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Referred: Labor and Commerce
and Finance

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1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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SENATE BILL NO. 162

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act reviving the simplified refinancing mortgage
7 loan purchase program of the Alaska Housing Finance
8 Corporation; and providing for an effective date."

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

10 * Section 1. Section 9, ch. 41, SLA 1987 is repealed.

11 * Sec. 2. AS 18.56.102, repealed on December 10, 1988 by authority of
12 sec. 9, ch. 41, SLA 1987, is revived. As of the effective date of this
13 Act, AS 18.56.102 will read as follows:

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

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

22 (c) Subject to (d) of this section, the interest rate on a re-
23 financing mortgage loan purchased under (a) of this section is three
24 percent less than the cost to the corporation of the money used to
25 purchase the refinancing mortgage loan, except that if the cost of
26 money

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

29 (2) is more than 10 percent, the interest rate may not be

1 less than 10 percent.

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

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

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

21 * Sec. 3. Regulations adopted to implement AS 18.56.102, revived by
22 sec. 2 of this Act, are also revived and need not be readopted to remain in
23 effect.

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