FURTHER ENSURE EFFECTIVE BUDGETARY DECI-  
21 SION MAKING BY THE LEGISLATURE, THE] corporation shall present a  
22 complete accounting of all assets of the corporation, including assets  
23 of the Alaska housing finance revolving fund, to the legislature by  
24 January 10 of each year. The accounting shall be audited by an in-  
25 dependent outside auditor and shall include a full description of all  
26 mortgage loan interest and principal repayments and program receipts,  
27 including mortgage loan commitment fees, received by or accrued to the  
28 corporation during the preceding fiscal year, and all income earned on  
29 assets of the corporation during that period, including earnings on

1 assets of the state assisted mortgage fund.

2 \* Sec. 2. AS 18.56.091 is amended by adding a new subsection to read:

3 (b) Notwithstanding (a) of this section, the loan amount eligi-  
4 ble for assistance under the subsidy authorized by (a) of this section  
5 is the amount determined under AS 18.56.098(f).

6 \* Sec. 3. AS 18.56.098(f) is amended to read:

7 (f) In this section and in AS 18.56.099

8 (1) "graduated payment mortgage loan" means a mortgage loan  
9 the terms of which provide for monthly principal and interest payments  
10 that

11 (A) during the first year of the mortgage loan are  
12 lower than the monthly principal and interest payments that would  
13 be required under the terms of a level payment mortgage loan made  
14 at the same interest rate; and

15 (B) during subsequent years of the mortgage loan are  
16 graduated to provide for the same return over the term of the  
17 loan that would have been provided by a level payment mortgage  
18 loan made at the same interest rate;

19 (2) "loan amount eligible for assistance" means the amount  
20 of a mortgage loan that does not exceed the amount of the loan estab-  
21 lished by law; if an amount has not been established by law, the  
22 amount is zero;

23 (3) [REPEALED] "mortgage loan" includes a beneficial in-  
24 terest or participation in a mortgage loan;

25 (4) "residence" means

26 (A) an owner-occupied, single-family residence, in-  
27 cluding a mobile home; [,] or

28 (B) an owner-occupied duplex, triplex, or fourplex.

29 \* Sec. 4. AS 18.56.098(f) is repealed and reenacted to read:

1 (f) In this section and in AS 18.56.091 and 18.56.099  
2 (1) "graduated payment mortgage loan" means a mortgage loan  
3 the terms of which provide for monthly principal and interest payments  
4 that

5 (A) during the first year of the mortgage loan are  
6 lower than the monthly principal and interest payments that would  
7 be required under the terms of a level payment mortgage loan made  
8 at the same interest rate; and

9 (B) during subsequent years of the mortgage loan are  
10 graduated to provide for the same return over the term of the  
11 loan that would have been provided by a level payment mortgage  
12 loan made at the same interest rate;

13 (2) "loan amount eligible for assistance" means  
14 (A) the first \$50,000 of a mortgage loan for persons  
15 of lower or moderate income whose purchase of a home is assisted  
16 under AS 18.56.091; or

17 (B) except as to persons whose purchase of a home is  
18 assisted under AS 18.56.091, the amount of a mortgage loan that  
19 does not exceed the amount of the loan established by law; if an  
20 amount has not been established by law, the amount is zero;

21 (3) "mortgage loan" includes a beneficial interest or  
22 participation in a mortgage loan;

23 (4) "residence" means  
24 (A) an owner-occupied, single-family residence, in-  
25 cluding a mobile home; or

26 (B) an owner-occupied duplex, triplex, or fourplex.

27 \* Sec. 5. AS 18.56.098(g) is amended to read:

28 (g) The corporation shall establish the interest rate on a first  
29 mortgage loan purchased under (a) of this section in accordance with

1 the following:

2 (1) The interest rate on the loan amount eligible for  
3 assistance [FIRST \$90,000] of a mortgage loan purchased with the  
4 proceeds of an issue of taxable bonds of the corporation is three  
5 percent less than the cost of funds of that issue, except that

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

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

10 (2) An interest rate determined under this subsection on  
11 the loan amount eligible for assistance [FIRST \$90,000] of a mortgage  
12 loan that is not purchased from the proceeds of bonds that are qual-  
13 ified veterans' mortgage bonds under the applicable provisions of 26  
14 U.S.C. (Internal Revenue Code) [26 U.S.C. 103A (MORTGAGE SUBSIDY BOND  
15 TAX ACT OF 1980), AS AMENDED,] shall be reduced by one percentage  
16 point if the loan is made to an eligible veteran under AS 18.56.101.

17 (3) The interest rate for the amount of a mortgage loan  
18 purchased under (a) of this section that exceeds the loan amount  
19 eligible for assistance [\$90,000] is equal to the cost of funds to the  
20 corporation attributable to that part of the loan.

21 (4) The interest rate on the loan amount eligible for  
22 assistance [FIRST \$90,000] of a mortgage loan purchased with money  
23 that is not the proceeds of either taxable or tax-exempt bonds is the  
24 rate the corporation determines is appropriate by application of the  
25 provision of (1) of this subsection.

26 (5) The interest rate on the loan amount eligible for  
27 assistance [FIRST \$90,000] of a mortgage loan purchased from the  
28 proceeds of bonds that are exempt from taxation other than bonds that  
29 constitute qualified veterans' bonds under (i) of this section, is

1 equal to the interest rate determined under (1) and (2) of this sub-  
2 section on a loan purchased under (a) of this section from the pro-  
3 ceeds of the most recent applicable issue of taxable bonds sold by the  
4 corporation. A higher or lower interest rate shall be established on  
5 the entire loan amount if required to ensure the tax-exempt status of  
6 the bonds.

7 (6) 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. How-  
12 ever, 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 (7) For loans made under this section, the corporation  
18 shall give effect to interest rate changes applicable to the loans  
19 based on time of loan application, time of issuance of the corpora-  
20 tion's bonds issued to purchase loans, or other factors as the corpora-  
21 tion determines.

22 (8) [(7)] In this subsection

23 (A) "cost of funds" means the true interest cost  
24 expressed as a rate on bonds of the corporation plus an addi-  
25 tional percentage as determined by the corporation to represent  
26 the allocable expenses of operation, costs of issuance, and  
27 mortgage servicing;

28 (B) "taxable bonds" means bonds bearing interest that  
29 is taxable under applicable provisions of 26 U.S.C. (Internal

1           Revenue Code) and which were [26 U.S.C. 103A (MORTGAGE SUBSIDY  
2           BOND TAX ACT OF 1980)] issued to finance the purchase of first  
3           mortgage loans.

4   \* Sec. 6. AS 18.56.098(h) is amended to read:

5           (h) The corporation shall establish the interest rate on a  
6           second mortgage loan purchased under (a) of this section in the manner  
7           established for computing the interest rates on a first mortgage loan  
8           under (g) of this section except that, in the case of a second mort-  
9           gage loan, if the first mortgage loan made to the same borrower is  
10          held by the corporation and was purchased under the special mortgage  
11          loan purchase program, the outstanding principal balance of the exist-  
12          ing first mortgage loan is subtracted from the loan amount eligible  
13          for assistance [\$90,000] to determine the amount of the loan that is  
14          eligible for an interest rate on a second mortgage loan determined by  
15          reference to (g) of this section.

16   \* Sec. 7. AS 18.56.098(i) is amended to read:

17          (i) The interest rate on the loan amount eligible for assistance  
18          [FIRST \$90,000] of a mortgage loan purchased from the proceeds of  
19          bonds that constitute qualified veterans' mortgage bonds under appli-  
20          cable provisions of 26 U.S.C. (Internal Revenue Code) is [26 U.S.C.  
21          103A (MORTGAGE SUBSIDY BOND TAX ACT OF 1980) AS AMENDED, IS THE GREAT-  
22          ER OF (1) FOUR PERCENT LESS THAN THE COST OF FUNDS OR (2)] the rate  
23          for other loans to veterans under (g)(2) of this section [AS 18.56.-  
24          098(g)(3)]. A higher or lower interest rate shall be established on  
25          the entire loan amount if required by applicable provisions of 26  
26          U.S.C. (Internal Revenue Code) [UNDER 26 U.S.C. 103A].

27   \* Sec. 8. AS 36.30.990(1) is amended to read:

28           (1) "agency"

29           (A) means a department, institution, board,

1 commission, division, authority, public corporation, the Alaska  
2 Pioneers' Home, or other administrative unit of the executive  
3 branch of state government;

4 (B) does not include

5 (i) [, EXCEPT FOR] the University of Alaska;

6 (ii) [,] the Alaska State Housing Authority;

7 (iii) the [AND] Alaska Railroad Corporation;

8 (iv) the Alaska Housing Finance Corporation;

9 (v) [IT DOES NOT INCLUDE] a regional Native  
10 housing authority created under AS 18.55.996, or a regional  
11 electrical authority created under AS 18.57.020;

12 \* Sec. 9. AS 37.07.120(1) is amended to read:

13 (1) "agency"

14 (A) means a department, officer, institution, board,  
15 commission, bureau, division, or other administrative unit form-  
16 ing the state government, and includes the Alaska Pioneers' Home  
17 and the University of Alaska;

18 (B) [, BUT] does not include

19 (i) the legislature;

20 (ii) [OR] the judiciary; or

21 (iii) the Alaska Housing Finance Corporation;

22 \* Sec. 10. LOAN AMOUNTS ELIGIBLE FOR ASSISTANCE FOR LOANS ISSUED UNDER  
23 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second  
24 mortgage loans purchased by the Alaska Housing Finance Corporation from the  
25 special mortgage loan purchase program and from qualified veterans' mort-  
26 gage bonds

27 (1) after June 30, 1990, and before July 1, 1991, the loan  
28 amount eligible for assistance under AS 18.56.098 is \$70,000;

29 (2) after June 30, 1991, and before July 1, 1992, the loan

1 amount eligible for assistance under AS 18.56.098 is \$50,000;

2 (3) after June 30, 1992, and before July 1, 1993, the loan  
3 amount eligible for assistance under AS 18.56.098 is \$30,000.

4 \* Sec. 11. Sections 2 and 4 of this Act take effect July 1, 1992.

5 \* Sec. 12. Except for secs. 2 and 4 of this Act, this Act takes effect  
6 July 1, 1990.