

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

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 427 (Finance)
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 program and administration re-
7 quirements of certain state corporations; expanding
8 the number of directors of the Alaska Housing Finance
9 Corporation; exempting the Alaska Housing Finance
10 Corporation from the State Procurement Code; amending
11 the corporation's special mortgage loan purchase
12 program and progressively reducing the maximum level
13 of loan amounts eligible for a reduction under a
14 mortgage loan subsidy; amending the corporation's
15 mortgage loan subsidy program for persons of lower
16 and moderate income; and relating to procurement
17 practices of certain state corporations; and provid-
18 ing for an effective date."

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

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

21 (a) The corporation shall be governed by a board of directors
22 consisting of

23 (1) the commissioner of revenue and the commissioner of
24 commerce and economic development;

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

28 (3) four [TWO] public members appointed by the governor,
29 one of whom shall be a representative of the financial community and

1 one of whom shall be a person licensed as a real estate broker under
2 AS 08.88.171(a).

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

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

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

8 (f) In this section and in AS 18.56.099

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

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

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

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

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

26 (4) "residence" means

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

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

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

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

3 (1) "graduated payment mortgage loan" means a mortgage loan
4 the terms of which provide for monthly principal and interest payments
5 that

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

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

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

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

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

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

24 (4) "residence" means

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

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

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

29 (g) The corporation shall establish the interest rate on a first

1 mortgage loan purchased under (a) of this section in accordance with
2 the following:

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

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

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

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

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

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

27 (5) The interest rate on the loan amount eligible for
28 assistance [FIRST \$90,000] of a mortgage loan purchased from the
29 proceeds of bonds that are exempt from taxation other than bonds that

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

8 (6) The corporation shall determine the interest rate on a
9 mortgage loan that is an adjustable rate mortgage loan as provided in
10 this subsection. The corporation shall recalculate the interest rate
11 from time to time based on changes in the cost to the corporation of
12 the funds used to purchase the adjustable rate mortgage loan. How-
13 ever, the corporation may establish a minimum interest rate applicable
14 to an adjustable rate mortgage loan, and the interest rate on the
15 adjustable rate mortgage loan may not be less than the minimum inter-
16 est rate so established regardless of the cost of funds to the corpo-
17 ration.

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

23 (8) [(7)] In this subsection

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

29 (B) "taxable bonds" means bonds bearing interest that

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

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

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

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

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

28 * Sec. 8. AS 36.30.015(e) is amended to read:

29 (e) The boards of directors of the Alaska Railroad Corporation,

1 the Alaska Housing Finance Corporation, and the Alaska State Housing
2 Authority shall adopt procedures to govern the procurement of sup-
3 plies, services, professional services, and construction for [BY] the
4 respective public corporations [CORPORATION]. The procedures must

5 (1) reflect competitive bidding principles and provide
6 vendors reasonable and equitable opportunities to participate in the
7 procurement process; and

8 (2) include procurement methods to meet emergency and
9 extraordinary circumstances [BE SUBSTANTIALLY EQUIVALENT TO THE PROCE-
10 DURES PRESCRIBED IN THIS CHAPTER AND IN REGULATIONS ADOPTED UNDER THIS
11 CHAPTER].

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

13 (1) "agency"

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

18 (B) does not include

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

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

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

22 (iv) the Alaska Housing Finance Corporation;

23 (v) [IT DOES NOT INCLUDE] a regional Native
24 housing authority created under AS 18.55.996, or a regional
25 electrical authority created under AS 18.57.020;

26 * Sec. 10. LOAN AMOUNTS ELIGIBLE FOR ASSISTANCE FOR LOANS ISSUED UNDER
27 AS 18.56.098 DURING STATE FISCAL YEARS 1991 - 1993. For first and second
28 mortgage loans purchased by the Alaska Housing Finance Corporation from the
29 special mortgage loan purchase program and from qualified veterans'

1 mortgage bonds

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

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

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

8 * Sec. 11. Of the two additional public members appointed by the gover-
9 nor under AS 18.56.030(a), amended by sec. 1 of this Act, one member shall
10 serve a term of two years and one shall serve a term of one year. When
11 making the appointments, the governor shall specify the length of the term
12 of each person appointed.

13 * Sec. 12. Sections 2 and 4 of this Act take effect July 1, 1992.

14 * Sec. 13. Except for secs. 2 and 4 of this Act, this Act takes effect
15 July 1, 1990.