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RURAL HOUSING PROGRAM AND NONCONFORMING HOUSING LOAN PROGRAM

The Conference Committee on Loans adopted the following amendments to CCSSB 666:

On page 16, line 4 : Transfers the AHFC rural programs to the Division of Housing Assistance in the Department of Community and Regional Affairs. What this does is consolidate the rural housing and nonconforming housing loan programs. Once this change has been implemented, there will be two residential housing programs for the people in Alaska. The AHFC program will serve those who live in the urban areas with conventional housing. And the Division of Housing Assistance will serve those who live in rural Alaska and those who live in urban areas who's homes meets the definition of nonconforming. The interest rate for all rural recipients of a Division of Housing Assistance loan will be 10-1/2 percent. Nonconforming loans will cost the same as the subsidized portion of AHFC loans, presently at 12-3/8 percent.

The Division of Housing Assistance will also continue to operate the Senior Citizens Housing Development Fund. Language has been included in the bill which clarifies that money from this fund is distributed as grants, not loans.

The bill also redefines what rural housing means. "rural housing means housing, whether or not it is nonconforming housing, that is located in a rural area of the state".

All loan commitments at 8-3/4 percent interest rate will not be made after September 1, 1982. And, no loans will be granted at the 8-3/4 percent rate after January 1, 1983.

RURAL HOUSING PROGRAM AND NONCONFORMING HOUSING LOAN PROGRAM

The Special Committee on Loans decided that both these programs should be combined. There were two reasons for this; 1) it would be more cost effective to have one program rather than two, and 2) the programs were basically competing with one another because of the two different interest rates and also because they were targeting the same area.

The Free Conference Committee on Loans is now working on HCSSB 666. The original interest rate for rural housing was pegged at the AHFC ratchet interest rate which is currently at 12-3/8 percent. The free conference compromise brought the ratchet interest rate at 10-1/2 percent.

If the HCSSB 666 passes with the amendments proposed by the Free Conference Committee; loan commitments at 8-3/4 percent interest rate will not be made after September 1, 1982. And, no loans will be granted at the 8-3/4 percent interest rate after January 1, 1983.

*Info from
Carl Wilson
on housing
loans*

Alaska State Senate

JUNEAU, ALASKA 99811

May 14, 1982

M E M O R A N D U M

TO: Senator Patrick Rodey, Senate Chairman
Conference Committee on Senate Bill 666

FROM: Jim Kelly, Administrative Assistant *J.K.*

RE: Major Provisions of the Omnibus Loans Bill/SB 666

This bill affects 20 separate state loan programs. The major points are as follow:

- * AIDA is authorized to assist in the financing of multifamily housing projects;
- * AHFC is authorized to assist in the financing of triplexes and four-plexes;
- * AHFC is authorized, contingent on voter approval of a constitutional amendment, to provide a new, cheaper type of financing for veterans;
- * AHFC's rural programs are transferred to the Division of Housing Assistance in the Department of Community & Regional Affairs;
- * Senior Citizens Housing is made solely a grant program;
- * the Agriculture loan program is expanded to include loans for land clearing, certain loan amounts are decreased and interest rates are increased;
- * the Fishermen's Mortgage & Note and Commercial Fishing programs are combined;
- * wood stove loans are eliminated from the Alternative Technology program; and
- * nine inoperative loan programs are repealed.

Included on the following pages are brief descriptions of the various changes, by program.

* Alaska Industrial Development Authority (AIDA):

The major AIDA provisions appear in Section 68 of the bill, and relate to multifamily housing projects. Essentially what is authorized here is a temporary program to take advantage of an exception to the Ullman bill which allows tax-exempt financing for qualifying rental housing construction through 1983.

The program outlined in the bill, to put it simply, would leverage approximately \$15 million of AIDA participation with \$60 million of bond proceeds and roughly \$15 million in developers' equity and local bank participation to produce some 1,500 new rental units statewide.

The AIDA participation is necessary to facilitate the financing of the projects as, otherwise, the interest rate and the debt service on the borrowed funds would be too high to be met with rental income available from the projects. The AIDA loans will likely be subordinate to the loans funded by bond proceeds and will allow for deferred payments of principal and interest. However, it is anticipated that AIDA will realize a yield to maturity of greater than 13 percent. In any event, the AIDA loans will be secured by a loss reserve account consisting of some \$29 million in illiquid CD's to be appropriated from the General Fund. When the housing projects are paid off, the amounts in the loan loss reserve account will be returned to the state's Treasury.

* Alaska Housing Finance Corporation (AHFC):

The provision in the bill which will allow AHFC to provide financing for the new construction of triplexes and four-plexes appears in Section 67. Simply put, AHFC will finance newly-constructed triplexes and four-plexes in the same manner they presently finance single family and duplex residences with two key differences: (1) the subsidized portion of the loan for a triplex shall apply to the first \$105,000, and for a four-plex, \$140,000; and (2) maximum loan-to-value is 80 percent. Because the problem to be addressed by this program is a temporary shortage of rental units, the program itself is temporary and extends only until October 1, 1984. This year, AHFC expects to finance roughly 1,120 units.

Partially because of the committee's concern that the program in fact work, and partially because of the desire to treat owners of existing triplexes and four-plexes fairly, the regular AHFC program is expanded permanently to include financing at the \$90,000 subsidy level for existing triplexes and four-plexes.

The new financing program for qualifying veterans is accomplished by allowing AHFC to issue tax-exempt bonds, backed by the General Obligation of the State. Because this is presently unconstitutional, implementation of this program is contingent upon passage by the legislature of a constitutional amendment as embodied in HJR 71, and approval of that amendment by the voters in November. If these are accomplished, AHFC is authorized to issue up to \$400 million in bonds for this purpose during the next two fiscal years. This program will reduce the necessary State subsidy to AHFC by 15 percent per year.

* Division of Housing Assistance (C&RA):

Sections 35 - 50 of the bill provide for the transfer of the AHFC rural programs to the Division of Housing Assistance. The transfer is occurring primarily for consolidation purposes. Once the change is implemented, there will be basically two residential housing programs for the people of Alaska. The AHFC program will serve mostly urban persons with conventional housing. The DHA program will serve almost all rural residents and those urban home owners whose housing meets the definition of nonconforming. The interest rate for all rural recipients of a DHA loans will be 10.5 percent. Nonconforming loans will cost the same as the subsidized portion of AHFC loans, presently 12.375 percent.

Additionally, the Division of Housing Assistance will continue to operate the Senior Citizens Housing Development Fund. Language is included in Section 50 of the bill which clarifies that money from this fund is distributed as grants, not loans.

* Alaska Agricultural Loan Act:

This act is changed by the first six sections of the bill. The key revision is expansion of the program to include loans to be made for clearing land for agricultural purposes. Such loans may not exceed \$250,000, bear interest that is less than eight percent, have a term in excess of 20 years, nor be made unless the land to be cleared is classified as Class 3 or better.

Additionally, changes are made to: (1) specify that total indebtedness for farm development, chattel and irrigation loans may not exceed \$1 million; (2) establish an interest rate "floor" of eight percent on all agricultural loans; and (3) reduce from \$2.5 million the maximum loan amount on farm product processing loans to \$250,000.

* Commercial Fishing Loan Act:

Section 62 of the bill transfers all assets of the Fishermen's Mortgage & Note program to the Commercial Fishing revolving loan fund. Sections 7 - 13 consolidate the two programs so that henceforth there are three categories for commercial fishing loans: (1) purchase of entry permits; (2) vessel, gear and entry permit loans to persons economically dependent on fishing; and (3) vessel and gear loans to corporations, joint ventures and partnerships. Maximum loan terms are 15 years, maximum interest rate is 11.5 percent, and maximum loan-to-value is 90 percent. Maximum indebtedness in any event is \$300,000. There are special circumstances in which loan-to-value can reach 100 percent.

DISTRICT 22

BREVIG MISSION
BUCKLAND
DEERING
DIOMEDE
ELIM
GAMBELL
GOLOVIN
KOTLIK
KOYUK
NOME

SAVOONGA
SELAWIK
SHAKTOOLIK
SHISHMAREF
STEBBINS
ST. MICHAEL
TELLER
UNALAKLEET
WALES
WHITE MOUNTAIN



MEMBER
FINANCE COMMITTEE
POLICY COMMITTEE
COMMITTEE ON COMMITTEES
REAA BUDGET OVERSIGHT COMMITTEE
BLUE RIBBON COMMISSION ON PERSONNEL

Alaska House of Representatives

May 11, 1982

Lydia and Lew Tobin
P. O. Box 1585
Nome, Alaska 99762

Dear Lydia and Lew:

Thank you for your letter of thanks. You certainly brightened up my day with your letter.

The Special Committee on Loans decided to combine both the rural housing and nonconforming loan programs. This was done by adding new language to the loan bill (HCSSB 666) which defines what rural housing means - "rural housing means housing, whether or not it is nonconforming housing, that is located in a rural area of the state". The rural housing program is under the Department of Community and Regional Affairs, Division of Housing Assistance.

I agree that low interest rates give rural Alaskans an opportunity to construct adequate homes. Because of the higher construction costs in rural Alaska, I was working toward an interest rate differential between urban and rural Alaska. However, it doesn't seem that the rural differential is going to go. The original version of the bill pegged the rural interest rate at 12-3/8 percent; the free conference compromise ended up at 10-1/2 percent for all programs. In the give and take of legislative action, I think we ended up with a workable agreement, even though personally I would have preferred greater consideration for the high cost of Bush construction.

If the HCSSB 666 passes with the amendments proposed by the free conference, loan commitments at 8-3/4 percent will not be made after September 1, 1982. And, no rural mortgage loans will be granted at the 8-3/4 percent interest rate after January 1, 1983.

Alaska State Senate

JUNEAU, ALASKA 99811

: May 13, 1982

MEMORANDUM

TO : Members of the Conference Committee on Senate Bill 666
FROM: Senator Patrick Rodey, Senate Chairman
RE : Sectional summary of the Conference Committee Substitute
for Senate Bill No. 666

Alaska Agricultural Loan Act

. Sections 1 - 6

Section 1: Expands the program to include loans for clearing land for agricultural purposes.

Section 2: Amends the program by providing that total indebtedness for farm development, chattel and irrigation loans to one borrower not exceed \$1,000,000 and by increasing the rate of interest on agricultural loans.

Section 3: Adjusts the delinquency penalties and schedule.

Section 4: Amends the statute relating to farm produce processing loans by reducing the maximum loan limit from \$2,500,000 to \$250,000 and by increasing the interest rate.

Section 5: Establishes the various terms and conditions of loans for clearing land for agricultural purposes and provides for the adoption of regulations relating to the setting of interest rates.

Section 6: Provides that board meetings are exempt from certain public meeting requirements.

Section 7: Establishes three categories for commercial fishing loans, defines the eligibility criteria, and designates the powers of the department.

Section 8: Establishes the terms, interest rates, and percentages of the appraised value of collateral for which a loan may be made.

Section 9: Establishes the loan limits for the three categories of commercial fishing loans.

Section 10: Pertains to loans for two or more commercial fishermen for the construction or purchase of an existing fishing vessel. Contains eligibility criteria, loan amounts, terms, security agreements, interest rates, and percentage of appraised value of collateral for which these loans may be made.

Section 11: Establishes percentage of appraised value of collateral for the purchase of an entry permit, for an individual who qualifies for a loan under AS 16.10.310 (a) (1) (A) and (B).

Section 12: Establishes a special category for individuals who meet the criteria, on loans for the purchase of an entry permit. Also allows borrowers who meet the criteria of AS 16.10.310 (a) (1) (B) to receive a subsequent loan for an entry permit under AS 16.10.310 (a) (1) (A), under the condition that the total of the two loans does not exceed \$300,000.

Section 13: Pertains to guarantors for commercial fishing loans in cases where the borrower has insufficient collateral to secure a loan. Provisions for guarantors come from the Fishermans Mortgage and Note Fund which is repealed in Conference Committee Substitute for Senate Bill No. 666.

Regional Native Housing Authorities

Section 14

Section 14: Provides that the Division of Housing Assistance shall cooperate with the housing authorities in making residential housing loans in rural areas of the state, and that there will be no duplication of service delivery in areas where the division has an office. Also, establishes the interest rate on loans made by the housing authorities to be the same as those made by the division, and redefines rural.

Alaska Housing Finance Corporation

Sections 15 - 30

Section 15: Amends the public notice provisions to allow for more timely issuance of bonds by the corporation.

Section 16: Provides that the corporation may borrow money in international markets.

Section 17: Provides that AHFC shall establish regulations relating to purchase of interest rate commitments.

Section 18: Provides that in most cases new construction of housing financed by AHFC will be performed by registered contractors.

Section 19: Expands the special mortgage loan purchase program to include triplexes and four-plexes.

Section 20: Provides that if AHFC issues bonds solely for the purpose of financing triplexes and four-plexes, that issue will not effect the operation of the interest rate "ratchet".

Sections 21 - 23: Provide that AHFC may issue tax-exempt bonds to finance loans to qualifying veterans under the Ullman bill exception, and establishes the interest rate for those loans.

Section 24: Specifies that the usury law in AS 45.45 does not apply to AHFC loans.

Sections 25 - 27: Repeal the revolving loan fund in AHFC's housing development fund, and eliminate unnecessary language.

Sections 28 - 30: Make technical changes to accommodate the new program of financing qualifying veterans established in Sections 19 - 21 above.

Mining Loan Fund

Section 31

Section 31: Makes the mining loan fund a revolving fund.

Historical Districts

Section 32

Section 32: Provides that a municipality may have more than one historical district within its boundaries.

Child Care Facility Revolving Loan Fund

Section 33

Section 33: Increase the maximum term for loans made under this fund.

Section 34: Technical amendment to accommodate repeal of Alaska Economic Impact Fund.

Division of Housing Assistance

Sections 35 - 50

Sections 35 - 50: Amend statutes relating to the Division of Housing Assistance to : (1) provide for the transfer of the rural programs from AHFC; (2) increase the interest rates for rural and nonconforming loans; (3) redefine the definition of rural; and (4) establish the Senior Citizens Housing Development Fund as a grant program within the division.

Section 51: Provides that CFAB may provide loan extensions for adverse market conditions for Alaskan products.

Alaska Industrial Development Authority

Sections 52 - 55

Section 52: Provides for accelerated implementation of regulations under certain conditions.

Section 53: Technical amendment

Section 54: Amends existing language relating to delinquency penalties for financial institutions.

Section 55: Technical amendment

Alternative Technology and Energy Revolving Loan Fund

Sections 56 -59

Section 56: Increases the maximum loan amount from \$10,000 to \$30,000.

Section 57: Increases the interest rate for loans of cert. ln types and amounts.

Sections 58 - 59: Disallow loans for the purchase of wood stoves.

Residential Energy Conservation Fund

Section 60

Section 60: Waives the audit requirement prior to loan applications at the discretion of the division.

Historical District Revolving Loan Fund

Section 61

Section 61: Increases the maximum loan amount from \$ 100,000 to \$250,000.

Section 62: Transfers all assets of the repealed Fishermans Mortgage and Note Fund to the commercial fishing revolving loan fund

Sections 63 - 65: Pertain to loans received before the effective date of the act and subsequent loans received after the effective date of the act. Effectively, the limits established in these sections provide that the total of all loans received does not exceed the \$300,000 total as permitted under AS 16.10.310 (a) (1) (A).

Alaska Housing Finance Corporation

Section 67

Section 67: Provides for a temporary program in AHFC, until October 1, 1984, to provide for subsidized financing on the first \$105,000 of a triplex loan and the first \$140,000 of a four-plex loan. Owner occupancy is a requirement.

Alaska Industrial Development Authority

Section 68

Section 68: Provides for a temporary program in AIDA, until January 1, 1984, to provide financing for multifamily housing projects.

Repealers

Section 69

Section 69: Repeals:

- *AS 03.10.030 - Technical repealers in Alaska Agricultural Loan Act
- *AS 16.10.320/337/342 - Technical repealers in Commercial Fishing Loan Act
- *AS 16.10.650 - 720 - Fishermen's Mortgage and Note Program.
- *AS 18.54.010 - 070 - Housing Development Revolving Loan Fund Community and Regional Affairs
- *AS 18.55.360 - Alaska State Housing Authority Revolving Fund

*AS 18.56.100 - Housing Development Fund/AHFC

*AS 27.07 - Prospector Assistance Grant Program

*AS 37.11.100 - Alaska Economic Disaster Impact Fund

*AS 44.25.030 - 038 - Loan program for Alaska Native Claims Settlement Act, P.L. 92-203, corporations

*AS 44.33.320 - 380 - Residential Care Facility Revolving Loan Fund

*AS 44.47.320 - 350 - Temperate Social Activities Revolving Loan Fund

Effective Dates

Sections 70 - 74

Sections 70 & 72: Provide for termination of AIDA multifamily housing projects financing program

Section 71: Technical amendment

Section 73: Effective date for new program of financing qualifying veterans with tax-exempt bonds through AFHC.

Section 74: Immediate effective date for all other sections.

SUMMARY OF AMENDMENT CHANGES

CONFERENCE CSSB 666

May 25, 1982

- 1) Agricultural Loan Act; land clearing loans
 - a) Loan Limit of \$250,000
 - b) Interest of not less than 8%
 - c) Loan term of 20 years

- 2) Agricultural Loan Act
 - a) Farm processing loans may not exceed \$250,000
 - b) All prior mortgages are subordinate if total indebtedness exceeds \$250,000
 - c) Interest not less than 8%
 - d) Loan term of 30 years

- 3) Senior Citizen's Housing Development Fund
 - a) Provide rental housing at low or moderate price to persons 60 years of age or older
 - b) Makes grants only
 - c) To private or public non-profit corporations or municipalities
 - d) Need for project must be demonstrated
 - e) Defines who is eligible

- 4) Commercial Fishing Loan Act
 - a) Clarify conflicts that previously existed
 - b) Maximum loan-to-value ratio 90%
 - c) Provisions to allow only those persons who have not had a permit loan in the previous year to get permit loans
 - d) Defines borrower and associate borrower
 - e) Limited entry permit loans may be made for up to 100% of appraised value of collateral
 - f) Transfers the assets of the Fisherman's Mortgage & Note Program to the Commercial Fishing Rev. Loan Fund

- g) Allows one who has had a loan under the old Fisherman's Mortgage and Note program to access this program up to the new limits
- h) Those eligible for commercial fishing loans are not eligible for FMN loans
- i) Reconfirms the \$300,000 total maximum loan limit; \$100,000 for gear and boat loans
- j) Repeals AS 16.10.337 (c) requiring a list of qualified transferee nominees upon foreclosure
- k) Letter of intent stating that loans may be prioritized if there is a shortage of funds, and that the loans are intended for persons unable to find alternative sources of funding

5) Division of Housing Assistance

- a) Interest for rural owner occupied and non-owner occupied 10½%
- b) Interest for non-rural nonconforming housing at the ratchet rate
- c) Rural non-owner occupied may not exceed 20% of the program
- d) Borrower may not have two rural housing loans at the same time
- e) Non-owner occupied housing is defined and the director allowed to modify the definition under special circumstances
- f) Director may make servicing agreements with lending institutions or regional native housing authorities who shall administer the loan and may charge the division an origination or servicing fee not to exceed 1%
- g) Regional Native Housing Authorities may make rural housing loans in areas where the division has no loan office
- h) May originate direct loans

6) Repealers

- a) Alaska State Housing Authority Revolving Loan Fund
- b) Alaska Native Claims Settlement Act Loan Program
- c) Temperate Social Activities Revolving Loan Fund
- d) Residential Care Facilities Revolving Loan Fund
- e) Financial Assistance to Prospectors
- f) Economic Disaster Impact Fund (power to appropriate funds for this purpose will be given under AS 44.33.285)

7) Alaska Housing Finance Corporation

- a) Allows AHFC to issue state guaranteed bond notes in anticipation of a sale of state guaranteed bonds
- b) Shall adopt procedures and fees for the commitment of funds for up to one year
- c) Contractors performing work for which AHFC has made a loan shall be registered
- d) Veterans G.O. bonds are liabilities first of the corporation and then of the state
- e) The corporation is prohibited from subjecting its assets to foreign currency exchange risks
- f) "anything otherwise necessary to facilitate access to international capital markets" is deleted
- g) The federal definition (Mortgage Subsidy Bond Tax Act of 1980) of veteran is adopted for AHFC mortgage loans in determining a qualified veteran
- h) Notice of 24 hours is adequate before a board meeting at which a bond sale is authorized
- i) If a bond sale is used only for tri and fourplexes any increase in the cost funds will not trigger the ratchet
- j) Tri and fourplexes occupied after the effective date and prior to October 1, 1984 are eligible for interest rates at the ratchet level for up to \$105,000 and \$140,000 respectively

8) Alaska Industrial Development Authority

- Allows the corporation to bond for and participate in a statewide multi-family housing program and to assist in a municipal multi-family housing program.
- a) Make loans or participate therein with other lenders, ASHA, or an Alaskan municipality and to assist them to finance the costs of a project
 - b) To own a multi-family housing project jointly for the purpose of maintaining a security interest
 - c) To make and participate in loans from proceeds of tax-exempt bonds at any interest rate
 - d) To borrow money, issue bonds and provide security for bonds issued
 - e) To acquire, sell, or otherwise dispose of an interest in a project as necessary to provide financing for the project
 - f) May modify the requirements relating to bonds of the authority
 - g) Term of loan may not exceed 30 years
 - h) The interest rate may be higher or lower than the cost of funds, as the authority considers appropriate
 - i) Defines multi-family housing

9) Division of Business Loans & CFAB

- a) May extend the period for repayment of fishing or farming loans during poor seasons

10) Division of Business Loans

- a) Veterans mortgage loans which are at least five years old are assumable at their existing interest rate

The items for which the Conference Committee requests powers of Free Conference are as follows:

ALASKA AGRICULTURAL LOAN ACT:

- 1.) Shall Language be added to Section 5 of the bill relating to land clearing loans?
- 2.) Shall Sections 3 & 6 of the bill be deleted?
- 3.) Shall the loan limits under AS 3.10.030 be modified?
- 4.) Shall the minimum interest rate on loans made under AS 3.10.030 be modified?

COMMERCIAL FISHING LOAN ACT:

- 5.) Shall existing language in AS 16.10.310-360 be modified?
- 6.) Shall foreclosure procedures for loans made under AS 16.10 be modified?

HOUSING DEVELOPMENT REVOLVING LOAN FUND:

- 7.) Shall the Housing Development Revolving Loan Fund and the senior citizens housing development fund be combined and made a grant program?
- 8.) Shall the Division of Housing Assistance be allowed broader use of the appropriation to the senior citizens housing development fund?

ALASKA STATE HOUSING AUTHORITY:

- 9.) Shall the revolving loan fund established in AS 18.55. 360-370 be repealed?

REGIONAL NATIVE HOUSING AUTHORITIES:

- 10.) Shall the interest rate on loans made under AS 18.55.997 be modified?

ALASKA HOUSING FINANCE CORPORATION:

- 11.) Shall the limits for mobile home loans be modified?
- 12.) Shall the definition of veterans under AS 18.56 be modified?
- 13.) Shall the subsidies for triplex and four-plex residential loans be modified?
- 14.) Shall AHFC delegate underwriting procedures for mortgage loans?
- 15.) Shall the Home Ownership Fund be modified?
- 16.) Shall the Housing Development Fund under AS 18.56.100 be repealed or modified?

- 17.) Shall the interest rate provision in Section 22 of the bill be modified?
- 18.) Shall the security provisions in Section 24 of the bill be modified?
- 19.) Shall the existing language in Section 25 of the bill relating to the sale of bonds be modified?
- 20.) Shall language be added to AS 18.56 defining owner-occupancy?
- 21.) Shall language be added to AS 18.56.088 related to registered contractors?
- 22.) Shall language in Section 17 of the bill relating to international borrowing be modified?
- 23.) Shall language in Section 23 of the bill relating to commitment fees be repealed or modified?
- 24.) Shall the language in Section 22 of the bill relating to an override of the state's usury law be repealed or modified?
- 25.) Shall language be added to AS 18.56 relating to a restructuring of the board of directors?
- 26.) Shall the interest rate language in AS 18.56 be modified?

DIVISION OF HOUSING ASSISTANCE:

- 27.) Shall interest rates established under AS 44.47 be modified?
- 28.) Shall the language in Sections 31-35 of the bill relating to the transfer of rural programs from AHFC be modified?
- 29.) Shall the language in Section 39 of the bill relating to owner-occupied housing be modified?
- 30.) Shall the language in Section 49 of the bill relating to effective dates be modified?
- 31.) Shall language be added to AS 44.47 to allow the Regional Native Housing Authorities to perform the loan function for rural housing in places where the Division of Housing Assistance has no offices?

ALASKA MUNICIPAL BOND BANK AUTHORITY:

- 32.) Shall language be added to the bill relating to the Alaska Municipal Bond Bank Authority?

Repealers:

- 33.) Shall the temperate social activities revolving loan fund be repealed?

- 34.) Shall the loan program for P.L. 92-203 corporations be repealed?
- 35.) Shall the Alaska Economic Disaster Impact Fund be repealed?
- 36.) Shall the Residential Care Facility Revolving Loan Fund be repealed?
- 37.) Shall the Water Resources Revolving Loan Fund be repealed?
- 38.) Shall language in AS 45.90 relating to the Tourism Revolving Loan Fund be repealed?
- 39.) Shall language in AS 45.95 relating to the Small Business Loan Fund be repealed?

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY:

- 40.) Shall the language in Section 41 of the bill relating to multi-family housing be modified?
- 41.) Shall existing language in AS 44.88 relating to delinquency provisions be modified?

ALTERNATIVE TECHNOLOGY AND ENERGY REVOLVING LOAN FUND:

- 42.) Shall the interest rates established under AS 45.88 be modified?
- 43.) Shall the definition of "alternative energy system" be modified?
- 44.) Shall the program established under AS 45.88 be modified?

ALASKA RENEWABLE RESOURCES CORPORATION:

- 45.) Shall language be added to the bill relating to the establishment of an Alaska Resources Corporation in place of the ARRC?

LEGISLATIVE BUDGET AND AUDIT:

- 46.) Shall language be added to the bill relating to LB&A's oversight responsibilities of lending agencies?

STATE LOAN REPORTS:

- 47.) Shall language be added to the bill modifying AS 37.05.035?

MISCELLANEOUS:

- 48.) Shall all state loan programs be made revolving?
- 49.) Shall all interest rates on state loan programs be made to float?
- 50.) Shall the maximum limits for Mining loans under AS 27.09 be modified?

51.) Shall intent language be adopted to allow the Division of Business Loans to use a portion of their funds for an outreach program for the fishing loan program?

52.) Shall a small business loan program be established?

*This is the
Ratchet amendment.
it wasn't adopted, but
it may be brought up
during the House/State
debate!*

Proposed amendment to Sec. 19 as written in
House CS for Senate Bill No. 666 (Finance) amH

(The proposed amendment to AS 18.56.098(a)(2)(A) is
underlined with a continuous line.)

(A) If the cost of funds of an issue of taxable
bonds is more than the cost of funds of the
preceding issue of taxable bonds, the interest
rate shall be increased by an amount equal to
the difference between the cost of funds of the
two bond issues[.] provided, however, that if
the difference between the cost of funds and the
interest rate is equal to or less than 5.75
percent the interest rate during the period
from July 1, 1982 to June 30, 1983, shall be
increased by an amount equal to the difference
between the cost of funds of the two bond
issues up to a maximum of one quarter percent
per issue of taxable bonds.

(Subsec. (B), (C) and (D) are the same.)

Amendment
by the Conference Committee on HCSSB 666(Fin) am H
Adopted May 10, 1982

Page 15, after line 16, insert the following:

"(4) originate a direct loan for nonconforming or rural housing or purchase or participate in the purchase of a nonconforming or rural housing mortgage loan, other than a loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-occupied residence, if the borrower has an outstanding housing loan made under a state loan program that bears interest at a rate that was less than the prevailing market interest rate for similar housing loans at the time the loan was made."

Page 17, after line 5, insert the following:

"(c) The principal amount of loans made for non-owner occupied housing under this section may not exceed 20 percent of the total principal amount of loans made for nonconforming and rural housing under AS 44.47.360 - 44.47.560."

Page 17, line 6:

Delete "(c)" and insert "(d)"

Page 17, line 12, delete "." and insert the following:

"; the director may modify this definition if the director determines that there is a special need for non-owner occupied housing and that a

change in the definition is necessary to enable the division to meet that need."

* Sec. AA. AS 44.88 is amended by adding a new section to read:

Sec. 44.88.151. ADMINISTRATIVE PROCEDURE. Except for AS 44.-62.310 and 44.62.312, regarding public meetings, and except for AS 44.62.320(a), regarding legislative review of regulations, the provisions of the Administrative Procedure Act regarding the adoption of regulations (AS 44.62.040 - 44.62.320) do not apply to the authority. The authority shall make available to members of the public copies of the regulations adopted under AS 44.88.151(b) - (e).

Within 45 days after adoption of a regulation under AS 44.88.151-(b) - (e), the chairman of the authority shall submit the regulation adopted to the chairman of the Administrative Regulation Review Committee under AS 24.20.400 - 24.20.460.

(b) The authority may adopt regulations under this section by motion or by resolution or in any other manner permitted by its by-laws.

(c) The authority may adopt regulations to carry out the purposes of this chapter, and shall adopt regulations necessary for the following purposes:

(1) determination of borrower eligibility;

(2) loan guidelines and terms including, but not limited to, maximum loan amounts and required loan-to-value ratios, but excluding loan interest rates;

(3) characteristics of projects eligible for loans or purchase of loans; and

(4) the qualifications of loan originators and servicers and the method of allocating amounts available for the purchase of loans.

(d) Except as provided in AS 44.88.151(e), at least 15 days before the adoption, amendment or repeal of a regulation on a subject specified in AS 44.88.151(c), the authority shall give public notice of the proposed action by publishing the notice in at least three newspapers of general circulation in the state and by mailing a copy of the notice to every person who has filed with the authority a request for notice of proposed regulations. The public notice must include a statement of the time, place and nature of the proceedings for the adoption, amendment or repeal of the regulation and must include an informative summary of the subject of the proposed action. On the date and at the time and place designated in the notice, the authority shall give each interested person or his authorized representative, or both, the opportunity to present statements, arguments or contentions orally or in writing and shall give members of the public an opportunity to present oral statements, arguments or contentions for a total period of at least one hour. The authority shall consider all relevant matter presented to it before taking the proposed action on the regulation. At a hearing under this subsection, the authority may continue or postpone the hearing to a time and place determined by the authority and announced at the hearing before taking the action to continue or postpone the hearing. A regulation adopted, amended or repealed by the authority may vary from the informative summary specified in this subsection if the subject matter of the action taken on the regulation remains the same and if the original notice of the proposed action was written so as to assure that members of the public are reasonably notified of the subject matter of the proposed action in order for them to determine whether their interests could be affect-

ed by the authority's proposed action on that subject.

(e) The adoption, amendment or repeal of a regulation on a subject specified in AS 44.88.151(c) may be made as an emergency regulation if, in its order of adoption, the authority states the facts constituting the emergency and makes a finding that the adoption of the regulation is necessary for the immediate preservation of the orderly operation of the authority's loan and bonding programs. The requirements of AS 44.88.151(d) do not apply to the initial adoption of an emergency regulation covering a subject specified in AS 44.88.151(c); however, upon adoption of an emergency regulation under this subsection, the authority shall, within 10 days after that adoption, publish notice of the adoption in accordance with the notice procedures specified in AS 44.88.151(d). No emergency regulation adopted under this subsection shall remain in effect for more than 120 days unless, prior to the expiration of that period, the authority adopts that regulation a permanent regulation in accordance with the procedures specified in AS 44.88.151(d).

(f) A regulation adopted under AS 44.88.151(b) - (e) becomes effective immediately upon its adoption by the authority or at such other time as specified by the authority in its order of adoption.

* Sec. BB. AS 44.88.159(a) is amended to read:

(a) The interest rate on a loan financed from the proceeds of tax-exempt bonds or expected [EXCEPTED] by the authority to be financed from the proceeds of tax-exempt bonds is equal to the cost of funds to the authority. In this subsection "cost of funds" means the true interest cost expressed as a rate on tax-exempt bonds of the authority plus an additional percentage as determined by the

authority to represent the allocable expenses of operation, costs of issuance, and loan servicing.

* Sec. CC. AS 44.88.165 is amended to read:

Sec. 44.88.165. DELINQUENT LOANS. If more than two percent of the total outstanding balance of loans purchased from a financial institution under this chapter becomes delinquent for 90 days or more, the authority shall discontinue purchasing loans for which it has not already made a purchase commitment from that financial institution until the delinquency is reduced to less than two percent.

* Sec. DD. (a) In addition to the findings and declarations in AS 44.88.010, the legislature finds, determines and declares

(1) that there exists in the state a serious shortage of decent, safe and sanitary multifamily housing units, and that this shortage is inimical to the safety, health, welfare and prosperity of the residents of the state and to the sound growth of communities in the state; and

(2) that it is necessary to give the authority the power to provide a means for financing additional multifamily housing projects in the state.

(b) In addition to the purposes specified in AS 44.88.070, the purpose of the Authority is also to promote, develop and maintain an adequate supply of decent, safe and sanitary multifamily housing projects during times of shortage of such projects in the state, by providing various means of financing and facilitating the financing of multifamily housing projects in the state.

(c) In addition to the powers conferred on the Authority under AS 44.88.080 and its other powers, the Authority has the following powers:

(1) to make loans and to participate in the making of loans, in conjunction with other lenders, the Alaska State Housing Authority or an Alaskan municipality, to assist in the financing of multifamily housing projects;

(2) to own a multifamily housing project with sponsors, developers, builders or other persons or to own a multifamily housing project alone, for the purpose of maintaining a security interest in that multifamily housing project;

(3) to borrow money, to issue its bonds and to provide security for bonds it issues in connection with the financing of multifamily housing projects, except that the Authority shall not issue bonds for the construction financing for a multifamily housing project unless the bonds are, in its opinion, adequately secured by a letter of credit or equivalent security;

(4) to make loans and to participate in the making of loans from the proceeds of tax-exempt bonds for a multifamily housing project at any interest rate determined or agreed to by the authority;

(5) to acquire, sell or otherwise dispose of an interest in a multifamily housing project as necessary or appropriate to provide financing for the housing project;

(6) to enter into agreements with respect to a multifamily housing project on terms and conditions that the Authority considers advisable;

(7) to assist private lenders, the Alaska State Housing Authority and Alaskan municipalities to make loans to finance the costs of multifamily housing projects;

(8) to use the multifamily housing loans security fund to provide a loan loss reserve for loans purchased by the multifamily

housing loan account of the enterprise development fund.

(d) With respect to the issuance of bonds to finance one or more multifamily housing projects, the Authority may waive or modify, as it considers appropriate, the requirements of AS 44.88.090(e) and 44.88.160 in order to facilitate the financing of that multifamily housing.

(e) The provisions of AS 44.88.105(f) do not apply to capital reserve funds established to secure bonds issued to finance one or more multifamily housing projects.

(f) There is established in the enterprise development fund a multifamily housing loan account, consisting of money and other assets of the enterprise development fund which the Authority deposits into it; however, the Authority shall not deposit into the multifamily housing loan account any proceeds from the sale of bonds of the Authority. The multifamily housing loan account shall be used only to purchase loans for multifamily housing projects. Notwithstanding the provisions of AS 44.-88.155(d), a loan purchased by the Authority for the multifamily housing loan account

(1) may not be for a term longer than 30 years from the date the loan is made;

(2) shall be secured as to repayment by a mortgage or other security instrument in the manner the Authority determines is feasible to assure timely repayment under a loan agreement entered into with the borrower; and such a mortgage or other security instrument shall constitute a first lien against the multifamily housing project, except that it may be subordinated by the Authority to a loan made directly or indirectly with the proceeds of a sale of bonds by the Authority, by the Alaska State Housing Authority or by an Alaskan municipality during the time when the loan from such proceeds is outstanding, and may be subordinated

to a loan to refinance such a loan, as the Authority considers appropriate;

(3) shall provide for a schedule of payments of principal and interest satisfactory to the Authority, which may include (without limitation) deferrals or reductions of payments, variable payments, balloon payments, sharing in equity appreciation and other arrangements;

(4) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens and other matters as the Authority prescribes.

(g) The interest rate on a loan for one or more multifamily housing projects financed from the proceeds of tax-exempt bonds or expected by the Authority to be financed from the proceeds of tax-exempt bonds may be at a higher or lower rate, as the Authority considers appropriate, than the cost of funds as defined in AS 44.88.159(a) with respect to that loan.

(h) The multifamily housing loans security fund is established in the Authority.

(i) The multifamily housing loans security fund consists of money and assets appropriated or transferred to it, the income produced from its investments and holdings, and such deposits as the Authority may make from repayments of multifamily housing loans purchased by the multifamily housing loan account of the enterprise development fund. The purpose of the multifamily housing loans security fund is to provide a loan loss reserve for the enterprise development fund for multifamily housing loans made by the Authority from the multifamily housing loan account of the enterprise development fund.

(2) The Authority may establish in the multifamily housing loans security fund separate accounts for one or more multifamily housing loans, as it finds appropriate, and may establish other accounts as it considers appropriate.

(3) Money and other assets of the multifamily housing loans security fund shall be held and invested by the Authority at competitive national market rates in the types of investments described in AS 37.10.070(a).

(4) The multifamily housing loans security fund is not a general asset of the Authority and shall not be pledged or committed in any way except to provide a loan loss reserve for the enterprise development fund for multifamily housing loans made by the Authority from the multifamily housing loan account of the enterprise development fund.

(5) If a multifamily housing loan from the multifamily housing loan account of the enterprise development fund of the Authority is not fully repaid, including accrued interest, and is not fully satisfied after the exercise of such security as the Authority may have required under (f)(2) of this section, the executive director of the Authority shall certify in writing as to those facts. Upon such certification, an amount equal to the unpaid balance, accrued interest and costs attributable to that loan shall be paid over from the multifamily housing loans security fund to the enterprise development fund of the Authority, or if the balance in the multifamily housing loans security fund is less than the amount of the unpaid balance, accrued interest and costs attributable to that loan, the remaining balance of the multifamily housing loans security fund shall be paid over to the enterprise development fund of the Authority. The Authority shall, for purposes of (6) of this subsection, consider such a loan fully discharged upon payment from the

multifamily housing loans security fund to the enterprise development fund under this subsection.

(6) No later than 60 days after all multifamily housing loans have been discharged (or are considered discharged under (5) of this subsection) which are made from the multifamily housing loan account of the enterprise development fund of the Authority, the balance, if any, remaining in the multifamily housing loans security fund shall be transferred by the Authority to the General Fund of the State.

(i) In this section,

(1) "Authority" means the Alaska Industrial Development Authority:

(2) "multifamily housing project" means a specific building, structure, work or improvement of five or more dwelling units, or a group of such buildings, structures, works or improvements, the purpose of which is primarily to provide rental dwelling accommodations and which qualifies for tax-exempt financing under sec. 103 of the Internal Revenue Code of 1954, as amended (26 U.S.C. §103), or sec. 11(b) of the National Housing Act of 1937, as amended, and which is originally financed before January 1, 1984; "multifamily housing project" includes the acquisition, construction or rehabilitation of land, buildings and improvements for rental dwellings, accommodations and other facilities that may be incidental or appurtenant to rental dwelling accommodations.

* Sec. XX. Section DD of this Act is repealed.

* Sec. YY. Section XX of this Act takes effect on the day after the transfer of funds by the Alaska Industrial Development Authority to the General Fund of the State is made pursuant to sec. DD(h)(6) of this Act, or if there are no funds available for such transfer, the sixty-first day

after all multifamily housing loans have been discharged (or are considered discharged under sec. DD(h)(5) of this Act) which are made from the multifamily housing loan account of the enterprise development fund of the Alaska Industrial Development Authority.



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

FCC SB 666:

General Summary of Commercial Fishing Loan Provisions:

- 1) Repeals Fishermans Mortgage and Note Fund and transfers assets and liabilities to the commercial fishing revolving loan fund;
- 2) Establishes 2 main loan categories:
 - a) AS 16.10.310 (a) (1) (A): Loans to \$300,000 for entry permits
 - b) AS 16.10.310 (a) (1) (B) or (C): Loans to economically dependent fisherman for purchase/upgrading/gear/vessels and entry permits up to \$100,000
 - c) Person who qualifies for a loan under (B) or (C) may receive a loan under (A) for an entry permit providing the total of the loans does not exceed \$300,000;
 - d) Proposed amendments to the bill detail provisions for loans received before the effective date of the act, and loans subsequent to the effective date of the act;
- 3) Provides for appraised value of collateral for which loans may be made; under conventional circumstances, 90% of the appraised value; there is a provision for loans to 100% of the appraised value of collateral for an entry permit, and that provision is subject to restricted criteria; (16.10.310 (a) (1) (B)).
- 4) Provides for an increase in the interest rates on commercial fishing loans; 10½%



Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

AS 44.47.380 is amended by adding a new section to read:

(5) loans made for non-owner occupied housing not to exceed 20 percent of the total principal amount of loans made for nonconforming and rural housing.

AS 44.47.390 is amended by adding a new section to read:

(4) (.) originate direct loans or purchase or participate in the purchase of a nonconforming or rural housing mortgage loan if the borrower has an outstanding federal, state or privately financed housing mortgage loan.

add -> Financed Below the market rate

(b) originate direct loans or purchase or participate in the purchase of a nonconforming or rural housing mortgage loan unless the loan is for repair, remodeling, rehabilitation or expansion of an existing owner-occupied residence with a federal, state or privately financed housing mortgage loan.

AS 44.47 is amended by adding a new section to read:

Sec. 44.47.520. LOANS FOR NON-OWNER OCCUPIED HOUSING.

----- (a)

----- (b)

(c) In this section

(1) -----

(2) "non-owner occupied housing" means a single-family residence or a multi-family residence having up to eight dwelling units, that is not nonconforming housing, and is not occupied by the owner. The director may modify portions of this definition upon demonstration of special need for non-owner occupied housing.

7(c)

Conference Committee on HCSSB 666 am H proposed amendment on owner-occupied triplex and four-plex housing.

Page 9, line 9 - page 10, line 7:

Delete Sec. 19.

Page 10, lines 15 - 24:

Delete Sec. 21.

Page 19, after line 27:

Insert a new section to read:

* Sec. 50. If a newly constructed owner-occupied triplex or four-plex is completed between the effective date of this Act and October 1, 1984, and the triplex or four-plex is eligible for financing under the provisions of the special mortgage loan purchase program of the Alaska Housing Finance Corporation (AS 18.56.098), the interest rate determined under AS 18.56.098-(g)^x shall apply to the first \$105,000 of a mortgage loan for a triplex and to the first \$140,000 of a mortgage loan for a four-plex. In this section "newly constructed owner-occupied triplex or four-plex" means an owner-occupied triplex or four-plex that is not occupied before the effective date of this Act and for which a mortgage loan has not been previously purchased by the Alaska Housing Finance Corporation.

definition of residence - 3/4

STATUS OF AMENDMENTS TO HCSSB 666 (FINANCE) am H

MAY 11, 1982

AMENDMENTS ADOPTED

1. Relating to Agriculture clearing loans
2. Relating to farm processing loans
4. Relating to Senior Citizen Housing (SB311)
5. Relating to the Commerical Fishing and Fisherman's Mortgage and Note programs
6. Relating to interest rates for rural housing
7. Relating to originators of rural housing loans
- III 8. Relating to the sale of AHFC bonds and pledging of state's credit
11. Relating to mortgage loans for veterans
12. Relating to AHFC bond anticipation notes
13. Relating to AHFC bonds
16. Relating to international bond sales
18. Relating to AHFC committment fees
22. Relating to international borrowing by AHFC
- III 31. Relating to the servicing of rural loans
- III 52. Relating to repayment of farming or fishing loans
- III 53b. Relating to limitations on rural housing loans
15. Pelating to registration of contractors for AHFC
- (Unnumbered). Letter of intent relating to fishing loans

AMENDMENTS FAILED

- 3a. Relating to Alternative Technology and Energy Revolving Loan Fund
- 11. Relating to usry on second mortgages
- 11. Relating to usry
- 14. Relating to owner-occupancy
- 15. Relating to compliance with building codes
- 47. Relating to restructuring the AHFC board of directors
- 3b. Relating to woodstoves
- 53. Relating to loans for homes on homesteads

AMENDMENTS ON HOLD

- III 32. Relating to the Municiple Bond Bank
- 48. Relating to modification of the ractnet
- III 54. Relating to a small business loan program
- 40/41. Relating to AIDA multi-family housing
- IV 7. Relating to subsidy rates for tri and fourplexes
- III 51. Relating to an outreach program for fishing loans
- III 45. Relating to ARRC
- III 8. Relating to broader use of the Senior Citizen's housing funds
- III 28. Relating to the transfer of rural programs to HAD
- III 29. Relating to owner occupied housing
- III 30. Relating to effective dates

Revised Amendment #5
by Conference Committee on HCSSB 666(Fin) am H
Adopted May 10, 1982

Page 13, after line 12:

Insert a new section to read:

* Sec. ____ . AS 44.33.285 is amended to read:

Sec. 44.33.285. ACTION BY GOVERNOR. The governor may, upon recommendation of the commissioner of commerce and economic development, designate by proclamation an area as an area impacted by an economic disaster. When an area is so designated, the legislature may appropriate money for assistance grants [SHALL BE MADE BY THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT AS PROVIDED IN AS 37.11.100] and the governor may recommend in his budget submission that capital projects planned for the area be accelerated and that new projects be funded for the area. The proclamation may provide that waivers of capital projects requirements, as authorized in AS 44.33.300, become effective only to the extent set out in the proclamation.

Page 19, lines 17 - 18:

Add the following to the list of repealed laws:

AS 18.55.360; AS 27.07; AS 37.11.100; AS 44.25.030 - 44.25.038;

AS 44.33.320 - 44.33.380; AS 44.47.320 - 44.47.350

Revised Amendment

by the Conference Committee on HCSSB 666(Fin) am H
Adopted May 10, 1982

Page 15, after line 16, insert a new section to read:

* Sec. ____ AS 44.47.410 is amended to read:

Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a mortgage loan originated or purchased in whole or in part under AS 44.-47.380 for nonconforming housing that is not rural housing is equal to the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(g) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.-380.

(b) The interest rate on a mortgage loan originated or purchased in whole or in part under AS 44.47.380 for rural housing is 10-1/2 per-
cent.

Page 17, line 5:

Delete "nine and one-half" and insert "10-1/2"

Page 17, lines 20 - 21:

Delete all material and insert a new paragraph (6) to read:

(6) "rural housing" means housing, whether or not it is nonconforming housing, that is located in a rural area of the state.

Page 19, lines 19 - 27:

Delete Sec. 49

Amendment
by the Conference Committee on HCSSB 666(Fin) am H
Adopted May 10, 1982

Page 4, line 17:

After "seasons" insert "or for adverse market conditions for Alaskan products"

Page 17, after line 21:

Insert a new section to read:

* Sec. . AS 44.81.210(a)(3) is amended to read:

(3) establish amortization plans for repayment of loans,
which may include extensions for poor fishing or farming seasons, or for
adverse market conditions for Alaskan products;

Amendment
by the Conference Committee on HCSSB 666(Fin) am H
Adopted May 10, 1982

Page 7, line 25:

After "state" insert ", other than in an area where the division of
housing assistance has a loan office"

Amendment

by the Conference Committee on HCSSB 666(Fin) am H
Adopted May 10, 1982

Page 16, after line 7, insert new sections to read:

* Sec. . AS 44.47.460(b) is amended to read:

(b) The director may execute service agreements with private lending institutions or with regional native housing authorities established under AS 18.55.996 to service loans originated by the division or loans originated under AS 18.55.997.

* Sec. . AS 44.47.460(c) is amended to read:

(c) Under the servicing agreement, the private financial institution or the regional native housing authority shall administer the loan and may charge the division a negotiated origination or servicing fee on the division's share of the loan. When appropriate, the private financial institution or the regional native housing authority may also charge the borrower a reasonable originator fee not to exceed one percent.

Amendment
by the Conference Committee on HCSSB 666(Fin) am H
Adopted May 10, 1982

Page 9, after line 4:

Insert a new section to read:

* Sec. . AS 18.56.096 is amended by adding a new paragraph to read:

(3) a mortgage loan for the construction of new housing or for the improvement or rehabilitation of existing housing, unless the construction, improvement, or rehabilitation work is performed by a contractor who is registered to work as a contractor under AS 08.18; this paragraph does not apply if the construction, improvement, or rehabilitation work

(A) is totally or substantially performed by the borrower;

(B) is performed by a borrower who acts as the contractor for the construction, improvement, or rehabilitation work; or

(C) is performed in an area designated by the corporation as exempt from the requirements of this paragraph because of the unavailability of registered contractors in that area.

Amendment No. III #5

TO: HCSSB 666(Fin) am H

Page 4, line 7:

Delete "AS 16.10.300 - 16.10.370" and insert "AS 16.10.310(a)(1)(B)"
advised

Page 4, line 28 through page 5, line 4:

Delete all material
advised

Page 5, line 5:

Delete "(2)" and insert "(1)"
advised

Page 5, line 6:

Delete "(3)" and insert "(2)"
advised

Page 5, line 7:

Delete "(4) may" and insert "(3) shall"
advised

Page 5, line 9:

Delete "(5)" and insert "(4)"

Delete "75" and insert "90" — *advised*

Page 5, lines 14 23:

Delete all material and insert the following:

* Sec. 10. AS 16.10.320(d) is repealed and reenacted to read:
advised

(d) Loans made to a borrower under AS 16.10.310(a)(1)(A) may not exceed a total of \$300,000. Loans made to a borrower under AS 16.10.310(a)(1)(B) or (C) may not exceed a total of \$100,000. A loan to an associate of the borrower is considered to be a loan to the borrower.

Page 6, line 6:

Delete "AS 16.20.320(e)", and insert "AS 16.10.320(e)"

adopted

Page 6, line 12:

Delete "(a)(1)" and insert "(d) [(a)(1)]"

adopted

Page 6, line 20:

Delete "75" and insert "90 [75]"

adopted

Page 6, line 23:

Delete "granted" and insert "made [GRANTED]"

adopted

Page 6, line 24:

Delete "AS 16.10.333(a)" and insert "AS 16.10.310(a)(1)(A) and (B) [AS 16.10.333(a)]"

adopted

Page 6, line 27 through page 7, line 7:

Delete all material and insert a new section to read:

* Sec. 13. AS 16.10.320 is amended by adding new subsections to read:

(h) A loan for an entry permit under AS 16.10.310(a)(1)(B) may be made for up to 100 percent of the appraised value of the collateral

used to secure the loan if the borrower demonstrates that (1) he has at least three years of experience as a commercial fisherman in the fishery to which the entry permit applies; and (2) he has not owned an Alaska limited entry permit in the year immediately preceding the application for the loan. In this subsection "three years of experience as a commercial fisherman in the fishery" means that for an accumulated total of three fishing seasons in the same fishery the borrower has actively participated in the commercial harvest of fish under the direction of a limited entry permit holder.

(i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a subsequent loan may not be made to the borrower or an associate of the borrower under AS 16.10.310(a)(1)(B) or (C). If a loan is made to a borrower under AS 16.10.310(a)(1)(B) or (C), a subsequent loan may be made to the borrower or an associate of the borrower under AS 16.10.310(a)(1)(A) if the total of the loans received by the borrower or the associate under AS 16.10.310 does not exceed \$300,000.

Page 19, line 18:

Delete "16.10.560 - 16.10.720" and insert "16.10.650 - 16.10.720"

Page 19, after line 27 insert new bill sections to read:

* Sec. 50. All assets of the fishermen's mortgage and note fund (AS 16.10.650) are transferred to the commercial fishing revolving loan fund (AS 16.10.340). Repayments of principal and interest on loans made from the fishermen's mortgage and note fund shall be deposited into the commercial fishing revolving loan fund by the commissioner of the Department of

Commerce and Economic Development as they are received.

* Sec. 51. A borrower who receives a loan before the effective date of this Act under AS 16.10.650 - 16.10.720 may receive a loan under

(1) AS 16.10.310(a)(1)(A) after the effective date of this Act if the total of the loans received by the borrower under AS 16.10.650 - 16.10.720 and AS 16.10.310(a)(1)(A) does not exceed \$300,000;

(2) AS 16.10.310(a)(1)(B) or (C) if the total of the loans received by the borrower under AS 16.10.650 - 16.10.720 and AS 16.10.310(a)(1)(B) or (C) does not exceed \$100,000.

* Sec. 52. A borrower who receives a loan under AS 16.10.310 before the effective date of this Act may receive a loan under

(1) AS 16.10.310(a)(1)(B) or (C) after the effective date of this Act if the total of the loans received by the borrower under AS 16.10.310 before the effective date of this Act and AS 16.10.310(a)(1)(B) or (C) after the effective date of this Act does not exceed \$100,000;

(2) AS 16.10.310(a)(1)(A) after the effective date of this Act if the total of the loans received under AS 16.10.310 before the effective date of this Act and AS 16.10.310(a)(1)(A) after the effective date of this Act does not exceed \$300,000.

* Sec. 53. Notwithstanding AS 16.10.320(i) and secs. 51 and 52 of this Act the total of all loans that a borrower receives under (1) AS 16.10.650 - 16.10.720; (2) AS 16.10.310 before the effective date of this Act; and (3) AS 16.10.310 after the effective date of this Act, may not exceed \$300,000.

* Sec. 54. In secs. 51 - 53 of this Act a loan to an associate of a borrower is considered to be a loan to the borrower. In this section "associate of a borrower" has the same meaning set out under AS 16.10.320(d).

Page 19, line 28:

Change "Sec. 50" to "Sec. 55"

LETTER OF INTENT

Add new paragraph 2:



AIDA is to use its authority to own multifamily housing projects only when necessary to protect AIDA's security interest in a project, and not to become a partner or co-venturer with a developer in multifamily housing projects. The references made in CCS SB 666 to ownership and acquisition of interests in projects is only as an accommodation to the Municipality of Anchorage's proposed program, which contemplates using shared-appreciation mortgages on terms comparable to those used in the private financial community.

21
11

✓
Proposed Amendment to CCSSB 666

By the Conference Committee.

Page 14, after line 9, insert a new section to read:

* Sec. 31. AS 26.15.040(e) is amended to read:

(e) If the real property that [WHICH] secures a loan made under former (a)(2) or under (a)(4) of this section is transferred by the borrower and the loan was made five years or more before the transfer, the commissioner of commerce and economic development shall allow the transferee to assume the outstanding indebtedness on the loan unless the commissioner determines in writing that the credit of the transferee is not satisfactory to assure repayment of the loan. The transferee may assume the outstanding indebtedness on the loan at the existing interest rate on the loan [IF HE IS ELIGIBLE FOR A LOAN UNDER AS 26.15.130 OR 26.15.160. IF THE TRANSFEEE IS NOT ELIGIBLE FOR A LOAN UNDER AS 26.15.-130 OR 26.15.160, HE MAY ASSUME THE OUTSTANDING INDEBTEDNESS ON THE LOAN ONLY IF HE AGREES TO PAY INTEREST ON THE LOAN AT A RATE DETERMINED BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT TO REFLECT THE PREVAILING MARKET RATE OF INTEREST ON THAT TYPE OF LOAN].

Page 34, after line 18, insert a new section to read:

* Sec. 77. Section 31 of this Act takes effect January 1, 1983.

Renumber other sections and change effective date section references accordingly.

Page 8, line 25: amend to read:

(d) Public notice of 24 hours is adequate before a meeting of the board at which the issuance of corporation bonds is authorized.

Intent language:

The amendment to AS 18.56.098(g)(2) in Section 20 of the bill is included to insure that if AHFC issues bonds comprised solely of mortgage loans for triplex and four-plex residences, that issue would not affect the operation of the interest rate ratchet.

★ ★

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCSSB 666 (Fin) am H
Title An Act relating to certain state loan programs; and providing for an effective date.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
Program Category Affected Economic Development
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		60.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		60.0				

FUNDING (Thousands of Dollars)

GENERAL FUND		60.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		-0-				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Funding under this fiscal note would support an outreach program for the Fishermen's Mortgage and Note loan segment of the Commercial Fishing Loan program. This would allow funding of the Fishermen's Mortgage and Note segment to reach rural areas as originally intended by the legislature.

This fiscal note would be in addition to fiscal notes provided under other proposed amendments.

IV. DATE May 19, 1982

PREPARED BY D. A. Hostak, Director

AGENCY Department of Commerce & Economic Development

Original: Legislative Finance

PHONE 465-2555

Division of Loans and

cc: Budget and Management

or 465-2510

Veterans' Affairs

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Proposed Amendment to - HCSSB 666 (Fin) am H
Title An Act relating to certain state loan programs: and providing
for an effective date.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
Program Category Affected Economic Development
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		63.1	113.6	119.3	125.2	131.5
200 TRAVEL		2.1	4.4	4.6	4.8	5.1
300 CONTRACTUAL		2.6	4.7	4.9	5.1	5.4
400 COMMODITIES		1.3	.6	.7	.7	.7
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		8.1	8.5	8.9	9.4	9.8
700 GRANTS, CLAIMS, ETC.						
TOTAL		77.2	131.8	138.4	145.2	152.5

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Veterans Loan Fund		77.2	131.8	138.4	145.2	152.5

POSITIONS

FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

The proposed amendment would open up the veterans loan program for assumptions at the interest rate currently charged on each loan for veteran and non-veteran alike.

FY 1983 expenses were based on the program being effective January 1, 1983. Personnel would be hired and trained in December, 1982 prior to opening of the program.

If the effective date is set at July 1, 1982, the estimated expenditures would be \$ 126,856 for FY 1983.

FY 1984-1987 estimated expenditures were based on the 12 month FY 1983 estimate, less one time costs plus 5% per year inflation.

IV. DATE May 19, 1982

PREPARED BY D. A. Hostak, Director

AGENCY Department of Commerce & Economic Development

Original: Legislative Finance

PHONE 465-2555 Division of Loans and

cc: Budget and Management

or 465-2510

Veterans' Affairs

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

FY 1983

PERSONAL SERVICES Positions Required	Location	Monthly Salary	Yearly Salary	Benefits Yearly	Total Yearly Salary & Benefits	Costs For 7 Months
Loan Examiner I/II	AWA	\$ 2639	\$ 31,668			
Loan Examiner I/II	AWA	2639	31,668			
Document Processing Clerk III	AWA	1673	20,076			
			<u>\$ 83,412</u>			
SBS Benefits @ .0613				\$ 5,113		
Variable Benefits @ .1568				13,079		
Monthly Benefits @ \$183 per mo				6,588		
			<u>\$ 83,412</u>	<u>\$ 24,780</u>	\$ 108,192	\$ 63,112
TRAVEL						
8 trips by Loan Examiners/Manager						
Fairbanks Airfare 3 trips X \$270 plus 3 days per diem @ \$90				\$ 1,620		
Anchorage Airfare 5 trips X \$268 plus 3 days per diem @ \$80				<u>2,540</u>	4,160	2,080
CONTRACTUAL						
Postage (1150 X 20¢) + (960 X \$1.39)				\$ 1,564		
Xerox (5 pgs X 960 X 10¢)				480		
Telephone \$1,200 per examiner				2,400		
Advertising				<u>400</u>	4,844	2,622
COMMODITIES						
3 Calculators @ \$280				\$ 840		
One-time set-up costs @ \$40 per position				120		
Other supplies @ \$200 per position				<u>600</u>	1,560	1,310
EQUIPMENT						
None					-0-	-0-
ASHA						
3 positions X \$2700					<u>8,100</u>	<u>8,100</u>
TOTAL COST for 12 months					<u>\$ 126,856</u>	
COST - if effective date is January 1, 1983 (7 months)						<u>\$ 77,224</u>

1	POSITION TITLE Loan Examiner I/II			RANGE/STEP 17A	DARG. UNIT. GGU	LOCATION AWA	NOV.	APPROV.	DISAPP.
2	TYPE OF POSITION Perm	STAFF MONTHS 12	RP No. -----	PCN No. -----	PRIORITY 1 of 3	FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY	\$ 18,473
5	BENEFITS	2,897
6	SBS	1,132
7	FIXED BENEFITS	1,281
8	TOTAL PERSONAL SERVICES	01 \$ 23,783
9	TRAVEL	02 -0-
10	CONT. ACTUAL	03 -0-
11	COMMODITIES	04 320
12	EQUIPMENT	05 -0-
13	OTHER	2,700
14	TOTAL COST	26,803

JUSTIFICATION:

Proposed amendment to HCSSB 666 would allow assumptions of veterans loans by non-veterans at the interest rate currently charged on the loan. This would increase the number of assumptions roughly from 1-2% of loans outstanding to 20% which would require additional loan examiners and document processing personnel.

	RECEIPT CODE	FUNDING SOURCE
15		FED RCPTS. 1002
16		GF MATCH. 1003
17		GEN. FUND 1004
18		I-A RCPTS. 1005
19		PGM RCPTS 1028
20		OTHER Veterans Loan Fund 26,803

21	CONTINUATION	
22	ADDITION	FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Commerce and Economic Development PROGRAM Economic Development

BRU Loan Administration

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 3 REVISED DATE _____

FY 83

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1	POSITION TITLE Loan Examiner I/II				RANGE/STEP 17A	BARG. UNIT. GGU	LOCATION AWA	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION Perm	STAFF MONTHS 12	RP No. -----	PCN No. -----	PRIORITY 2 of 3	FORM 12	PAGE/LINE	LEG		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY		\$ 18,473
5	BENEFITS		2,897
6	SBS		1,132
7	FIXED BENEFITS		1,281
8	TOTAL PERSONAL SERVICES	01	\$ 23,783
9	TRAVEL	02	-0-
10	CONTRACTUAL	03	-0-
11	COMMODITIES	04	320
12	EQUIPMENT	05	-0-
13	OTHER		2,700
14	TOTAL COST		26,803

JUSTIFICATION:

Proposed amendment to HCSSB 666 would allow assumptions of veterans loans by non-veterans at the interest rate currently charged on the loan. This would increase the number of assumptions roughly from 1-2% of loans outstanding to 20% which would require additional loan examiners and document processing personnel.

	RECEIPT CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
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19		PGM RCPTS 1028	
20		OTHER Veterans Loan Fund	26,803

21	CONTINUATION	
22	ADDITION	FOR B&M USE ONLY

4A KEY NUMBER COLUMN NO.

AGENCY Commerce and Economic Development PROGRAM Economic Development

BRU Loan Administration

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 2 of 3 REVISED DATE _____

FY 83

1	POSITION TITLE Document Processing Clerk, III			RANGE/STEP 10A	BARG. UNIT. GGU	LOCATION AWA	GOV.	APPROV.	BIB.
2	TYPE OF POSITION Perm	STAFF MONTHS 12	RP No. -----	PCN No. -----	PRIORITY 3 of 3	FORM 12 PAGE/LINE	GOV.	APPROV.	BIB.

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY		\$ 11,711
5	BENEFITS		1,836
6	SBS		718
7	FIXED BENEFITS		1,281
8	TOTAL PERSONAL SERVICES	01	15,546
9	TRAVEL	02	-0-
10	CONTRACTUAL	03	-0-
11	COMMODITIES	04	320
12	EQUIPMENT	05	-0-
13	OTHER		2,700
14	TOTAL COST		18,566

JUSTIFICATION:

Proposed amendment to HCSSB 666 would allow assumptions of veterans loans by non-veterans at the interest rate currently charged on the loan. This would increase the number of assumptions roughly from 1-2% of loans outstanding to 20% which would require additional loan examiners and document processing personnel.

	RECEIPT CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17		GEN. FUND 1004	
18		LA RCPTS. 1005	
19		PGM RCPTS 1028	
20		OTHER Veterans Loan Fund	18,566

21	CONTINUATION		FOR B&M USE ONLY
22	ADDITION		

AGENCY Commerce and Economic Development PROGRAM Economic Development

ORU Loan Administration

13 REQUEST FOR NEW POSITION

COMPONENT _____

Page 3 of 3 REVISED DATE _____

FY 83