

Original sponsor(s): Rules/Housing Finance Task Force

1 IN THE HOUSE BY THE C&RA COMMITTEE

2 CS FOR HOUSE BILL NO. 462 (C&RA)

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; expanding the number
8 of directors of the corporation; exempting the corpo-
9 ration from the Executive Budget Act and the State
10 Procurement Code; amending the special mortgage loan
11 purchase program and progressively reducing the
12 maximum level of loan amounts eligible for a re-
13 duction under a mortgage loan subsidy; amending the
14 mortgage loan subsidy program for persons of lower
15 and moderate income; and providing for an effective
16 date."

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

18 * Section 1. AS 18.56.030(a) is amended to read:

19 (a) The corporation shall be governed by a board of directors
20 consisting of

21 (1) the commissioner of revenue and the commissioner of
22 commerce and economic development;

23 (2) one other member who is the head of a [THE] principal
24 department of the executive branch of state government appointed by
25 the governor; and

26 (3) four [TWO] public members appointed by the governor.

27 * Sec. 2. AS 18.56.089 is amended to read:

28 Sec. 18.56.089. ANNUAL ACCOUNTING. The [EXECUTIVE BUDGET ACT.
29 THE OPERATING BUDGET OF THE CORPORATION IS SUBJECT TO THE EXECUTIVE

1 BUDGET ACT (AS 37.07). TO FURTHER ENSURE EFFECTIVE BUDGETARY DECI-
2 SION MAKING BY THE LEGISLATURE, THE] corporation shall present a
3 complete accounting of all assets of the corporation, including assets
4 of the Alaska housing finance revolving fund, to the legislature by
5 January 10 of each year. The accounting shall be audited by an in-
6 dependent outside auditor and shall include a full description of all
7 mortgage loan interest and principal repayments and program receipts,
8 including mortgage loan commitment fees, received by or accrued to the
9 corporation during the preceding fiscal year, and all income earned on
10 assets of the corporation during that period, including earnings on
11 assets of the state assisted mortgage fund.

12 * Sec. 3. AS 18.56.091 is amended by adding a new subsection to read:

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

16 * Sec. 4. AS 18.56.098(f) is amended to read:

17 (f) In this section and in AS 18.56.099

18 (1) "graduated payment mortgage loan" means a mortgage loan
19 the terms of which provide for monthly principal and interest payments
20 that

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

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

29 (2) "loan amount eligible for assistance" means the amount

1 of a mortgage loan that does not exceed the amount of the loan estab-
2 lished by law; if an amount has not been established by law, the
3 amount is zero;

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

6 (4) "residence" means

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

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

10 * Sec. 5. AS 18.56.098(f) is repealed and reenacted to read:

11 (f) In this section and in AS 18.56.091 and 18.56.099

12 (1) "graduated payment mortgage loan" means a mortgage loan
13 the terms of which provide for monthly principal and interest payments
14 that

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

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

23 (2) "loan amount eligible for assistance" means

24 (A) the first \$50,000 of a mortgage loan for persons
25 of lower or moderate income whose purchase of a home is assisted
26 under AS 18.56.091; or

27 (B) except as to persons whose purchase of a home is
28 assisted under AS 18.56.091, the amount of a mortgage loan that
29 does not exceed the amount of the loan established by law; if an

1 amount has not been established by law, the amount is zero;

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

4 (4) "residence" means

5 (A) an owner-occupied, single-family residence, in-
6 cluding a mobile home; or

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

8 * Sec. 6. AS 18.56.098(g) is amended to read:

9 (g) The corporation shall establish the interest rate on a first
10 mortgage loan purchased under (a) of this section in accordance with
11 the following:

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

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

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

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

27 (3) The interest rate for the amount of a mortgage loan
28 purchased under (a) of this section that exceeds the loan amount
29 eligible for assistance [\$90,000] is equal to the cost of funds to the

1 corporation attributable to that part of the loan.

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

7 (5) The interest rate on the loan amount eligible for
8 assistance [FIRST \$90,000] of a mortgage loan purchased from the
9 proceeds of bonds that are exempt from taxation other than bonds that
10 constitute qualified veterans' bonds under (i) of this section, is
11 equal to the interest rate determined under (1) and (2) of this sub-
12 section on a loan purchased under (a) of this section from the pro-
13 ceeds of the most recent applicable issue of taxable bonds sold by the
14 corporation. A higher or lower interest rate shall be established on
15 the entire loan amount if required to ensure the tax-exempt status of
16 the bonds.

17 (6) The corporation shall determine the interest rate on a
18 mortgage loan that is an adjustable rate mortgage loan as provided in
19 this subsection. The corporation shall recalculate the interest rate
20 from time to time based on changes in the cost to the corporation of
21 the funds used to purchase the adjustable rate mortgage loan. How-
22 ever, the corporation may establish a minimum interest rate applicable
23 to an adjustable rate mortgage loan, and the interest rate on the
24 adjustable rate mortgage loan may not be less than the minimum inter-
25 est rate so established regardless of the cost of funds to the corpo-
26 ration.

27 (7) For loans made under this section, the corporation
28 shall give effect to interest rate changes applicable to the loans
29 based on time of loan application, time of issuance of the

1 corporation's bonds issued to purchase loans, or other factors as the
2 corporation determines.

3 (8) [(7)] In this subsection

4 (A) "cost of funds" means the true interest cost
5 expressed as a rate on bonds of the corporation plus an addi-
6 tional percentage as determined by the corporation to represent
7 the allocable expenses of operation, costs of issuance, and
8 mortgage servicing;

9 (B) "taxable bonds" means bonds bearing interest that
10 is taxable under applicable provisions of 26 U.S.C. (Internal
11 Revenue Code) and which were [26 U.S.C. 103A (MORTGAGE SUBSIDY
12 BOND TAX ACT OF 1980)] issued to finance the purchase of first
13 mortgage loans.

14 * Sec. 7. AS 18.56.098(h) is amended to read:

15 (h) The corporation shall establish the interest rate on a
16 second mortgage loan purchased under (a) of this section in the manner
17 established for computing the interest rates on a first mortgage loan
18 under (g) of this section except that, in the case of a second mort-
19 gage loan, if the first mortgage loan made to the same borrower is
20 held by the corporation and was purchased under the special mortgage
21 loan purchase program, the outstanding principal balance of the exist-
22 ing first mortgage loan is subtracted from the loan amount eligible
23 for assistance [\$90,000] to determine the amount of the loan that is
24 eligible for an interest rate on a second mortgage loan determined by
25 reference to (g) of this section.

26 * Sec. 8. AS 18.56.098(i) is amended to read:

27 (i) The interest rate on the loan amount eligible for assistance
28 [FIRST \$90,000] of a mortgage loan purchased from the proceeds of
29 bonds that constitute qualified veterans' mortgage bonds under

1 applicable provisions of 26 U.S.C. (Internal Revenue Code) is [26
2 U.S.C. 103A (MORTGAGE SUBSIDY BOND TAX ACT OF 1980) AS AMENDED, IS THE
3 GREATER OF (1) FOUR PERCENT LESS THAN THE COST OF FUNDS OR (2)] the
4 rate for other loans to veterans under (g)(2) of this section [AS
5 18.56.098(g)(3)]. A higher or lower interest rate shall be establish-
6 ed on the entire loan amount if required by applicable provisions of
7 26 U.S.C. (Internal Revenue Code) [UNDER 26 U.S.C. 103A].

8 * Sec. 9. AS 36.30.990(1) is amended to read:

9 (1) "agency"

10 (A) means a department, institution, board, commis-
11 sion, division, authority, public corporation, the Alaska Pio-
12 neers' Home, or other administrative unit of the executive branch
13 of state government;

14 (B) does not include

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

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

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

18 (iv) the Alaska Housing Finance Corporation;

19 (v) [IT DOES NOT INCLUDE] a regional Native
20 housing authority created under AS 18.55.996, or a regional
21 electrical authority created under AS 18.57.020;

22 * Sec. 10. AS 37.07.120(1) is amended to read:

23 (1) "agency"

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

28 (B) [, BUT] does not include

29 (i) the legislature;

1 (ii) [OR] the judiciary; or

2 (iii) the Alaska Housing Finance Corporation;

3 * Sec. 11. LOAN AMOUNTS ELIGIBLE FOR ASSISTANCE FOR LOANS ISSUED UNDER
4 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second
5 mortgage loans purchased by the Alaska Housing Finance Corporation from the
6 special mortgage loan purchase program and from qualified veterans' mort-
7 gage bonds

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

10 (2) after June 30, 1991, and before July 1, 1992, the loan
11 amount eligible for assistance under AS 18.56.098 is \$50,000;

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

14 * Sec. 12. Of the two additional public members appointed by the gover-
15 nor under AS 18.56.030(a), amended by sec. 1 of this Act, one member shall
16 serve a term of two years and one shall serve a term of one year. When
17 making the appointments, the governor shall specify the length of the term
18 of each person appointed.

19 * Sec. 13. Sections 3 and 5 of this Act take effect July 1, 1992.

20 * Sec. 14. Except for secs. 3 and 5 of this Act, this Act takes effect
21 July 1, 1990.