

Offered: 5/6/89
Referred: Rules

go0939sH

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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CS FOR SENATE BILL NO. 162 (Finance)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act authorizing the Alaska Housing Finance Corporation to establish a simplified refinancing mortgage loan purchase program; and providing for an effective date."

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

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* Section 1. AS 18.56.096(b) is amended to read:

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(b) The loan-to-value limitation established in (a)(4) of this section does not apply to a mortgage loan that is federally insured or guaranteed. The loan-to-value limitations established in (a)(1) and (4) of this section do not apply to a mortgage loan that is a refinancing mortgage loan under AS 18.56.108 [AS 18.56.102].

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* Sec. 2. AS 18.56 is amended by adding a new section to read:

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Sec. 18.56.108. SIMPLIFIED REFINANCING MORTGAGE LOAN PURCHASE PROGRAM. (a) The corporation shall establish a simplified refinancing mortgage loan purchase program. Under the simplified refinancing mortgage loan purchase program, the corporation may purchase refinancing mortgage loans to provide relief to borrowers under circumstances described by regulations adopted by the corporation.

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

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(c) Subject to (d) of this section, the interest rate on a refinancing mortgage loan purchased under (a) of this section is two percent less than the cost to the corporation of the money used to 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 mort-
7 gage loan, the corporation shall establish the initial interest rate
8 as provided in (c) of this section and shall recalculate the interest
9 rate from time to time in accordance with (c) of this section. How-
10 ever, notwithstanding (c)(1) of this section, the corporation may
11 establish a minimum interest rate applicable to an adjustable rate
12 refinancing mortgage loan. The interest rate on the adjustable rate
13 refinancing mortgage loan may not be less than the minimum interest
14 rate established under this subsection, regardless of the cost of
15 money to the corporation.

16 (e) The corporation may adopt regulations to implement this sec-
17 tion, including regulations to define "cost of money" for purposes of
18 this section. The regulations may provide for recalculation of the
19 cost of money under (d) of this section at the times and frequencies
20 the corporation considers appropriate. The time and frequency for a
21 recalculation under (d) of this section is not required to match the
22 time or frequency of a change in the cost of money to the corporation.

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

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

26 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).