

HB

572

COMMITTEE REPORT

1/15/76

HOUSE

Mr. Speaker:

Date

2/25/76

The Committee on COMMERCE has had HB 572

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

(x) reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

_____	_____	_____
<i>Joe McAnis</i>	" "	
<i>J. S. Walker</i>	" "	
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

Ferguson recommends: DO NOT Pass

and W recommends: Do not pass

_____ recommends:

J. S. Walker

Chairman

John
Xerox, just to committee
member + file
B.

January 22, 1976

Representative Bob Bradley, Chairman
House Commerce Committee
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Representative Bradley:

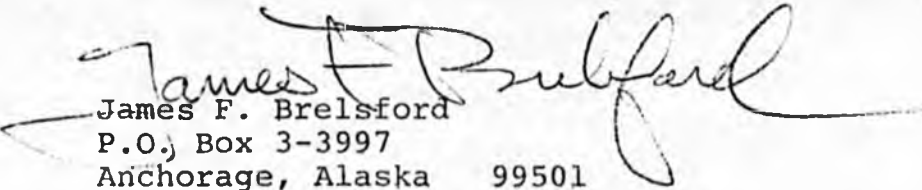
I am writing you in regard to House Bill 572. As you are aware the thrust of this bill is in requiring financial institutions which hold state monies to disclose the geographical location (by census enumeration district) of loans secured by residential real property. Such a requirement would enable the public to determine if financial institutions are "red-lining".

I know of at least one bank that was, if not still, doing so. This past summer my brother and I looked into purchasing a home. Upon phoning our bank I was informed that the terms of a housing loan would vary with the location of the property. For example, the bank stated, if the home was located in Nunaka Valley the Loan would be for a much shorter duration. As it was, my brother and I did not pursue the idea and as such I never thought too much about the bank's statements.

Since that time, however, I have become quite interested in the dynamics of the housing market and crisis. The effect of red-lining is apparent. The practice simply creates a self-fulfilling prophecy in regard to the deterioration of the area marked off. I do not wish to restrict financial institutions' right to lend money as they see fit. HB 572, by simply compelling public disclosure of the information delineated in the bill would not do that. Rather, the requirements of that bill would ensure that the Municipality and the State have at hand information pertinent to any attempt to remedy the housing crisis.

I therefore request your strong support of HB 572. Passage of this bill would exemplify the House's concern for affirmative action in addressing possible solutions to Anchorage's housing emergency.

Sincerely,


James F. Brelsford
P.O. Box 3-3997
Anchorage, Alaska 99501

cc: Representative Joe McKinnon
Sponsor, HB 572



Robert E. Barnes, President

P. O. Box 240 Anchorage, Alaska 99510 907/277-5661

February 6, 1976

Honorable Bob Bradley
Alaska House of Representatives
224 Foster
Juneau, Alaska 99801

Dear Mr. Bradley:

SUBJECT: House Bill No. 572

After careful reading of House Bill No. 572, I would like to express my opposition to this bill in its present form. As you know, Congress has recently enacted Public Law 94-200, and Title 3 of this law is referred to as the "Home Mortgage Disclosure Act of 1975". The Congress held extensive hearings and have enacted a law which I believe will effectively deal with the so-called "red-lining problem". House Bill No. 572 goes far beyond the requirements of Public Law 94-200 for information to be supplied by financial institutions.

The "Home Mortgage Disclosure Act of 1975" requires that banks maintain records which would be available for public inspection giving the number and total dollar amount of mortgage loans which are originated or purchased during each fiscal year in each standard metropolitan statistical area within which the depository institution has an office. The Act further requires that the information to be maintained shall be itemized to show the number and dollar amount by census tracts, where readily available at a reasonable cost, as determined by the Board of Governors of the Federal Reserve System, or otherwise by Zip code. We will also have to maintain records for mortgage loans which are secured by property outside the standard metropolitan statistical areas and we will have to itemize the number and dollar amount of mortgage loans which are federally insured or guaranteed; the number and dollar amount of mortgage loans made to mortgagors who are not residing on the property securing the mortgage loans; and the number and dollar amount of home improvement loans. The maintenance of these records will represent a substantial burden on financial institutions.

Honorable Bob Bradley
February 6, 1976
Page 2

House Bill No. 572 requires a great deal more detailed information and would represent an excessive burden on the financial institutions in Alaska. The banks in Alaska simply cannot press a button on a computer to generate the information called for in House Bill No. 572. We would have to extensively rewrite our computer software and there is some doubt in my mind that we can design programs to generate the data. The programs would be extremely complex and would substantially increase our operating costs. The higher costs would inevitably be passed on to the consumer.

I think that Public Law 94-200 will effectively deal with the national "red-lining problem" in urban areas and it is not necessary for the State of Alaska to go beyond the requirements of this law (which was passed after extensive deliberation by the U.S. Congress) because I do not believe the problem exists in our State.

Sincerely,



Robert E. Barnes
President

REB:ph

MINUTES
HOUSE COMMERCE COMMITTEE
January 19, 1976
Testimony on HB 572

Representative McKinnon, sponsor, presented an explanation of HB 572 and the purpose of the bill.

He explained that present Federal law requires lending institutes to report loans by zip code areas. This is not realistic in Alaska. The bill would require lending institutes to report by census divisions to the State of Alaska.

Presently some areas in Anchorage are being "red lined" by lending institutes. Consumers are being refused loans for property or it is made difficult for them to obtain one by being forced to pay excessive down payments, higher interest rates, or the parcels are under appraised forcing the consumer to pay the difference between the appraised value and the selling price. Loans are being denied on the basis of area in which the property is located instead of the consumer's credit record.

Rep. McKinnon further stated that banks must report under the Federal law and an addition such as this would not be costly to the institutes. The change would make the information useful to the State.

Rep. Union questioned why such measures were necessary. From his past experience, he did not know of any lending institutes which were red lining any districts in the Anchorage area.

Rep. Fischer requested that the Chairman contact the banks to see if the information could be obtained without this legislation.

Rep. Rhode questioned whether or not the Division of Banking had been notified. Rep. Bradley confirmed that the Administration had been notified.

Jamie Love, Executive Director of the Alaska Public Interest Research Group testified in favor of the bill. He related an experience of a resident in the Anchorage area who wanted a home improvement loan so that she could rent out her home. The bank refused because of the area which her home was located. Mr. Love stated that he had met with Nunaka Valley residents who have had the same problems. He understood that the Muldoon area residents were having the same problems. He also related that the University of Alaska through the Urban Housing Institute had done a study of this trend.



Robert E. Barnes, President

P. O. Box 240 Anchorage, Alaska 99510 907/277-5661

February 6, 1976

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Alaska House of Representatives
224 Foster
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Sincerely,



Robert E. Barnes
President

REB:ph



JOHN F. KAMPER
VICE PRESIDENT

PEOPLES BANK & TRUST

POUCH 7007 • 8TH AVENUE AND G STREET • ANCHORAGE, ALASKA 99510
TELEPHONE (907) 279-7511

February 19, 1976

File

Representative, Bob Bradley
Alaska State House of Representatives
Pouch V
State Capitol Building
Juneau, AK 99881

Dear Representative Bradley:

RE: House Bill #572

On January 15, 1976, House Bill #572 was introduced. This proposed bill is in regard to the disclosure of geographical distribution of loans.

The bill is presumably designed to thwart "red-lining" and is similar to proposed federal legislation. The additional reporting, accounting, and record keeping that would be required for this bill puts an undue burden on the lender. The proposed federal legislation would have different requirements and would mean double reporting and record keeping.

In the State of Alaska, with such vast geographical areas, it would seem that "red-lining" is not something that can be readily identified. Even in our large cities, with their great demand for housing, it seems that "red-lining" is not a problem.

I have to conclude that this type of legislation is of the "tag along" variety. It serves no purpose for anyone involved.

I would consequently urge you to vote against this bill.

Very truly yours,

John F. Kamper

JFK:sh

