

Original sponsor: Mulcahy

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 148 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to housing loans; and providing for
7 an effective date."

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

9 * Section 1. AS 44.47.370 is amended by adding a new paragraph to read:

10 (8) originate and service direct loans made for construc-
11 tion, purchase, renovation, or improvements and building materials, for
12 nonconforming housing made to qualified buyers in accordance with
13 AS 44.47.360 - 44.47.560.

14 * Sec. 2. AS 44.47.380 is amended to read:

15 Sec. 44.47.380. NONCONFORMING HOUSING LOAN FUND. There is
16 created in the Department of Community and Regional Affairs the non-
17 conforming housing loan fund consisting of money appropriated to it by
18 the legislature. The director shall administer the nonconforming
19 housing loan fund in accordance with AS 44.47.360 - 44.47.560 and shall
20 use the money in the nonconforming housing loan fund to originate,
21 purchase, or participate in the purchase of

22 (1) nonconforming housing mortgage loans;

23 (2) loans made for building materials for nonconforming
24 housing;

25 (3) loans made for renovations or improvements to noncon-
26 forming housing;

27 (4) loans for construction of nonconforming housing.

28 * Sec. 3. AS 44.47.390 is amended to read:

29 Sec. 44.47.390. LIMITATIONS ON USE OF NONCONFORMING HOUSING LOAN

1 FUND. The director may not use the money in the nonconforming housing
2 loan fund to

3 (1) originate direct loans or purchase or participate in the
4 purchase of a nonconforming housing mortgage loan which exceeds the
5 limitations on mortgage loans purchased by the Federal National Mortgage
6 Association as to principal amount;

7 (2) originate direct loans or purchase or participate in the
8 purchase of a loan made for building materials for nonconforming housing

9 (A) which exceeds \$45,000 or exceeds

10 (i) 80 percent of the appraised value of the work
11 completed on the nonconforming housing for which the loan is made
12 if the nonconforming housing is pledged as collateral for the
13 loan; or

14 (ii) 80 percent of the value of other property
15 which is pledged as security for the loan and which is satis-
16 factory to the director as collateral;

17 (B) unless the terms of the loan agreement require
18 inspections and certifications, as required by regulations of the
19 director, at the expense of the borrower; and

20 (C) unless the period of time allowed for repayment of
21 the loan is equal to or less than 15 years [THE LESSER OF

22 (i) THREE YEARS; OR

23 (ii) THE MAXIMUM PERIOD OF TIME ESTABLISHED BY
24 REGULATION BY THE DIRECTOR BASED ON THE PREVAILING PRACTICE AMONG
25 PRIVATE FINANCIAL INSTITUTIONS IN THE GENERAL AREA IN WHICH THE
26 LOAN IS MADE FOR LOANS FOR THE PURCHASE OF BUILDING MATERIALS];

27 (3) originate direct loans or purchase or participate in the
28 purchase of a nonconforming housing mortgage loan which is secured by
29 real property the marketable title to which is shown in accordance with

1 AS 44.47.420(b)(2) if the total amount of outstanding nonconforming
2 housing mortgage loans held by the division exceeds 10 times the amount
3 of money in the restricted title loss reserve account (AS 44.47.430) [;

4 (4) PURCHASE OR PARTICIPATE IN THE PURCHASE OF CONSTRUCTION
5 LOANS].

6 * Sec. 4. AS 44.47 is amended by adding a new section to read:

7 Sec. 44.47.395. OPERATING LOSS RESERVE ACCOUNT. (a) There is
8 established an operating loss reserve account for the purpose of meet-
9 ing legal expenses incurred through the foreclosure of properties
10 acquired by the director under AS 44.47.370(6) and making repairs to
11 these properties so that they may be sold to new buyers.

12 (b) The operating reserve loss account consists of money appro-
13 priated by the legislature. To the extent that money is paid out of
14 the operating loss reserve account for the purposes stated in this
15 section, this money shall be replaced with money received as interest
16 on loans authorized by this chapter.

17 * Sec. 5. AS 44.47.400 is amended to read:

18 Sec. 44.47.400. SECURITY FOR LOANS. (a) The director shall
19 adopt regulations in accordance with the Administrative Procedure Act
20 (AS 44.62) establishing acceptable security for loans originated or
21 purchased in whole or in part under AS 44.47.380.

22 (b) A person may pledge as security for the repayment of a loan
23 originated or purchased in whole or in part under AS 44.47.380 a pre-
24 ference right he holds to receive title to land he occupies as a pri-
25 mary place of residence, primary place of business, subsistence
26 campsite, or as headquarters for reindeer husbandry. The preference
27 right must be conveyed to the person by the Native corporation to which
28 the land was granted under section 14 of the Alaska Native Claims
29 Settlement Act (85 Stat. 688, 43 U.S.C. secs. 1601 - 1626, as amended

1 by P.L. 94-204) before it may be pledged as security under this sub-
2 section. The commissioner of community and regional affairs shall
3 prescribe procedures and standard forms for establishing, pledging, and
4 appraising the value of a preference right held by a person to secure
5 the repayment of a loan originated or purchased in whole or in part
6 under AS 44.47.380.

7 * Sec. 6. AS 44.47.410 is amended to read:

8 Sec. 44.47.410. INTEREST ON LOANS. The interest rate on a mort-
9 gage loan originated or purchased in whole or in part under AS 44.-
10 47.380 may not exceed

11 (1) nine percent for a mortgage loan made to a person who is
12 an eligible veteran under AS 18.56.101;

13 (2) ten percent for a mortgage loan made to a person other
14 than a person described in (1) of this subsection.

15 * Sec. 7. AS 44.47.420(a) is amended to read:

16 Sec. 44.47.420. TITLE. (a) Before the director originates or
17 purchases a nonconforming housing mortgage loan in whole or in part,
18 the director may require a borrower to show marketable title to real
19 property offered as security for the loan to be purchased.

20 * Sec. 8. AS 44.47.430(b) is amended to read:

21 (b) The director may withdraw money from the restricted title
22 loss reserve account in an amount equal to the loss to the division on
23 a nonconforming housing mortgage loan originated or purchased in whole
24 or in part by the division if marketable title to the real property
25 used to secure the loan was shown in accordance with AS 44.47.420(b)-
26 (2). Money withdrawn from the restricted title loss reserve account
27 under this section shall be deposited in the nonconforming housing loan
28 fund.

29 * Sec. 9. AS 44.47.460 is amended to read:

1 Sec. 44.47.460. LOAN SERVICING. (a) Before purchasing or par-
2 ticipating in the purchase of a loan, the director shall enter into a
3 loan servicing agreement with the private financial institution from
4 which the loan is to be purchased.

5 (b) The director may execute service agreements with private
6 lending institutions to service loans originated by the division.

7 (c) Under the servicing agreement, the private financial insti-
8 tution shall administer the loan and may charge the division a negoti-
9 ated fee on the division's share of the loan. When appropriate, the
10 [THE] private financial institution may also charge the borrower a
11 reasonable originator fee not to exceed one percent.

12 * Sec. 10. AS 44.47.470 is amended to read:

13 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or
14 participating in the purchase of a nonconforming housing mortgage loan,
15 the director may have or may require the borrower to have an appraisal
16 made of the fair market value of the real property, including struc-
17 tures on the real property, for which the loan is made. In conducting
18 an appraisal under this section, the appraiser shall give full value to
19 insulation and other features of construction in structures on the real
20 property which add to the energy efficiency of the structures.

21 * Sec. 11. AS 44.47.490 is amended to read:

22 Sec. 44.47.490. ASSISTANCE BY DIVISION PERSONNEL. (a) The
23 director shall create field offices which have the authority of final
24 approval of loans under this chapter, hire at least one lending offi-
25 cer, and may [SHALL] contract for the services of

26 (1) real property appraisers who are familiar with rural
27 construction; and

28 (2) engineers who are familiar with engineering problems in
29 arctic and subarctic regions.

1 (b) The personnel described in (a) of this section shall make
2 regular visits to each of the regions established under AS 44.47.510(a)
3 to provide preconstruction and post-construction inspections of real
4 property for which loans are originated or purchased by the division in
5 whole or in part under AS 44.47.380 and to provide assistance to pri-
6 vate financial institutions and their borrowers in the regions.

7 * Sec. 12. AS 44.47.510(b) is amended to read:

8 (b) Unless otherwise required by an appropriation, the director
9 shall allocate the money in the nonconforming housing loan fund among
10 the regions established under (a) of this section for the purpose of
11 originating or purchasing each type of loan described in AS 44.47.380.
12 In making an allocation under this subsection, the director shall
13 consider the past and potential lending activity of private financial
14 institutions in the region as well as the need for loans in the region.
15 The director may reallocate the money among the regions as he considers
16 necessary.

17 * Sec. 13. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).

3/4/81

This FN pulled
from committee files
at request of Senator
Ferguson & replaced
w/foregoing note.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB-148

Title An act relating to housing loans; and providing for an effective date.

Requested by Mulcahy

Date 2/11/81

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development

Program Category Affected Public Protection

BRU, Program, or Subprogram(s) Affected Division of Insurance

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE 2/11/81

PREPARED BY Kenneth C. Moore, Director
AGENCY Division of Insurance
PHONE 465-2515

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

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(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE 2/11/81

PREPARED BY Division of Insurance
AGENCY 465-2515
PHONE

Kenneth C. Moore
Kenneth C. Moore, Director

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)



Alaska State Legislature

Senate

Official Business

18 February 1981

Pouch V
State Capitol
Juneau, Alaska 99811

To: Senate Finance Committee Members

From: Senator Ferguson *JFB*

ANALYSIS COMMITTEE SUBSTITUTE FOR SENATE BILL 148

Section 1. Page 1, lines 9 thru 13 AS 44.47.370 is amended by adding a new paragraph to allow the Division of Housing Assistance, Department of Community & Regional Affairs, to originate and services made under the nonconforming housing loan program.

Section 2. Page 1, lines 14 thru 27 AS 44.47.380 is amended to allow the Division of Housing Assistance to make loans for construction. Also, the section includes the language to allow loan origination by the Division.

Section 3. Page 1, lines 28 & 29; Page 2, lines 1 thru 29; Page 3, lines 1 thru 5 AS 44.47.390 is amended to allow for building materials loans to be made not to exceed \$45,000 and 15 year term. Loan origination language is included in the section. Also, the three year limit and maximum loan term established by regulation is deleted and replaced by statute with a longer term and loan amount ceiling. Construction loans are deleted.

Section 4. Page 3, lines 6 thru 16 AS 44.47 is amended by adding a new section that set up an operating loss reserve account to pay expenses incurred by the Division of Housing Assistance through foreclosure of properties that need repairs for resale and to meet any legal expences. The section also allows for the Legislature to appropriate funds to the account and allow for repayment to the fund with money received from interest payments until the amount expended from the account is replenished.

Section 5. Page 3, lines 17 thru 29; Page 4, lines 1 thru 6 AS 44.47.400 is amended to include language that allows the Division of Housing Assistance to originate loans. This language keeps the section consistent with the earlier intent to allow loan origination by the Division of Housing Assistance.

SENATE BILL 148 ANALYSIS

Page 2 of 2

Section 6. Page 4, lines 7 thru 14 AS 44.47.410 is amended to include language that clarifies that the Division of Housing Assistance will originate loans.

Section 7. Page 4, lines 15 thru 19 AS 44.47.420(a) is amended to include language that clarifies that the Division of Housing Assistance will originate loans.

Section 8. Page 4, lines 20 thru 28 AS 44.47.420 is amended to include language that clarifies that the Division of Housing Assistance will originate loans.

Section 9. Page 4, line 29; Page 5, lines 1 thru 11 AS 44.47.460 is amended to allow the director of the Division of Housing Assistance to execute service agreements with private lending institutions to service loans that the division has made. Also, language further clarifies that a private financial institution may, when appropriate, charge an originator fee on those loans which are not originated by the Division of Housing Assistance.

Section 10. Page 5, lines 12 thru 20 AS 44.47.470 is amended to include language that clarifies that the Division of Housing Assistance will originate loans.

Section 11. Page 5, lines 21 thru 29; Page 6, lines 1 thru 6 AS 44.47.490 is amended to allow the Division of Housing Assistance field offices to have final authority on approval of loans. Also, changes shall to may in requiring the director to contract for appraisers and engineers. The division personnel, in some cases, have this expertise.

Section 12. Page 6, lines 7 thru 16 AS 44.47.510(b) is amended to include language that clarifies that the Division of Housing Assistance will originate loans.

Section 13. Page 6, lines 17 & 18 AS 01.10.070(c) allows for an immediate effective date.

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs
 Program Category Affected Housing Assistance Division
 BRU, Program, or Subprogram(s) Affected Nonconforming Housing Loans
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	70.0					
200 TRAVEL						
300 CONTRACTUAL ...	100.0					
400 COMMODITIES ...						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	170.0					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	2					
PART TIME						
TEMPORARY						

Sec. 44.47.395, of Senate Bill 148 established the Operating Loss Reserve Account, and it is recommended that \$100,000 be appropriated for this fund. The funding would be used for the specific purpose of renovation and repair on foreclosed properties, this account is to be continued from year to year.

Two additional positions are requested to be located in the Anchorage Office:

1 position is for a loan Closing Clerk responsible for reviewing loan documents, obtaining title policies, insurance policies, and recording loan documents to provide expeditious closing of loans.

The second position is an Accounting Technician, to account for the disbursement of loan funds and to account for and monitor phased loan disbursements, for direct loans, construction loans; building material loans and repair and renovation loans.

IV. DATE 2/24/81

PREPARED BY Jack Smalley

CORRECTED COPY

AGENCY Community & Regional Affairs, Division of Housing Assistance

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

PHONE 272-4505

Introduced: 2/4/81
Referred: Finance

1 IN THE SENATE

BY MULCAHY

2 SENATE BILL NO. 148

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to housing loans; and providing for
7 an effective date."

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

9 * Section 1. AS 44.47.370 is amended by adding a new paragraph to read:

10 (8) originate and service direct loans made for purchase,
11 renovation, or improvements and building materials, for nonconforming
12 housing made to qualified buyers in accordance with AS 44.47.360 -
13 44.47.560.

14 * Sec. 2. AS 44.47.380 is amended to read:

15 Sec. 44.47.380. NONCONFORMING HOUSING LOAN FUND. (a) There is
16 created in the Department of Community and Regional Affairs the non-
17 conforming housing loan fund consisting of money appropriated to it by
18 the legislature. The director shall administer the nonconforming
19 housing loan fund in accordance with AS 44.47.360 - 44.47.560 and shall
20 use the money in the nonconforming housing loan fund to originate,
21 purchase, or participate in the purchase of

22 (1) nonconforming housing mortgage loans;

23 (2) loans made for building materials for nonconforming
24 housing;

25 (3) loans made for renovations or improvements to noncon-
26 forming housing.

27 (b) Loans may be made for

28 (1) owner-occupied single and two-family structures;

29 (2) owner-occupied three and four unit structures located

1 in rural areas;

2 (3) nonowner-occupied single and two-family structures; and

3 (4) nonowner-occupied three and four unit structures located

4 in rural areas.

5 * Sec. 3. AS 44.47 is amended by adding a new section to read:

6 Sec. 44.47.385. DISPOSITION OF LOAN FUND. (a) Not less than 80
7 percent of the amount appropriated by the legislature to the nonconform-
8 ing housing loan fund shall be used to originate direct loans or pur-
9 chase or participate in the purchase of loans in accordance with
10 AS 44.47.380(b)(1) and (b)(2).

11 (b) Not more than 20 percent of the amount appropriated by the
12 legislature to the nonconforming housing loan fund may be used to
13 originate direct loans or purchase or participate in the purchase of
14 loans in accordance with AS 44.47.380(b)(3) and (b)(4).

15 * Sec. 4. AS 44.47.390 is amended to read:

16 Sec. 44.47.390. LIMITATIONS ON USE OF NONCONFORMING HOUSING LOAN
17 FUND. The director may not use the money in the nonconforming housing
18 loan fund to

19 (1) originate direct loans or purchase or participate in the
20 purchase of a nonconforming housing mortgage loan which exceeds the
21 limitations on mortgage loans purchased by the Federal National Mortgage
22 Association as to principal amount;

23 (2) originate direct loans or purchase or participate in the
24 purchase of a loan made for building materials for nonconforming housing

25 (A) which exceeds

26 (i) 80 percent of the appraised value of the work
27 completed on the nonconforming housing for which the loan is made
28 if the nonconforming housing is pledged as collateral for the
29 loan; or

1 (ii) 80 percent of the value of other property
2 which is pledged as security for the loan and which is satis-
3 factory to the director as collateral;

4 (B) unless the terms of the loan agreement require
5 inspections and certifications, as required by regulations of the
6 director, at the expense of the borrower; and

7 (C) unless the period of time allowed for repayment of
8 the loan is equal to or less than the lesser of

9 (i) three years; or

10 (ii) the maximum period of time established by
11 regulation by the director based on the prevailing practice among
12 private financial institutions in the general area in which the
13 loan is made for loans for the purchase of building materials;

14 (3) originate direct loans or purchase or participate in the
15 purchase of a nonconforming housing mortgage loan which is secured by
16 real property the marketable title to which is shown in accordance with
17 AS 44.47.420(b)(2) if the total amount of outstanding nonconforming
18 housing mortgage loans held by the division exceeds 10 times the amount
19 of money in the restricted title loss reserve account (AS 44.47.430);

20 (4) originate direct loans or purchase or participate in the
21 purchase of construction loans.

22 * Sec. 5. AS 44.47 is amended by adding a new section to read:

23 Sec. 44.47.395. OPERATING LOSS RESERVE ACCOUNT. (a) There is
24 established an operating loss reserve account for the purpose of meeting
25 legal expenses incurred through the foreclosure of properties acquired
26 by the director under AS 44.47.370(6) and making repairs to these
27 properties so that they may be sold to new buyers.

28 (b) The operating reserve loss account consists of money appro-
29 priated by the legislature. To the extent that money is paid out of

1 the operating loss reserve account for the purposes stated in this
2 section, this money shall be replaced with money received as interest
3 on loans authorized by this chapter.

4 * Sec. 6. AS 44.47.400 is amended to read:

5 Sec. 44.47.400. SECURITY FOR LOANS. (a) The director shall
6 adopt regulations in accordance with the Administrative Procedure Act
7 (AS 44.62) establishing acceptable security for loans originated or
8 purchased in whole or in part under AS 44.47.380.

9 (b) A person may pledge as security for the repayment of a loan
10 originated or purchased in whole or in part under AS 44.47.380 a pre-
11 ference right he holds to receive title to land he occupies as a primary
12 place of residence, primary place of business, subsistence campsite, or
13 as headquarters for reindeer husbandry. The preference right must be
14 conveyed to the person by the Native corporation to which the land was
15 granted under section 14 of the Alaska Native Claims Settlement Act (85
16 Stat. 688, 43 U.S.C. secs. 1601 - 1626, as amended by P.L. 94-204)
17 before it may be pledged as security under this subsection. The commis-
18 sioner of community and regional affairs shall prescribe procedures and
19 standard forms for establishing, pledging, and appraising the value of a
20 preference right held by a person to secure the repayment of a loan
21 originated or purchased in whole or in part under AS 44.47.380.

22 * Sec. 7. AS 44.47.410 is amended to read:

23 Sec. 44.47.410. INTEREST ON LOANS. The interest rate on a mort-
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27 an eligible veteran under AS 18.56.101;

28 (2) ten percent for a mortgage loan made to a person other
29 than a person described in (1) of this subsection.

1 * Sec. 8. AS 44.47.420(a) is amended to read:

2 Sec. 44.47.420. TITLE. (a) Before the director originates or
3 purchases a nonconforming housing mortgage loan in whole or in part,
4 the director may require a borrower to show marketable title to real
5 property offered as security for the loan to be purchased.

6 * Sec. 9. AS 44.47.430(b) is amended to read:

7 (b) The director may withdraw money from the restricted title
8 loss reserve account in an amount equal to the loss to the division on
9 a nonconforming housing mortgage loan originated or purchased in whole
10 or in part by the division if marketable title to the real property
11 used to secure the loan was shown in accordance with AS 44.47.420(b)(2).
12 Money withdrawn from the restricted title loss reserve account under
13 this section shall be deposited in the nonconforming housing loan fund.

14 * Sec. 10. AS 44.47.440 is amended by adding a new subsection to read:

15 (b) The division may establish a blanket fire insurance policy in
16 cooperation with the Alaska Housing Finance Corporation covering the
17 assets of both corporations as provided in AS 18.56.

18 * Sec. 11. AS 44.47.460 is amended to read:

19 Sec. 44.47.460. LOAN SERVICING. (a) Before purchasing or
20 participating in the purchase of a loan, the director shall enter into
21 a loan servicing agreement with the private financial institution from
22 which the loan is to be purchased.

23 (b) The director may execute service agreements with private
24 lending institutions to service loans originated by the division.

25 (c) Under the servicing agreement, the private financial insti-
26 tution shall administer the loan and may charge the division a negoti-
27 ated fee on the division's share of the loan. When appropriate, the
28 [THE] private financial institution may also charge the borrower a
29 reasonable originator fee not to exceed one percent.

1 * Sec. 12. AS 44.47.470 is amended to read:

2 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or
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5 made of the fair market value of the real property, including struc-
6 tures on the real property, for which the loan is made. In conducting
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8 insulation and other features of construction in structures on the real
9 property which add to the energy efficiency of the structures.

10 * Sec. 13. AS 44.47.490 is amended to read:

11 Sec. 44.47.490. ASSISTANCE BY DIVISION PERSONNEL. (a) The
12 director shall create field offices which have the authority of final
13 approval of loans under this chapter, hire at least one lending
14 officer, and may [SHALL] contract for the services of

15 (1) real property appraisers who are familiar with rural
16 construction; and

17 (2) engineers who are familiar with engineering problems in
18 arctic and subarctic regions.

19 (b) The personnel described in (a) of this section shall make
20 regular visits to each of the regions established under AS 44.47.510(a)
21 to provide preconstruction and post-construction inspections of real
22 property for which loans are originated or purchased by the division in
23 whole or in part under AS 44.47.380 and to provide assistance to private
24 financial institutions and their borrowers in the regions.

25 * Sec. 14. AS 44.47.510(b) is amended to read:

26 (b) Unless otherwise required by an appropriation, the director
27 shall allocate the money in the nonconforming housing loan fund among
28 the regions established under (a) of this section for the purpose of
29 originating or purchasing each type of loan described in AS 44.47.380.

1 In making an allocation under this subsection, the director shall
2 consider the past and potential lending activity of private financial
3 institutions in the region as well as the need for loans in the region.
4 The director may reallocate the money among the regions as he considers
5 necessary.

6 * Sec. 15. AS 44.47.560(3) is amended to read:

7 (3) "housing" means owner-occupied single and two family
8 structures, owner-occupied three and four unit structures located in
9 rural areas, and nonowner-occupied single and two family structures and
10 nonowner-occupied three and four unit structures located in rural areas
11 [, SINGLE-FAMILY HOUSING AND OWNER-OCCUPIED DUPLEXES];

12 * Sec. 16. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).