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# STATE OF ALASKA

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

December 14, 1981

The Honorable Bob Mulcahy  
Chairman, Senate Labor  
and Commerce Committee  
Pouch V  
Juneau, Alaska 99811

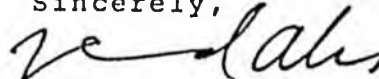
Attention: Michael Thill

Dear Senator Mulcahy:

Please find enclosed the fiscal note and position paper  
on SB 579 requested by your Committee November 9, 1981.

If I can provide additional information or offer any further  
assistance to you or your staff, please do not hesitate to  
contact me at 465-4705.

Sincerely,



Richard Aks  
Deputy Commissioner

cc: The Honorable Pat Rodey  
The Honorable Terry Stimson  
The Honorable Don Bennett  
The Honorable Bettye Fehrenkamp  
The Honorable Jalmar Kerttula  
The Honorable Brad Bradley

Keith Specking, Legislative Assistant  
Office of the Governor

Ron Lehr, Director, Budget and Management  
Office of the Governor

# STATE OF ALASKA

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## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

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### Position Paper on Senate Bill 579

SB 579 will expand the lending activities of the Housing Assistance Division to include housing loans for homes located on homesite and open to entry lands where clear title has not yet been acquired by the borrower.

In general the Department supports the intent of the legislation. The need for lending on these lands was clearly established during public hearings held by the Housing Assistance Division during the first quarter of 1981.

The Department would point out that the goal of this legislation could be accomplished by amending restrictions contained in AS 44.47.420 to allow use of funds appropriated to the nonconforming housing loan fund for home loans on homesite or open to entry lands. Specifically, AS 44.47.420(b) could be amended by adding a new subsection (3) stating:

(3) by providing a letter of intent signed by an authorized representative of the Department of Natural Resources which shows that title to the homesite will be transferred from the State to the borrower if the borrower fulfills the requirements of AS 38.08.060.

Losses which occur pursuant to this amendment could be covered by the Restricted Title Loss Reserve Account created in AS 44.47.430. A further minor amendment would be required for this purpose. Both of these changes would be enacted under Section 3 of SB 579.

The Department raises the question of access roads, electrical distribution lines and water/sewer systems related to homes constructed on homesite and open to entry lands. Many times these homes will be located on land which is unconnected to existing road or utility systems. The Department suggests that the Legislature may want to consider a supplemental loan for these purposes.

In order for the program to be successful, the Department of Natural Resources must assure that surveys of homesite or open to entry lands be conducted in a timely manner.

The Department would like to point out that any additional general fund appropriations required by enactment of SB 579 must be considered in the context of the Governor's program to control government spending and enact a Constitutional spending limit.

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SB 579 of May 27, 1981  
 Title An Act Relating to Homesite Habitable Dwelling Loan Guarantees  
 Requested by Senate Labor and Commerce Committee Date 12/14/81

II. FISCAL DETAIL  
 Agency Affected Community and Regional Affairs  
 Program Category Affected Economic Development  
 BRU, Program, or Subprogram(s) Affected Housing Assistance Programs

(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			63.8			
200 TRAVEL			18.0			
300 CONTRACTUAL			20.4			
400 COMMODITIES			2.4			
500 EQUIPMENT			3.6			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND			108.2			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			2			
PART TIME						
TEMPORARY						

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

This analysis is based on a guaranteed mortgage fund administered by the Department of Revenue with the actual mortgage purchase funds available from monies allocated directly to the Housing Assistance Division for either direct loans originated by the division or loans purchased from private lenders.

It is estimated that 90% of the loan requests will be for original loans for initial new construction and 10% will be for completion of housing units where construction had started but was stopped due to lack of money to complete the houses. Based on the response received while holding public

IV. DATE 12/14/81 PREPARED BY Jack Smodey  
 AGENCY Community and Regional Affairs  
 Original: Legislative Finance PHONE (907) 272-4585  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

hearings on the Housing Assistance regulations, January through March 1981, it is anticipated that requests for approximately 150 to 180 new construction loans and 30 to 50 rehabilitation or completion loans could be anticipated. These loans would range between \$30,000 and \$149,000.

This demand will increase the funding level need by the Division by approximately \$12 million.

The request for two full time positions is based on establishing a field office in Southeast consisting of one Loan Officer II and one Clerk Typist III. The need for this office is based on numerous requests from this area and the anticipated high number of loan requests for homesite and open to entry lands.

This program will have both a social and economic impact by providing additional housing units and private additional construction work throughout the State.

The anticipated costs for a Southeast office are as follows:

Personnel Services

Clerk Typist III	Range 8	\$16,716	
Loan Examiner III	Range 17	\$29,460	
Related fringe benefits and salary increases		<u>\$17,635</u>	\$63,811

Travel

To 18 Southeast communities 3 times annually	\$15,300	
5 trips to Anchorage headquarters	<u>\$ 2,700</u>	\$18,000

Contractual Services

Communication	\$ 3,700	
Printing & Advertising	3,000	
Equipment Maintenance	900	
Equipment Rental		
WANG	2,400	
Other	2,000	
Rent	5,400	
Other fees and services	<u>3,000</u>	\$20,400
		\$ 2,400

Commodities

Equipment

2 desks	\$ 800	
2 chairs	250	
2 bookcases	215	
2 file cabinets	400	
3 conference chairs	350	
2 calculators	500	
Other misc. equipment	<u>1,000</u>	
		\$ 3,565

Total \$108,176



# Alaska State Legislature

## Senate

Official Business

### Labor & Commerce Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### Summary SB 579:

Establishes a 'homesite habitable dwelling loan guarantee account' in the general fund to guarantee loans made by private financial institutions to construct "habitable dwellings" on homesite entry land. Before the state guarantees a loan the bank must determine, to the satisfaction of the commissioner of revenue, that the borrower is able to repay the loan, and the borrower must sign a letter of intent signed by a representative of DNR which shows that title to the homesite will be transferred from the state to the borrower upon fulfilling the requirements of the homesite program. A loan must be for the construction and purchase of a habitable, permanent, single-family dwelling which meets the state requirements, and may not exceed the greater of 90% of the appraised value of the dwelling or an amount equal to the maximum principal amount of mortgage loans for single family dwellings which may be purchased by AHFC or the division of housing assistance in C&RA. Loans may be secured by acceptable collateral, including the homesite entry permit, and may not be for a term longer than 30 years.

During construction, the guarantee extends only to the principal balance of the loan, but after it covers both the principal and the accrued interest. The construction phase is limited to two years. The state may not guarantee a loan if the balance of the loan guarantee account is less than 10% of the total unpaid balance of outstanding loans guaranteed. Guarantee extends to a successor of a bank which makes the loan. Guarantee terminates when when the loan is repaid or when he receives his patent to the homesite; whichever occurs first.

Allows the director of housing assistance in the Dept of C&RA to use money in the nonconforming housing loan fund to purchase or participate in the purchasing of loans guaranteed under the provisions of this bill.

**Sec. 44.47.380. Nonconforming housing loan fund.** There is created in the Department of Community and Regional Affairs the nonconforming housing loan fund consisting of money appropriated to it by the legislature. The director shall administer the nonconforming housing loan fund in accordance with AS 44.47.360 — 44.47.560 and shall use the money in the nonconforming housing loan fund to purchase or participate in the purchase of

- (1) nonconforming housing mortgage loans;
- (2) loans made for building materials for nonconforming housing;
- (3) loans made for renovations or improvements to nonconforming housing. (§ 73 ch 106 SLA 1980)

**Sec. 44.47.390. Limitations on use of nonconforming housing loan fund.** The director may not use the money in the nonconforming housing loan fund to

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

(2) purchase or participate in the purchase of a loan made for building materials for nonconforming housing

(A) which exceeds

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

(ii) 80 percent of the value of other property which is pledged as security for the loan and which is satisfactory to the director as collateral;

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

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

- (i) three years; or
- (ii) the maximum period of time established by regulation by the director based on the prevailing practice among private financial institutions in the general area in which the loan is made for loans for the purchase of building materials;

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

**Sec. 44.47.400. Security for loans.** (a) The director shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) establishing acceptable security for loans purchased in whole or in part under AS 44.47.380.

(b) A person may pledge as security for the repayment of a loan purchased in whole or in part under AS 44.47.380 a preference right he holds to receive title to land he occupies as a primary place of residence, primary place of business, subsistence campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to the person by the Native corporation to which the land was granted under section 14 of the Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. §§ 1601 — 1626, as amended by P.L. 94-204) before it may be pledged as security under this subsection. The commissioner of community and regional affairs shall prescribe procedures and standard forms for establishing, pledging, and appraising the value of a preference right held by a person to secure the repayment of a loan purchased in whole or in part under AS 44.47.380. (§ 73 ch 106 SLA 1980)

**Sec. 44.47.410. Interest on loans.** The interest rate on a mortgage loan purchased in whole or in part under AS 44.47.380 may not exceed

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

(2) ten percent for a mortgage loan made to a person other than a person described in (1) of this subsection. (§ 73 ch 106 SLA 1980)

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

(b) A borrower may show marketable title to real property for the purposes of (a) of this section

(1) by purchasing title insurance from a title insurance company authorized to do business in the state; or

(2) by delivering to the director a copy of a letter of intent signed by an authorized representative of the United States Department of the Interior which shows the transfer of title to the property from the United States government to the borrower if

(A) the borrower is an Alaska Native; and

(B) title to the property was originally transferred from the United States government, directly or indirectly, to the borrower under federal law.

(c) For the purposes of this section, a deed which federal law prohibits or limits the power to transfer or encumber and which would otherwise constitute marketable title to real property is considered

the federal law from foreclosure or other alienation of the real property. (§ 73 ch 106 SLA 1980)

Editor's note. — Section 76, ch. 106, SLA 1980 provides: "By January 21, 1981, the director of the division of housing assistance (AS 44.47.360) shall prepare and submit to the legislature to report on

the effect of the marketable title requirements of AS 44.47.420 enacted by sec. 73 of this Act and shall include in the report any recommendations he considers appropriate."

**Sec. 44.47.430. Restricted title loss reserve account.** (a) There is established in the division the restricted title loss reserve account. The restricted title loss reserve account consists of money appropriated to it by the legislature and shall be administered by the director.

(b) The director may withdraw money from the restricted title loss reserve account in an amount equal to the loss to the division on a nonconforming housing mortgage loan purchased in whole or in part by the division if marketable title to the real property used to secure the loan was shown in accordance with AS 44.47.420(b)(2). Money withdrawn from the restricted title loss reserve account under this section shall be deposited in the nonconforming housing loan fund. (§ 73 ch 106 SLA 1980)

**Sec. 44.47.440. Fire insurance.** Before purchasing or participating in the purchase of a nonconforming housing mortgage loan, the director may require the borrower to agree to purchase and maintain fire insurance for the real property for which the loan is made in an amount not less than the outstanding principal balance of the loan. (§ 73 ch 106 SLA 1980)

**Sec. 44.47.460. Loan servicing.** Before purchasing or participating in the purchase of a loan, the director shall enter into a loan servicing agreement with the private financial institution from which the loan is to be purchased. Under the servicing agreement, the private financial institution shall administer the loan and may charge the division a negotiated fee on the division's share of the loan. The private financial institution may also charge the borrower a reasonable originator fee not to exceed one percent. (§ 73 ch 106 SLA 1980)

**Sec. 44.47.470. Appraisals.** Before purchasing or participating in the purchase of a nonconforming housing mortgage loan, the director may have or may require the borrower to have an appraisal made of the fair market value of the real property, including structures on the real property, for which the loan is made. In conducting an appraisal under this section, the appraiser shall give full value to insulation and other features of construction in structures on the real property which add to the energy efficiency of the structures. (§ 73 ch 106 SLA 1980)

Sec. 44.47.475. Energy audit program. In addition to the

**Sec. 44.47.480. Toll-free telephone number.** The director shall arrange for and maintain a toll-free telephone number for the division so that private financial institutions and their borrowers may contact the division from any location in the state by telephone without a toll charge. (§ 73 ch 106 SLA 1980)

**Sec. 44.47.490. Assistance by division personnel.** (a) The director shall hire at least one lending officer and shall contract for the services of

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

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

(b) The personnel described in (a) of this section shall make regular visits to each of the regions established under AS 44.47.510(a) to provide preconstruction and post-construction inspections of real property for which loans are purchased by the division in whole or in part under AS 44.47.380 and to provide assistance to private financial institutions and their borrowers in the regions. (§ 73 ch 106 SLA 1980)

**Sec. 44.47.500. Demonstration projects and information.** The director may enter into agreements with public and private agencies to provide demonstration projects and information concerning housing construction in each of the regions established under AS 44.47.510(a). (§ 73 ch 106 SLA 1980)

**Sec. 44.47.510. Regional allocation.** (a) The commissioner of community and regional affairs, by regulations adopted in accordance with the Administrative Procedure Act (AS 44.52), shall establish and may amend the boundaries of reasonably compact and contiguous regions in the state.

(b) Unless otherwise required by an appropriation, the director shall allocate the money in the nonconforming housing loan fund among the regions established under (a) of this section for the purpose of purchasing each type of loan described in AS 44.47.380. In making an allocation under this subsection, the director shall consider the past and potential lending activity of private financial institutions in the region as well as the need for loans in the region. The director may reallocate the money among the regions as he considers necessary. (§ 73 ch 106 SLA 1980)

**Sec. 44.47.560. Definitions.** In AS 44.47.360 — 44.47.560,

(1) "director" means the director of the division of housing assistance;

(2) "division" means the division of housing assistance;

(4) "nonconforming housing" means housing which does not conform to minimum building standards under any state or federal program that provides loans for housing purchases. (§ 73 ch 106 SLA 1980)

**Article 10. Local Boundary Commission.**

<b>Section</b>	<b>Section</b>
565. Local boundary commission	575. Quorum
567. Powers and duties	577. Boundary change
569. Meetings and hearings	579. Expenses
571. Minutes and records	581. Hearings on boundary changes
573. Notice of public hearings	583. When boundary change takes effect

**Sec. 44.47.565. Local boundary commission.** There is in the Department of Community and Regional Affairs a local boundary commission. The local boundary commission consists of five members appointed by the governor for overlapping five-year terms. One member shall be appointed from each of the four major senatorial election districts and one from the state at large. The member appointed from the state at large is the chairman of the commission. (§ 7 ch 54 SLA 1959; am § 5 ch 200 SLA 1972)

**Cross references.** — For further provisions relating to the Local Boundary Commission and to annexation by local action, see AS 29.68.010. As to appointment, qualifications, and terms of office of members of departmental boards, councils, or commissions, see AS 39.05.060.

**Editor's note.** — This section derives from AS 44.19.250 and was renumbered by the revisor under 01.05.031.

**When constitutional provision**

**effective.** — The method for making boundary changes, contemplated by art. X, § 12, of the Alaska Constitution, was operative upon the enactment of AS 44.19.250 and 44.19.260. Fairview Pub. Util. Dist. No. 1 v. Anchorage, Sup. Ct. Op. No. 61 (File Nos. 69, 71), 368 P.2d 540 (1962), cert. denied, 371 U.S. 5, 83 S. Ct. 39, 9 L. Ed. 2d 49 (1962).

**Cited in Mobil Oil Corp. v. Local Boundary Comm'n, Sup. Ct. Op. No. 989 (File No. 1947), 618 P.2d 92 (1974).**

**Sec. 44.47.567. Powers and duties.** (a) The local boundary commission shall

- (1) make studies of local government boundary problems;
- (2) develop proposed standards and procedures for changing local boundary lines;
- (3) consider a local government boundary change requested of it by the legislature, the commissioner of community and regional affairs, or a political subdivision of the state; and
- (4) develop standards and procedures for the extension of services and ordinances of incorporated cities into contiguous areas for limited purposes upon majority approval of the voters of the contiguous area to be annexed and prepare transition schedules and prorated tax mill

(b) The local boundary commission may

(1) conduct meetings and hearings to consider local government boundary changes and other matters related to local government boundary changes, including extensions of services by incorporated cities into contiguous areas and matters related to extension of services; and

(2) present to the legislature during the first 10 days of a regular session proposed local government boundary changes, including gradual extension of services of incorporated cities into contiguous areas upon a majority approval of the voters of the contiguous area to be annexed and transition schedules providing for total assimilation of the contiguous area and its full participation in the affairs of the incorporated city within a period not to exceed five years. (§ 7 ch 64 SLA 1959; § 2 ch 45 SLA 1960; am §§ 1, 2 ch 55 SLA 1964; am §§ 1, 2 ch 161 SLA 1966; am § 6 ch 200 SLA 1972)

**Cross reference.** — For further statement of powers of local boundary commission, see Alaska Constitution, art. X, § 12.

**Editor's note.** — This section derives from AS 44.19.260 and was renumbered by the revisor under 01.05.031.

**Section 9, ch. 200, SLA 1972, provides:** "Where the titles 'Local Affairs Agency' or 'Rural Development Agency' appear in the law of this state, they shall be read as the 'Department of Community and Regional Affairs.'"

**Section 11, ch. 200, SLA 1972, provides:** "All litigation, hearings, investigations and other proceedings pending under a law amended or repealed or functions which may be transferred by this Act, continue in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided for in this Act. Certificates, orders, rules or regulations issued or filed under authority of a law amended or repealed by this Act or functions which may be transferred by this Act, remain in effect for the term issued, until revoked, vacated, or otherwise modified under the provisions of this Act. All contracts or other obligations created by a law amended or repealed by this Act or by virtue of functions which may be transferred by this Act, and in effect on July 1, 1972, remain in effect until revoked, or modified under the provisions of this Act. Appropriations, records, equipment and other property of agencies of the

other money available and to become available to agencies the functions, powers and duties of which have been transferred to the Department of Community and Regional Affairs established under this Act shall be available for the objects and purposes for which appropriated or otherwise made available, subject to the terms, restrictions, limitations or other requirements imposed under this section or federal law."

**Legislative history report.** — For legislative history report on ch. 161, SLA 1966, see House Journal (1966), p. 575.

**Powers and duties of local boundary commission.** — When grouped together, the powers and duties of the local boundary commission are as follows: (1) To consider any local government boundary change (§ 12, art. X, Alaska Constitution); (2) to present proposed changes to the legislature (§ 12, art. X, Alaska Constitution; § 7, ch. 64, SLA 1959); (3) (subject to law) to establish procedures whereby boundaries may be adjusted by local action (§ 12, art. X, Alaska Constitution); (4) to make studies of local government boundary problems (§ 7, ch. 64, SLA 1959); (5) to develop proposed standards and procedures for changing local boundary lines (§ 7, ch. 64, SLA 1959); (6) to hold hearings on proposed boundary changes (§ 7, ch. 64, SLA 1959). 1959 Op. Att'y Gen., No. 30.

The local boundary commission has the power and authority to recommend through boundaries to the legislature.

**Sec. 38.08.060. Issuance of patent.** (a) A person who enters upon homesite entry land under a permit issued by the director shall be issued a patent to the land conveying an unencumbered title if that person

(1) occupies the land for a cumulative total of 21 months within the three-year period following issuance of the homesite entry permit, or five months with 20 years Alaskan cumulative residence;

(2) erects a habitable, permanent, single-family dwelling on the homesite, which meets all applicable state and local regulations, within three years of the date of issuance of the homesite entry permit; for the purposes of this paragraph, mobile homes are not considered to be permanent dwellings unless they are placed on a permanent foundation;

(3) reimburses the state for the survey and platting undertaken in accordance with this chapter; the director shall provide by regulation for installment payments of this reimbursement.

(b) Nothing in this chapter shall be construed to prohibit a person issued a homesite entry permit from residing in a temporary habitable dwelling on the homesite until revocation of the homesite entry permit.

(c) No person may be issued more than one patent during his lifetime, nor may any person who is a member of a patent holder's household be issued a patent while a member of the patent holder's household.

(d) If a dwelling is found to have been substantially completed under § 100 of this chapter, patent shall be issued upon completion of the dwelling, notwithstanding (a) (2) of this section. (§ 2 ch 142 SLA 1977)

**Sec. 38.08.070. Land located within municipalities.** No state land which is located within the boundaries of an organized borough or city may be classified for homesite entry under this chapter until the proposed use of the land has been studied and approved jointly by the director and the local planning authority. Nothing in this section or AS 29.18.190 prevents the director from selecting and classifying for homesite entry land which would otherwise be available for borough or city selection under AS 29.18.190. If classified for homesite entry, the land shall not be available for city or borough selection. (§ 2 ch 142 SLA 1977)

**Sec. 38.08.080. Required zoning.** No state land which is located within the boundaries of a municipality which exercises planning and zoning authority under AS 29 may be offered by the director for homesite entry under this chapter until the land has been zoned by the governing body of the municipality for residential use only. No state land which is located within a municipality which does not exercise planning and zoning authority, or which is located in the unorganized borough, may be offered by the director for homesite entry under this chapter unless the division of lands has adopted zoning regulations to

**Sec. 38.08.090. Disclaimer of intent to provide services.** Nothing in this chapter obligates the state to provide services to land which is the subject of homesite entry and patent. (§ 2 ch 142 SLA 1977)

**Sec. 38.08.100. Substantial completion of dwelling.** An entry permit may not be revoked for failure to erect a dwelling in the time required under § 60(a)(2) of this chapter if the director finds that erection of the dwelling has been substantially completed and progress toward completion is being made at the expiration of the time required. (§ 2 ch 142 SLA 1977)

**Sec. 38.08.110. Regulations.** The commissioner shall adopt regulations in accordance with AS 44.62.180 — 44.62.290 to carry out the purposes of this chapter. (§ 2 ch 142 SLA 1977)

**Sec. 38.08.120. Definitions.** In this chapter

(1) "commissioner" means the commissioner of natural resources;

(2) "habitable dwelling" means a dwelling of a permanent nature, together with fixtures and facilities, including sanitary facilities, required or customary in the vicinity of the land made available for homesite entry;

(3) "resident" means a person who is not claiming residence in another state and shows by all attending circumstances that his intent is to make this state his permanent residence. (§ 2 ch 142 SLA 1977)

## Chapter 10. Transfer of Tide and Submerged Lands.

### Section

- 10. Application for transfer
- 20. Surveys
- 30. Costs and expenses of surveys

### Section

- 40. Conveyances
- 50. Rules, regulations and procedures

**Sec. 38.10.010. Application for transfer.** Upon application by a municipal corporation with a population of less than 5,000 persons according to the latest United States census entitled to a conveyance of tide and submerged lands under AS 38.05.320(b), the director of the division of lands of the Department of Natural Resources may make or provide for the making of surveys that may be required for the transfer of tide and submerged lands to the municipal corporation, and as may be required for subsequent conveyance of the tide and submerged lands by the municipal corporations to occupants of those lands who hold preference rights. When the application by the municipal corporation is accepted, the governing body of the municipal corporation shall execute a contract on a form approved by the attorney general providing for the survey under the sole management and supervision of the director and for repayment according to the provisions of this chapter. (§ 1 ch 69 SLA 1961)