

CS FOR SENATE BILL NO. 226 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 5/8/91

Referred: Rules

Sponsor(s): SENATOR HALFORD

A BILL

FOR AN ACT ENTITLED

1 "An Act revising the loan authority of the Alaska Industrial Development and Export
 2 Authority and extending the authority's business assistance program; and providing for an
 3 effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * Section 1. AS 44.88.155(d) is amended to read:

6 (d) A loan purchased in whole or in part by the authority with assets of the enterprise
 7 development account or with proceeds of bonds secured by assets of the enterprise development
 8 account, other than a loan which is financed with the proceeds of bonds of the authority and
 9 secured only by a project applicant or a project,

10 (1) may not exceed \$10,000,000;

11 (2) may not exceed the cost of the project or 75 percent of the appraised value
 12 of the project, whichever is less, unless the amount of the loan in excess of this limit is federally
 13 insured or guaranteed or is insured by a qualified mortgage insurance company;

14 (3) may not be for a term longer than three-quarters of the authority's estimate

1 of the life of the project or 25 years from the date the loan is made, whichever is earlier;

2 (4) shall contain [COMPLETE] amortization provisions; the amortization
3 provisions

4 (A) must be complete and satisfactory to the authority and require
5 [REQUIRING] periodic payments by the borrower;

6 (B) may allow the loan originator to amortize the portion of the loan
7 retained by the loan originator on a shorter amortization schedule than the
8 amortization schedule for the portion of the loan held by the authority when

9 (i) in the authority's opinion the project financed can support
10 the increased debt service; and

11 (ii) the accelerated amortization schedule is required to induce
12 the originator to make the loan;

13 (5) shall be in the form and contain the terms and provisions with respect to
14 insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency
15 charges, default remedies, acceleration of maturity, secondary liens, and other matters the
16 authority prescribes;

17 (6) shall be secured as to repayment by a mortgage or other security instrument
18 in the manner the authority determines is feasible to assure timely repayment under a loan
19 agreement entered into with the borrower;

20 (7) may not be made unless

21 (A) at least 20 percent of the principal amount of the loan is retained by
22 the originator of the loan [AS LONG AS THE LOAN IS OUTSTANDING]; or

23 (B) 100 percent of the principal amount of the loan is guaranteed by the
24 United States or an agency or instrumentality of the United States;

25 (8) must be

26 (A) financed from the proceeds of bonds; or

27 (B) expected by the authority to be financed from the proceeds of bonds.

28 * Sec. 2. Section 4, ch. 162, SLA 1988, is repealed and reenacted to read:

29 Sec. 4. AS 44.88.500 - 44.88.599 are repealed July 1, 1993.

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