

SENATE BILL NO. 146
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR KERTTULA

Introduced: 3/5/93
Referred: L&C, RES, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the maximum interest rate on loans made under the Alaska
2 Agricultural Loan Act."

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

4 * Section 1. AS 03.10.030(a) is amended to read:

5 (a) The farm development, chattel, or irrigation loan made under this chapter
6 (1) may not exceed a term of 30 years, except that a chattel loan may
7 not exceed a term of seven years;

8 (2) may not, when added to the outstanding balance of other loans
9 made under this chapter, exceed a total outstanding balance of \$1,000,000;

10 (3) shall be secured by a real estate or chattel mortgage of any priority,
11 except that the portion of a loan that exceeds \$500,000, when added to prior
12 indebtedness that is secured by the same property, must be secured by a first mortgage;

13 (4) shall bear interest at a rate that may not be less than six [EIGHT]
14 percent or more than the commercial rate, unless the commercial rate is six [EIGHT]

1 percent or less; in this paragraph, "commercial rate" means the prevailing rate of
2 interest at private lending institutions in the state for loans similar to those referred to
3 in this subsection.

4 * Sec. 2. AS 03.10.030(f) is amended to read:

5 (f) A farm product processing loan may not exceed \$250,000. A mortgage
6 that [WHICH] secures a farm product processing loan may be of any priority if the
7 total indebtedness on the real estate, including the secured farm product processing
8 loan, does not exceed \$250,000. A farm product processing loan that [WHICH], if
9 made, would raise the existing indebtedness on the real estate securing the loan above
10 \$250,000, or a farm product processing loan on real estate that [WHICH] has a prior
11 indebtedness of \$250,000 or more, may be made only if all prior mortgagees agree to
12 subordinate their mortgages to that of the state for the amount of the farm product
13 processing loan that [WHICH] exceeds the \$250,000 indebtedness limit on the real
14 estate. A farm product processing loan may not exceed a term of 30 years or bear
15 interest that is less than six [EIGHT] percent a year and shall be secured by a real
16 estate or chattel mortgage or both.

17 * Sec. 3. AS 03.10.030(g) is amended to read:

18 (g) A loan for clearing land may not
19 (1) exceed \$250,000;
20 (2) bear interest that is less than six [EIGHT] percent;
21 (3) have a term in excess of 20 years; or
22 (4) be made for clearing land other than land that has been classified
23 by the United States Department of Agriculture, Soil Conservation Service under the
24 Land Capability Classification System as having agricultural potential for the
25 production of annual crops, hay, or for pasture.

26 * Sec. 4. APPLICABILITY. The amendments made by this Act to the interest rates on
27 loans made under the Alaska Agricultural Loan Act apply to loans made under AS 03.10 on
28 and after the effective date of this Act.