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Banking and Economic Development
and Finance

6-0925A

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1 IN THE SENATE

2

SENATE BILL NO. 200

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act amending the interest rate on mortgage loans
7 purchased by the Alaska Housing Finance Corporation
8 under its special mortgage loan purchase program; and
9 providing for an effective date."

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

11 * Section 1. AS 18.56.098(g) is amended to read:

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

15 (1) The interest rate on the first \$90,000 of a mortgage
16 loan purchased with the proceeds of an issue of taxable bonds of the
17 corporation is one [THREE] percent less than the cost of funds of that
18 issue, except that

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

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

23 (2) An interest rate determined under this subsection on
24 the first \$90,000 of a mortgage loan that is not purchased from the
25 proceeds of bonds that are qualified veterans' mortgage bonds under
26 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended,
27 shall be reduced by one percentage point if the loan is made to an
28 eligible veteran under AS 18.56.101.

29 (3) The interest rate for the amount of a mortgage loan

1 purchased under (a) of this section that exceeds \$90,000 is equal to
2 the cost of funds to the corporation attributable to that part of the
3 loan.

4 (4) The interest rate on the first \$90,000 of a mortgage
5 loan purchased with money that is not the proceeds of either taxable
6 or tax-exempt bonds is the rate the corporation determines is appro-
7 priate by application of the provision of (1) of this subsection.

8 (5) The interest rate on the first \$90,000 of a mortgage
9 loan purchased from the proceeds of bonds that are exempt from taxa-
10 tion other than bonds that constitute qualified veterans' bonds under
11 (i) of this section, is equal to the interest rate determined under
12 (1) and (2) of this subsection on a loan purchased under (a) of this
13 section from the proceeds of the most recent applicable issue of
14 taxable bonds sold by the corporation. A higher or lower interest rate
15 shall be established on the entire loan amount if required to ensure
16 the tax-exempt status of 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.
22 However, the corporation may establish a minimum interest rate appli-
23 cable to an adjustable rate mortgage loan, and the interest rate on
24 the adjustable rate mortgage loan may not be less than the minimum
25 interest rate so established regardless of the cost of funds to the
26 corporation.

27 (7) In this subsection

28 (A) "cost of funds" means the true interest cost
29 expressed as a rate on bonds of the corporation plus an

1 additional percentage as determined by the corporation to repre-
2 sent the allocable expenses of operation, costs of issuance, and
3 mortgage servicing;

4 (B) "taxable bonds" means bonds bearing interest that
5 is taxable under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of
6 1980) issued to finance the purchase of first mortgage loans.

7 * Sec. 2. AS 18.56.098(i) is amended to read:

8 (i) The interest rate on the first \$90,000 of a mortgage loan
9 purchased from the proceeds of bonds that constitute qualified veter-
10 ans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax
11 Act of 1980) as amended, is the greater of (1) two [FOUR] percent less
12 than the cost of funds or (2) the rate for other loans to veterans
13 under (g)(3) of this section [AS 18.56.098(g)(3)]. A higher or lower
14 interest rate shall be established on the entire loan amount if
15 required under 26 U.S.C. 103A.

16 * Sec. 3. This Act takes effect July 1, 1989.