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Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

SB 590

With the passage of the Mortgage Subsidy Bond Tax Act (Ullman Bill), the US congress has severely restricted the issuance of tax exempt bonds thereby limiting the mortgage purchases of AHFC.

The Ullman bill allows each state to sell tax exempt bonds to a maximum of \$200 million or 9% of the average annual mortgages for the past 3 years. The legislation further provides that only 50% of this amount may be utilized by the State Housing Finance Agency, therefore the creation of the Alaska Housing ^{REVOLVING} Loan Fund in AHFC is a possible means of addressing the shortage of mortgage money.



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Summary SB 590:

Establishes the Alaska Housing Revolving Loan Fund in AHFC, consisting of the following:

- 1) Appropriations made by the legislature
- 2) Repayments of principle and interest on loans made from the fund

Purpose of the fund: Allows AHFC to use the money in the fund to make or purchase any loans which the corporation is permitted to make by statute.

COMMITTEE REPORT
SENATE

FURTHER: Finance

6/5/81

Date: 8 FEBRUARY 82

Mr. President:

LABOR & COMMERCE

The Committee on _____ has had SB 590 _____

establishing a revolving loan fund in the Alaska Housing Finance Corp.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

remains the same and the original notice was written so as to assure that members of the public are reasonably notified of the proposed subject of the board's action in order for them to determine whether their interests could be affected by the board's action on that subject.

(e) A regulation or order of repeal on a subject specified in (c) of this section may be adopted as an emergency regulation or order of repeal if the board makes a finding in its order of adoption or repeal, including a statement of the facts which constitute the emergency, that the adoption of the regulation or order of repeal is necessary for the immediate preservation of the orderly operation of the corporation's loan and bonding programs. The requirements of (d) of this section do not apply to the initial adoption of an emergency regulation covering a subject specified in (c) (1) — (4) of this section; however, upon adoption of an emergency regulation, the board shall, within 10 days after adoption, give notice of the adoption in accordance with (d) of this section. No emergency regulation adopted under this subsection remains in effect more than 120 days unless the board complies with (d) of this section during the 120-day period.

(f) A regulation adopted under (b) — (e) of this section becomes effective immediately upon its adoption by the board, unless otherwise specifically provided by the order of adoption.

(g) The provisions of (b) — (e) of this section do not apply to regulations governing interest rates on the corporation's mortgage loan programs.

(h) The board shall adopt regulations in accordance with (a)—(f) of this section which establish a procedure by which a seller of mortgage loans may appeal a decision of the corporation not to purchase mortgage loans offered by the seller. (§ 5 ch 167 SLA 1978; am § 19 ch 106 SLA 1980)

Effect of amendments. — The 1980 amendment added subsection (h).

NOTES TO DECISIONS

Applied in *Horowitz v. Alaska Bar Ass'n*, Sup. Ct. Op. No. 2059 (File Nos. 4310, 4311), 609 P.2d 39 (1980).

Sec. 18.56.089. Executive Budget Act. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07.010 — 37.07.130) for fiscal years beginning after June 30, 1981. (§ 20 ch 106 SLA 1980)

Sec. 18.56.090. General powers. In addition to other powers granted in AS 18.56.010 — 18.56.210, the corporation may, for the purpose of providing housing for persons of lower and moderate income or persons located in remote, underdeveloped or blighted areas of the state and for its other corporate purposes,

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(1) Repealed by § 51 ch 115 SLA 1981.

(2) make or participate in the making of mortgage loans to sponsors, developers, builders and purchasers of residential housing, if the corporation determines that mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;

(3) purchase or participate in the purchase of mortgage loans made to sponsors, developers, builders, owners and purchasers of residential housing, if the corporation

(A) has given approval before the initial making of the loan and has determined that mortgage loans were, at the time the approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions, or

(B) has determined that the purchase or participation will result in additional residential housing, taking into account without limitation such factors as reinvestment of the proceeds of the sale in additional mortgage loans, increased availability of mortgage loans insured by the federal government, its agencies or departments, the reduction, if any, of interest payments to be made with respect to mortgage loans, or such other factors as will tend to increase or improve the supply of residential housing within the state;

(4) make partial rental payments and mortgage interest payments under a contract with any housing owner if the payments will be applied to decrease rental or mortgage interest charges of persons of lower and moderate income or owners or purchasers of residential housing in remote, underdeveloped or blighted areas of the state;

(5) make loans from the housing development fund;

(6) collect and pay reasonable fees and charges in connection with making, purchasing and servicing its mortgages, loans, notes, bonds, certificates, commitments and other evidences of indebtedness;

(7) acquire real property, or any interest in real property, in its own name, by purchase, transfer or foreclosure, when the acquisition is necessary or appropriate to protect any loan in which the corporation has an interest; sell, transfer and convey any such property to a buyer; and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;

(8) sell, at public or private sale, to any purchaser, including the Federal National Mortgage Association, all or any part of a mortgage or other instrument or document securing a construction, land development, mortgage or temporary loan of any type permitted by AS 18.56.010 — 18.56.210;

(9) purchase, in order to meet the requirements of the sale of its mortgages to the Federal National Mortgage Association, stock of the Federal National Mortgage Association;

(10) procure insurance against any loss in connection with its operation;

(11) consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms, of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the corporation is a party;

(12) borrow money as provided in AS 18.56.010 — 18.56.210 to carry out and effectuate its corporate purposes; and issue its obligations as evidence of any such borrowing;

(13) include in any borrowing the amounts necessary to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory and legal fees and such other expenses as are necessary or incident to this borrowing;

(14) under AS 18.56.088, adopt and publish regulations respecting its lending programs and such other regulations as are necessary to effectuate its purposes;

(15) provide technical and advisory services to sponsors, builders and developers of residential housing and to residents of it;

(16) promote research and development in scientific methods of constructing low-cost and energy-efficient residential housing of high durability;

(17) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under AS 18.56.010 — 18.56.210, including contracts with any person, firm, corporation, governmental agency or other entity;

(18) receive, administer and comply with the conditions and requirements respecting any appropriation or gift, grant or donation of property or money;

(19) sue and be sued in its own name;

(20) adopt an official seal;

(21) adopt bylaws for the regulation of its affairs and the conduct of its business and prescribe rules, regulations and policies in connection with the performance of its functions and duties;

(22) employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers and such other consultants and employees as may be required in the judgment of the corporation, and fix and pay their compensation from funds available to the corporation;

(23) do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this AS 18.56.010 — 18.56.210;

(24) invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obli-

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gations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or any funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States of America;

(25) Repealed by § 21, ch 106 SLA 1981;

(26) Repealed by § 21, ch 106 SLA 1981;

(27) (deleted). (§ 1 ch 107 SLA 1971; am § 3 ch 81 SLA 1972; am §§ 6, 7 ch 167 SLA 1978; am § 14 ch 72 SLA 1979; am § 21 ch 106 SLA 1980; am § 51 ch 115 SLA 1981)

Effect of amendments. — The 1978 amendment substituted "under AS 18.56.088, adopt" for "make" at the beginning of paragraph (14), deleted "rules and" preceding "regulations" in two places in paragraph (14), and added former paragraph (25).

The 1979 amendment added former paragraphs (26) and (27).

The 1980 amendment added "and for its other corporate purposes" at the end of the introductory paragraph, inserted "mortgages" preceding "loans, notes" near the middle of paragraph (6), inserted "certificates" preceding "commitments and other evidences" near the end of paragraph (6),

substituted "as provided in AS 18.56.010 -- 18.56.210" for "as herein provided" following "borrow money" near the beginning of paragraph (12), inserted "and energy-efficient" preceding "residential housing" near the middle of paragraph (16), and repealed paragraphs (25) through (27) which concerned the establishment of a rural housing insurance account, a rural housing hazard insurance fund and a rural housing title insurance fund.

The 1981 amendment, effective July 28, 1981, repealed paragraph (1) which concerned the power to make or participate in the making of construction loans.

Sec. 18.56.091. Home ownership fund. There is established in the corporation the home ownership fund, consisting of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase homes financed under the special mortgage loan purchase program by providing a subsidy to the persons in an amount not greater than the difference between

(1) the amount annually required to pay interest and principal on that person's loan and real property taxes and insurance for the home purchased with the loan; and

(2) 25 percent of that person's annual gross income. (§ 22 ch 106 SLA 1980)

Sec. 18.56.092. Veterans' loans for residential housing.

Repealed by § 77 ch 106 SLA 1980.

Editor's notes. — The repealed section derived from § 7 ch. 151 SLA 1975.

Legislative history reports. — For

report on ch. 151, SLA 1975 (HCS CSSB 289 am H), see 1975 Senate Journal, p. 769; 1975 House Journal, p. 1275.

Sec. 18.56.093. Insurance. (a) There is established in the corporation the housing insurance fund, the rural housing hazard insurance