

SCOMM

#34:43

STATE OF AK. GENERAL FUND  
 CURRENTLY ILLIQUID ASSETS (EXCL. CFAB & DB. TO STATE CORP.)  
 AT 2/28/82 FOR FYR 82

3/30/82

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DESCRIPTION	BAL. (ROUND \$)	COMPOSIT YIELD %	FY 82 PRIN. 7MO.	FY 82 INT. 7MO.
<u>STATE LOAN PROGRAMS</u>				
BUSINESS LOANS ✓	4422	N/A	-	-
AGRICULTURE	1231044	5.45	65375	40766
COMMERCIAL FISHING	47289568	7.74	5251458	3548392
FISHERIES ENHANCE.	6886338	7.96	(A)	(A)
SMALL BUSINESS	30755796	8.37	3890525	2152721
TOURISM	3332049	8.02	118026	205027
VETERANS	108023000	6.98	7212236	4563262
CHILD CARE FACIL	57348	6.04	4157	2373
HISTORICAL DIST.	158705	6.56	7802	7972
	<u>197738270</u>			
<u>OTHER GF LOANS</u>				
BANK LOAN INCENT. PGM.	3737738	8.41	149411	162530
MTG. OP. PGM - HOME	3264399	10.04	278416	216130
MTG. OP. PGM - BUSINESS	5004912	9.19	252451	274197
	<u>12007049</u>			
TOTAL LOANS & MTG.	<u>29745319</u>			
<u>OTHER ASSETS</u>				
AK. CD'S (EXCL. INT'L.				
AIRPORTS & BOND (CONSTRUCT)	26460000-	6.47		
DEBT CERT. - CT. UNIONS	45179000-	8.85		
	<u>71639000-</u>			

NOTE: OTHER ILLIQUID NOT INCL. ABOVE ARE:

OBLIGATIONS OF STATE CORP.	\$ 54,696,716
OBLIGATIONS PLEDGED TO AHAC	22,000,000
LOANS TO AK. MUNICIPALITIES	300,000
MOBILE HOME LOANS	5,189,901
CFAB STOCK	31,800,000
	<u>\$ 113,986,617</u>

(A) FIRST PYMTS. DUE 11/83.

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF PROPOSED BOND FINANCINGS  
Fiscal Year 1983

*RICK  
PLEASE CALL  
MARK IF YOU  
HAVE ANY QUESTIONS.*

	<u>Carry-Over From Previous Year</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Mortgages Used As Subsidy</u>	<u>Subsidy Allocation</u>	<u>Funds Available For Mortgage Purchase</u>
First Mortgage Taxable Program - State Assisted Mortgage Bonds	100	60	413	(5)	144	(130)	11	593
First Mortgage Veteran's Program - Veteran's State Guaranteed Bonds			75	(2)	9			82
First Mortgage Tax-Exempt Program - Home Mortgage Bonds	100		145	(3)	40	(24)	(11)	247
Second Mortgage Taxable Program - Second Mortgage Bonds	10		162	(2)	74			244
Second Mortgage Tax-Exempt Program - Home Improvement Loan Bonds	<u>5</u>	<u>---</u>	<u>40</u>	<u>(1)</u>	<u>16</u>	<u>---</u>	<u>---</u>	<u>60</u>
Sub-Total	<u>215</u>	<u>60</u>	<u>835</u>	<u>(13)</u>	<u>283</u>	<u>(154)</u>	<u>-</u>	<u>1,226</u>
Increase For Tri and Four - Plexes			<u>40</u>	<u>(1)</u>	<u>17</u>			<u>56</u>
TOTAL	<u>215</u>	<u>60</u>	<u>875</u>	<u>(14)</u>	<u>300</u>	<u>(154)</u>	<u>-</u>	<u>1,282</u>

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF PROPOSED BOND FINANCINGS  
Fiscal Year 1983  
(Attachment)

Subsidy Composition

Pledged Assets Reverting:

Discounted Value of \$215 million mortgages  
Investments

\$154  
40

FY83 Subsidy Request

106

\$300

Assumptions

- o State Guaranteed Tax Exempt Veterans Program Approved by Legislature and voters with implementation in January, 1983.
- o Qualified veteran's subsidized portion of loan at a rate equal to the greater of: (a) the rate then in effect under 18.56.098(g)(3) (currently 11.375) or (b) 4% below the cost of funds associated with the State guaranteed veteran's bond issue. The portion of the loan in excess of \$90,000 would be at the cost of funds.
- o Continued availability of credit facilities enabling the Corporation to issue intermediate term securities.
- o Level of subsidy gradually decreased from 7.05% to approximately 5.75% for taxable first mortgage program.
- o Tax exempt interest rates at the time of sale not substantially higher than current levels.
- o Approval of FY82 supplemental bond authorization request.
- o Tri and four-plex financing limited to owner-occupied, new construction, 20% down payment, and \$35,000 subsidy per unit for mortgages financed under the taxable first mortgage program.
- o Liberalized subsidy calculation for second mortgages for home improvement, rehabilitation or purchase where the first mortgage, if originally made to the current applicant, is not an AHFC subsidized loan.
- o Appropriation of approximately \$138 million in mortgages and loans for FY83 effective July 1, 1982.
- o FY83 appropriation received as funds are required for bond financing (primarily in first six months as other assets and funds do not revert until January 1983).

ALASKA HOUSING FINANCE CORPORATION

Summary of Effect of Transfer of Assets on FY 83  
Special Mortgage Loan Purchase Program Subsidy Request

AHFC FY 83 SMLPP Subsidy Request

\$106

Discounted Value of Assets Contemplated for Transfer

Bank Certificates of Deposit (if effective 5/15/82) . 23

Credit Union Debt Certificates 30

Loan Programs (Commercial Fishing, Small  
Business and MOP's and BLIP's)

~~138~~ *Good* 91

Balance of Subsidy Required

\$ 15

*AHFC - 106*



ALASKA HOUSING FINANCE CORPORATION

Items of Consideration Regarding Proposed Transfer of Assets  
for the Purpose of Subsidy Appropriation Reduction

- 1) The State is effectively borrowing approximately 1/3 of the required FY 83 subsidy at taxable rates over a 5 to 6 year period.
- 2) AHFC has no experience monitoring or servicing the type of loans considered for transfer.
- 3) AHFC will necessarily be aggressive in collection efforts on delinquent loans. Leniency in allowance of workout programs to accommodate special situations would be a luxury AHFC could not afford.
- 4) The amount the State could anticipate in its revenue projections for FY 83 and future fiscal years would exceed that which AHFC could build into its projections. This results from the conservative approach which would be necessary to help insure adequacy of cash flow to meet repayment requirements on the amount borrowed. It is anticipated that the "moral obligation" of the State would be required to offset the perceived inadequacy of the collateral which would secure the debt.
- 5) AHFC's general credit has attained an 'A' rating. Through additional insurance provisions and other security enhancements individual mortgage backed bond offerings have attained 'AA' ratings. Even if the subsidy financing were to be a privately placed unrated offering, subsequent rating analysis of future bond offerings would include a review of the transaction and the adequacy of the collateral supporting the obligation. While AHFC's mortgage revenue bond ratings are not expected to be reduced, it would result in a rather lengthy story to be told to the rating services and major investors to explain the method of funding the subsidy. If one thing has been emphasized during AHFC's 10 years of marketing bonds, it has been the benefit of having as few complicated issues affecting a bond offering as possible.
- 6) Little information is available on the mortgage and loan portfolios being considered for transfer to AHFC. What information is available does not take into consideration: changing loan program criteria; the effect of the age of the portfolio on collection, foreclosure and delinquency experience; possible changes in collection and foreclosure policies and procedures during the periods for which the information is available.
- 7) As a result of this lack of information, any projections as to the cash flow from the transferred assets may be substantially different from what is ultimately received. Were AHFC unable to meet the repayment obligations as a result of deficient revenues from the transferred assets, subsequent bond ratings may be impaired. Even if the legislature appropriated funds subsequent to AHFC's default in an amount sufficient to bring the payments current, the market would be aware of what they would perceive as AHFC's inability to accurately forecast future revenues. Were a downgrading of future bond ratings to occur, the effect on initial subsidy would approximate \$24 million annually.

House CS for Senate Bill No. 666 (Finance) Am H

Wednesday, April 21, 1982

I. ALASKA HOUSING FINANCE CORPORATION

*NO* 6) Shall the maximum limit for mobile home loans made through AHDC be increased?

*No action* 7) Shall the subsidy rates for tri-plexes and four-plexes under AHFC be modified?

*NO* 8) Shall AHFC delegate underwriting procedures for mortgage loans?

*NO* 9) Shall the Home Ownership Assistance Program in AHFC (AS 18.56.001) be modified?

10) Shall the Housing Development Fund in AHFC (AS 18.56.100) be repealed?

11) Shall the interest rate provisions in Section 22 of the bill be modified?

12) Shall the security provisions in Section 24 of the bill be modified?

13) Shall provisions in Section 25 of the bill relating to terms on the sale of bonds be modified?

*NO* → 14) Shall language be added to AS 18.56 relating to a definition of owner-occupancy?

15) Shall language be added to AS 18.56 which would help AHFC enforce building code requirements?

16) Shall language in Section 17 of the bill relating to international borrowing be modified?

17) Shall language be included in AS 18.56 relating to public health standards and AHFC lending?

*NO* 18) Shall language in Section 23 of the bill relating to commitment fees be modified?

47) Shall language be added in AS 18.56 relating to a restructuring of the AHFC board?

48) Shall the AHFC interest rate language be modified?

II. PROPOSED AMENDMENTS PENDING FROM YESTERDAY'S MEETING:

Amendment # 2: relating to the Agricultural Loan Act; see attached

Amendment # 3: relating to the Alternative Technology and Energy Revolving Loan Fund; see attached

Amendment #4: relating to senior citizens housing; see attached

Amendment #5: relating to repealers; see attached

Amendment #7: relating to AS 18.55.997; see attached

Amendment #8: relating to AS 18.56.170; see attached

AS 3.10

W ARSWA  
Ag  
LOANS

- 1) Shall the limit on loans made under the Alaska Agricultural Loan Act (AS 3.10) be increased? 1. LAND CLEARING 2. SHORT TERM LOANS BE MADE FOR 500,000 OR LESS
- 2) Shall the minimum interest rate on loans made under the Alaska Agricultural Loan Act be reduced from eight percent to six percent?

AS 18.54

- 3) Shall the Housing Development Revolving Loan Fund and the senior citizen housing development fund be combined and made a grant program?

AS 18.55

SB-311-

- 4) Shall the Alaska State Housing Authority Revolving Fund (AS 18.55.360) be repealed?
- 5) Shall the interest rate on loans made by Native Regional Housing Authorities be modified? 2 PT. BELOW RATCHET RURAL HOUSING PROGRAM

AS 18.56

effective 1/1/93 -

- 6) Shall the maximum limit for mobile home loans made through AHFC be increased? \*
- 7) Shall the subsidy rates for triplexes and four-plexes under AHFC be modified? 105,000 (3-plex) 140,000 (4-plex) → G.E.M. ← BANKS
- 8) Shall AHFC delegate underwriting procedures for mortgage loans?
- 9) Shall the Home Ownership Assistance Program in AHFC (AS 18.56.091) be modified?
- 10) Shall the Housing Development Fund in AHFC (AS 18.56.100) be repealed?
- 11) Shall the interest rate provisions in Section 22 of the bill be modified?
- 12) Shall the security provisions in Section 24 of the bill be modified?
- 13) Shall provisions in Section 25 of the bill relating to terms on the sale of bonds be modified?
- 14) Shall language be added to AS 18.56 relating to a definition of owner-occupancy?
- 15) Shall language be added to AS 18.56 which would help AHFC enforce building code requirements? \* BUILDING CODE REQUIREMENT
- 16) Shall language in Section 17 c the bill relating to international borrowing be modified? FOREIGN EXCHANGE RISK →
- 17) Shall language be included in AS 18.56 relating to public health standards and AHFC lending?

18) Shall language in Section 23 of the bill relating to commitment fees be modified?

AS 44.47

*20% Commitment Fee - CONCERNS*

19) Shall the interest rate for rural housing loans be set at the AHFC ratchet rate?

20) Shall the language in Sections 31-35 of the bill be modified to truly accomplish the transfer of the rural housing programs from AHFC to the Department of Community and Regional Affairs?

21) Shall language in Section 39 of the bill relating to non-owner occupied housing be modified?

*BOB MURPHY*

22) Shall language in Section 49 of the bill relating to effective dates be modified?

23) Shall Regional Housing Authorities perform the loan function for rural housing in places where the Department of Community and Regional Affairs have no loan offices?

AS 44.88

*Jim Kelly*

*CRNA TO Reg. Housing Authorities*

24) Shall the language in Section 41 of the bill be modified to truly accomplish the purpose of establish a program for financing multi-family housing?

25) Shall language be added to AS 44.88 to modify existing law relating to delinquency provisions?

AS 45.88

*20% - delinquency - To Cover Commitment for ADIA*

*ok - mike*

26) Shall the loan limits in Section 42 of the bill be increased? *leave in!*

27) Shall the interest rate language in Section 43 of the bill be modified?

28) Shall Sections 44-45 of the bill be modified to allow landings for wood stoves and coal stoves and arctic entrances?

AS 45.98

29) Shall the loan limits in Section 47 be increased?

REPEALERS

30) Shall the temperate social activities revolving loan fund (AS 47.320-50) be repealed?

31) Shall the loan program for Alaska Native Claims Settlement Act, P.L. 92-203, corporations be repealed (AS 44.25.030-038)?

32) Shall the Alaska Economic Disaster Impact Fund (AS 37.11.100) be repealed?

33) Shall the drafting error line 18, page 19 be corrected?

34) Shall the Residential Care Facility Revolving Loan Fund (AS 44.33. Article 8) be repealed? ~~⊗~~

35) Shall the Water Resources Revolving Loan Fund (AS 45.86.010 et al) be repealed? ABOLISHED -

*MAINTAIN*

36) Shall the Tourism Revolving Fund (AS 45.91) be repealed?

37) Shall Small Business Loans (AS 45.95) be repealed?

AS 37.12

38) Shall the Alaska Resources Corporation be established in place of of the Alaska Renewable Resources Corporation? ARRC

MISCELLANEOUS

*PROGRAM RECEIPTS*

39) Shall language in AS 24.20 relating to LBIA's oversight responsibilities of lending agencies be modified?

40) Shall language in AS 37.05.035 relating to annual state loan reports be modified?

41) Shall the title of the Division of Business Loans be changed?

42) Shall all state loan programs be made revolving?

43) Shall all interest rates on state programs be made to float?

44) Shall the provision in Section 22 relating to an override of the state's usury law be included in the bill?

45) Shall the language in Sections 8-14 of the bill be modified in regards security provisions, the pooling of loan limits, the amount of loan limits, the drafting error on page 6, line 6, and existing language.

*MICHAEL*

*Carl* 46) Shall language be included in the bill relating to the Alaska Municipal Bond Bank (AS 44.85)? 694

*CARL* 47) Shall language be added in AS 18.56 relating to a restructuring of the AHFC board? PUBLIC MEMBERS BACK IN, ADD TO MORE MEMBERS

*CARL* 48) Shall the AHFC interest rate language be modified?

49) Shall the maximum loan limits for the Mining Loan Fund (AS 27.09) be modified? GARDNER

50) (Shall a small business loan program be established?) ARRC  
AIOA

*ALL* 51) Shall a letter of intent 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?

*Carl* 52) Shall foreclosure procedures for fishing loans be modified?

April

Monday 1982

- HISTORIC DISTRICT

- REPEALERS

- ALTERNATIVE ENERGY TECHNOLOGY

- MINING

- RESIDENTIAL CARE

TUES - COMMERCIAL FISHING

WED - CRA

- DIV. HOUSING

- BOND BANK

THUR - AHFC

FRI - AIDA

- SB-752 S+L - C/S, E SECTIONS

- ALTERNATIVE TECH. AND ENERGY PROGRAM BE CHANGED

- DEFINITION OF VET. IN 1856 BE MODIFIED

- O-RESIDENCY REQUIREMENT US.

5 year

- GRANT OR ASSISTY OF ASSISTY FOR LOANS

SPACE EXISTING TRANSFER TO COMMERCIAL FISHING  
LOANS BE MODIFIED

- ILL - LIQUID ASSETS PROGRAM

- BOB WALTER  
- DAVID HARBORE  
- GENE WILDS

ARRCLANGUAGE FROM SB-697

1. CHANGES BOARD TO A PART-TIME VOLUNTEER
2. TOTAL OF 5 BOARD MEMBERS
3. NON-RENEWABLE RESOURCES - PURPOSES BROADENED
4. LOAN LIMITS TO 500,000
5. TOTAL INVESTMENT 49%
6. TAKES AWAY RESIDENCY REQUIREMENT
7. MINING, TOURISM ADDED
8. NO GRANTING AUTHORITY
9. EXPANDS TO NON-RENEWABLE RESOURCES
10. MORE QUALIFICATIONS ON BOARD MEMBERS, INVESTMENT EXPERIENCE, LENDING EXPERIENCE REQUIRED.
- 11.

AHEC - MAXIMUM LOAN LIMITS INCREASED ON MOBIL HOMES, \$110,000.00 - INCREASE 20-30 YEARS.

SB 666 TITLE & SPONSOR SUMMARY 17:09 4/13/82 PAGE 1 OF 4  
 AMENDED TITLE: HCSSB 666(FIN)AM H  
 AN ACT RELATING TO CERTAIN STATE LOAN PROGRAMS; AND PROVIDING  
 FOR AN EFFECTIVE DATE

PRIME SPONSOR: FAHRENKAMP.  
 CO-SPONSORS: BENNETT, PARR.  
 CURRENT STATUS: 4/12/82 CONF CMTE APPTD

666 SENATE ACTION 17:09 4/13/82 PAGE 2 OF 4

DATE	SEQ	PAGE	LEGISLATIVE ACTION
01/19/82	01	0083	FIRST READING -- COMMITTEE REPORTS
02/01/82	02	0161	RES -- DP(AM)03, NR02
02/18/82	03	0340	MOVED FROM FIN TO RLS BY UNAN CONSENT
02/25/82	04	0389	PLS OTHER04 TAKEN UP IMMEDIATELY
02/25/82	05	0390	SECOND READING
02/25/82	06	0390	ADVANCED TO 3RD READING BY UNAN CONSENT
02/25/82	07	0390	THIRD READING
02/25/82	08	0391	PASSED BY DIV 19-00-00
02/25/82	09	0391	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/07/82	33	0815	FAILED TO CONC IN (H) AMS BY DIV 00-19-01
04/12/82	36	0857	CC -- RODEY STURGULEWS MULCAHY
****	**	**	*** ** *

SB 666 SENATE ACTION 17:09 4/13/82 PAGE 2 OF 4

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SB 666 SENATE ACTION 17:09 4/13/82 PAGE 2 OF 4

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04/12/82	36	0857	CC -- RODEY STURGULEWS MULCAHY
****	**	**	*** ** *

SB 666 HOUSE ACTION 17:10 4/13/82 PAGE 3 OF 4

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/26/82	10	0605	FIRST READING -- COMMITTEE REPORTS
03/18/82	11	0838	RES -- DP02, NR02
03/26/82	12	0934	FIN -- DP06, NR02
03/26/82	13	0934	REFERRAL TO LOANS ADDED
03/29/82	14	0972	FIN COMM REFERRAL ADDED BY UNAN CONSENT
04/01/82	15	1011	LOAN -- CS04, NR01
04/01/82	16	1022	FIN -- CS07, NR01
04/02/82	17	1031	SECOND READING
04/02/82	18	1031	FIN CS ADOPTED BY UNAN CONSENT
04/02/82	19	1033	AM01 NOT ADOPTED BY DIV 08-23-09
04/02/82	20	1033	AM02 ADOPTED BY UNAN CONSENT
04/02/82	21	1034	AM03 ADOPTED BY DIV 35-01-04
04/02/82	22	1035	AM04 NOT ADOPTED BY DIV 06-30-04
04/02/82	23	1035	AM05 NOT ADOPTED BY DIV 13-23-04
04/02/82	24	1036	AM06 NOT ADOPTED BY DIV 11-25-04
04/02/82	25	1036	ADVANCED TO 3RD READING BY UNAN CONSENT
04/02/82	26	1036	THIRD READING
04/02/82	27	1037	PASSED BY DIV 31-05-04
04/02/82	28	1037	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/02/82	29	1037	NOTICE OF RECONSIDERATION GIVEN

SB 666 HOUSE ACTION 17:10 4/13/82 PAGE 4 OF 4

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/05/82	30	1106	FAILED TO RETN 2ND READNG BY DIV 11-23-06
04/05/82	31	1106	PASSED ON RECONSIDERATN BY DIV 30-05-05
04/05/82	32	1107	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/08/82	34	1214	FAILED TO RECEDE FRM AMS BY DIV 03-35-02
04/08/82	35	1214	CC -- MEEKINS HALFORD MAONE
****	**	**	*** ** *

CSSB 697

LEGISLATIVE SUMMARY

- CSSB 697 (Fin) "An Act establishing the Alaska Resources Corporation in place of the Alaska Renewable Resources Corporation (AS 37.12)"
- Sec. 1 **Changes the name by deleting the word renewable. Moves the Corporation from the Department of Revenue to Commerce and Economic Development.**
- Sec. 2 **Purposes are to facilitate the rehabilitation, enhancement and development of the state's resources to strengthen the state's economy.**
- Sec. 3 A capital fund is established, consisting of transfers and appropriations and payments on loans. The fund will pay ARC operating expenses, will finance new projects and can be invested.
- Sec. 4 Changes from a board of trustees to a board of directors.
- Sec. 5 Board of directors will consist of 4 members with business or investment experience appointed by the governor, as well as the Commissioner of Commerce and Economic Development. The board annually elects a chair.
- Sec. 6 Terms of the board members shall be for 4 years with the terms staggered. Adds language that the governor shall appoint a member to fill unexpired terms. Deletes the language of one member serves 2 years, one member serves 3 years, and one member serves 4 years.
- Sec. 7 Changes the quorum from 2 members to 3 and allows for electronic meetings.
- Sec. 8 **Members receive no salary but they are entitled to per diem and travel expenses and \$200 per business day honorarium.**
- Sec. 9 The board shall employ an executive director who may, with board approval, have additional staff. All are in the exempt service.
- Sec. 10 Deletes the words "of trustees."
- Sec. 11 The board shall invest in economically viable projects by equity or debt investments at market rates.
- Sec. 12 Duties: financial assistance for projects that will accomplish the purposes of the Corporation; promote the use of state's resources in the state and development of import substitution and export markets; prepare long range operating

and financial plans and a budget; monitor projects and provide operational and performance evaluations; and evaluate individual projects.

- Sec. 13 Deletes the words **"renewable resource."** Deletes the provisions that: grants may be made for up to 90% of the projects costs for the purposes of: (1) applied research and development of products, technologies, for the rehabilitation, enhancement, or development of renewable resources; (2) demonstration, one-time basis, economic or technical feasibility of new products, market, or technology involving renewable resources; or (3) rehabilitation, enhancement, or development of a common-property resource where the benefit from the project cannot be captured by any single economic unit.
- Sec. 14 Adds a new section requiring the Corporation to begin divesting equity investments with 10 years or the term of the loan, whichever occurs first.
- Sec. 15 The board may not invest in one project more than 5% of the Corporation's assets or \$500,000 whichever is less.
- Sec. 16 The board may not invest in more than 49% of the combined equity and debt of an applicant and may not own more than 49% of the voting shares and may not finance more than 70% of the cost of the project.
- Sec. 17 Loans may not exceed 30 years.
- Sec. 18 Funds may not be provided to state agencies.
- Sec. 19 **No grants can be made.**
- Sec. 20 No loans can be made for short term working capital.
- Sec. 21 Specifies reports and publications required of the board: financial statements, investment appraisal, performance report, overall financial plan. Annual income statement and balance sheet shall be published in at least one newspaper in each judicial district.
- Sec. 22 The operating budget of the Corporation is subject to the Executive Budget Act.
- Sec. 23 Changes the definition of board by deleting the word "trustees" and replacing it with "directors."
- Sec. 24 Deleting the word "renewable."
- Sec. 25 Changes the definition of project by deleting the word "renewable."

- Sec. 26 Defines "rehabilitation, enhancement and development."
- Sec. 27 Changes the definition of "resource" by deleting the word "renewable." With a new definition of resource as including but not limited to fisheries, agriculture, forest products, renewable energy, tourism and mining, but excluding real estate, retail sales or services.
- Sec. 28 "Small enterprise" is defined as a business with actual or anticipated gross sales revenues of \$10 million or less.
- Sec. 29 Deletes the provision that the Legislative Budget and Audit Committee hold confirmation hearings on the members.
- Sec. 30 Deletes the provision that the Legislative Budget and Audit Committee make recommendations regarding the confirmation of the appointees to the board.
- Sec. 31 Deletes the word "renewable" from the name of the Corporation.
- Sec. 32 Deletes "renewable" from the Corporation name.
- Sec. 33 Repeals 37.12.020 allocating 5% of mineral sales, leases and bonuses to the Corporation and requiring 50% of receipts be deposited in the renewable resource investment fund.

Repeals 37.12.040 Removal and vacancies. The governor may remove a member with the consent of a majority of the legislature in joint session. Provisions of time and when the legislature is not in session. A vacancy does not impair a quorum.

Repeals 37.12.070(12) Powers of the board: provide grants for projects having broad public application which do not have direct income-producing potential.

Repeals 37.12.070(14) Powers of the board: deposit or invest surplus funds through Treasury Division.

Repeals 37.12.080(a)(1)(D) Specifying a minimum time of project in Alaska (instead, all projects are required to have an Alaskan site).

Repeals 37.12.080(a)(1)(G) Requiring the board to resolve resource use conflicts.

Repeals 37.12.080(a)(3) Requiring consideration of local preferences and priorities.

Repeals 37.12.085(2) Eligibility for financial assistance: state residency for 3 years or majority Alaskan ownership.

Repeals 37.12.115 Provision of technical assistance, including preinvestment advances.

- Sec. 34 Initial terms of the board shall be one member serving 1 year, one member serving 2 years, one member serving 3 years and one member serving 4 years. The board shall be appointed within 30 days. Trustees serve as an interim board until appointees serve.
- Sec. 35 Terminates the present Alaska Renewable Resources Corporation on the effective date of this Act.
- Sec. 36 Transfers all records, appropriations, equipment and other assets or liabilities to the Alaska Resources Corporation on the effective date.
- Sec. 37 Employees are transferred on the effective date.
- Sec. 38 Limitations on financial assistance applies only to commitments made after the effective date of the Act. [This provides the new Corporation with the ability to handle the on-going needs and assistance requirements of the existing portfolio.]
- Sec. 39 Immediate effective date.

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 697 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation  
7 in place of the Alaska Renewable Resources Corporation  
8 (AS 37.12); and providing for an effective date."

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

10 \* Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.

12 There is created the Alaska [RENEWABLE] Resources Corporation to carry  
13 out the purposes of this chapter. The corporation is a public corpora-  
14 tion of the state and an instrumentality of the state within the Depart-  
15 ment of Commerce and Economic Development [REVENUE], but has a legal  
16 existence independent of and separate from the state. The exercise by  
17 the corporation of the powers conferred by this chapter is considered an  
18 essential function of the state.

19 \* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to

21 (1) facilitate the rehabilitation, enhancement, and development  
22 of the state's resources so as to strengthen and diversify the state  
23 economy;

24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment; and

27 (3) strengthen and diversify the state's economy by the  
28 establishment and expansion of small enterprises that are self-supporting  
29 and that may

1 development or his designee. The board shall annually elect a chairman  
2 from among its members.

3 \* Sec. 6. AS 37.12.035 is amended to read:

4 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF  
5 TRUSTEES] shall be appointed for terms of four years, and they may be  
6 reappointed. Terms of members appointed by the governor shall be stag-  
7 gered. The governor shall immediately appoint a member to fill a vacancy  
8 in the membership of the board for the unexpired term [THE INITIAL TERMS  
9 SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER SERVING FOR THREE  
10 YEARS, AND ONE MEMBER SERVING FOR FOUR YEARS].

11 \* Sec. 7. AS 37.12.050 is amended to read:

12 Sec. 37.12.050. QUORUM AND TRANSACTION OF BUSINESS. (a) Three  
13 [TWO] members of the board constitute a quorum for the transaction of  
14 business and the exercise of the powers and duties of the board.

15 (b) The board may meet and transact business by electronic media  
16 if (1) public notice of the time and locations where the meeting will  
17 be held by electronic media has been given in the same manner as if the  
18 meeting were held in a single location; (2) participants and members  
19 of the public in attendance can hear and have the same right to partici-  
20 part in the meeting as if the meeting were conducted in person; and (3)  
21 copies of pertinent reference materials, statutes, regulations, and  
22 audio-visual materials are reasonably available to participants and to  
23 the public. A meeting by electronic media as provided in this subsec-  
24 tion has the same legal effect as a meeting in person.

25 \* Sec. 8. AS 37.12.055 is repealed and reenacted to read:

26 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the  
27 board receive \$200 for each day spent on official business of the corpor-  
28 ation, and are entitled to per diem and travel expenses authorized by  
29 law for state boards and commissions under AS 39.20.180.

1 \* Sec. 9. AS 37.12.060 is repealed and reenacted to read:

2 Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall  
3 employ an executive director to administer the corporation in accordance  
4 with this chapter, and to perform other duties that the board may pre-  
5 scribe. The executive director serves at the pleasure of the board and  
6 may not be a member of the board. The board determines the salary of  
7 the executive director.

8 (b) The executive director may, with the approval of the board,  
9 select and employ staff. The executive director and staff are in the  
10 exempt service under AS 39.25.

11 \* Sec. 10. AS 37.12.065(a) is amended to read:

12 (a) Members of the board [OF TRUSTEES] are subject to the pro-  
13 visions of AS 39.50.

14 \* Sec. 11. AS 37.12.070(11) is repealed and reenacted to read:

15 (11) invest in projects that are economically viable and are  
16 or are expected to become income-producing by buying stock or other  
17 equity, by purchasing secured and unsecured debt of any priority, and  
18 debt with flexible repayment schedules and royalty and profit sharing  
19 agreements, but investments may not be made at below market rates;

20 \* Sec. 12. AS 37.12.075 is repealed and reenacted to read:

21 Sec. 37.12.075. DUTIES. In carrying out the purposes of this  
22 chapter the board shall

23 (1) provide financial assistance for resource projects that  
24 the board finds will accomplish the purposes of the corporation as set  
25 out in AS 37.12.015;

26 (2) keep minutes of each meeting of the board and send a  
27 certified copy of the minutes to the governor and the Legislative Budget  
28 and Audit Committee;

29 (3) annually prepare long-range operating and financial plans

1 and the budget for the next fiscal year;

2 (4) monitor approved projects for compliance with this chapter  
3 and provide operational and performance evaluations of projects receiving  
4 financial assistance;

5 (5) before an investment is made in a resource project by the  
6 corporation, prepare written findings on the project that include a  
7 consideration of the expectation of return from the project and the risk  
8 involved in undertaking the project.

9 \* Sec. 13. AS 37.12.080(a)(2) is amended to read:

10 (2) use the financial mechanism most appropriate to the  
11 conditions of the applicant and the proposed resource project and which  
12 will most effectively utilize the funds available; [GRANTS MAY BE MADE  
13 BY THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE  
14 FOLLOWING PURPOSES:

15 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT OF  
16 PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,  
17 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

18 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME BASIS,  
19 OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT, MARKET,  
20 OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

21 (C) PROJECTS FOR THE REHABILITATION, ENHANCEMENT, OR  
22 DEVELOPMENT OF A COMMON-PROPERTY RESOURCE WHERE THE BENEFITS FROM  
23 THE PROJECT CANNOT BE CAPTURED BY ANY SINGLE ECONOMIC UNIT;]

24 \* Sec. 14. AS 37.12.080(a) is amended by adding a new paragraph to read:

25 (5) require that if the corporation makes an equity invest-  
26 ment it agrees to start divesting itself of the shares held within 10  
27 years or before the end of the term of the loan, whichever occurs first.

28 \* Sec. 15. AS 37.12.080(b)(1) is amended to read:

29 (1) invest or otherwise provide assistance of more than five

1 percent of the resources of the corporation or \$500,000 [\$1,500,000],  
2 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-  
3 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

4 \* Sec. 16. AS 37.12.080(b)(2) is repealed and reenacted to read:

5 (2) invest in or finance

6 (A) more than 49 percent of the combined equity and debt  
7 obligation of an applicant;

8 (B) more than 49 percent of the voting shares of a re-  
9 source project ; or

10 (C) more than 70 percent of the cost of a resource  
11 project;

12 \* Sec. 17. AS 37.12.080(b)(3) is amended to read:

13 (3) make a loan for a period in excess of 30 years [UNLESS  
14 THE LEGISLATURE HAS APPROVED THE LOAN BY CONCURRENT RESOLUTION];

15 \* Sec. 18. AS 37.12.080(b)(5) is amended to read:

16 (5) provide funds to any state agency [UNLESS THAT EXPENDI-  
17 TURE IS INCLUDED IN THE CORPORATION'S ANNUAL BUDGET];

18 \* Sec. 19. AS 37.12.080(b)(6) is amended to read:

19 (6) make [ALLOCATE TO] grants [MORE THAN 10 PERCENT OF THE  
20 ANNUAL APPROPRIATION OF THE CORPORATION].

21 \* Sec. 20. AS 37.12.080(b) is amended by adding a new paragraph to read:

22 (7) make loans to provide short-term working capital.

23 \* Sec. 21. AS 37.12.090 is repealed and reenacted to read:

24 Sec. 37.12.090. REPORTS AND PUBLICATIONS. (a) The corporation  
25 shall publish an annual report by January 10 of each year for distribu-  
26 tion to the governor, the legislature, and the public. The report shall  
27 be written in easily understandable language, shall consider the assigned  
28 duties of the corporation, and shall include

29 (1) a financial statement audited by an independent outside

1 auditor;

2 (2) a statement of the corporation's investments under this  
3 chapter including an appraisal of the investments at market value;

4 (3) a description of corporation investment activity during  
5 the period covered by the report;

6 (4) a comparison of the corporation's performance with the  
7 goals of the corporation;

8 (5) an overall financial plan describing the anticipated risk  
9 and return on investment in the different categories of investment  
10 undertaken;

11 (6) a summary of employment provided and of wages and state  
12 and local taxes paid by resource projects invested in or assisted by the  
13 corporation; and

14 (7) any other information the members of the board believe  
15 would be of interest to the governor, the legislature, and the public.

16 (b) The annual income statement and balance sheet of the corpora-  
17 tion shall be published in at least one newspaper in each judicial  
18 district.

19 (c) The corporation may publish other relevant reports.

20 \* Sec. 22. AS 37.12.095 is repealed and reenacted to read:

21 Sec. 37.12.095. OPERATING BUDGET. The operating budget of the  
22 corporation is subject to the Executive Budget Act (AS 37.07).

23 \* Sec. 23. AS 37.12.125(2) is amended to read:

24 (2) "board" means the Board of Directors [TRUSTEES] of the  
25 Alaska [RENEWABLE] Resources Corporation;

26 \* Sec. 24. AS 37.12.125(3) is amended to read:

27 (3) "corporation" means the Alaska [RENEWABLE] Resources  
28 Corporation;

29 \* Sec. 25. AS 37.12.125(4) is amended to read:

1 (4) "project" means products, markets, innovation, or tech-  
2 nological developments for the rehabilitation, enhancement, or develop-  
3 ment of [RENEWABLE] resources and includes applied research for those  
4 products, markets, or technological developments;

5 \* Sec. 26. AS 37.12.125(5) is repealed and reenacted to read:

6 (5) "rehabilitation, enhancement and development" means an  
7 activity that leads to an increase in the quality or productivity of a  
8 resource, and to an increase in the benefits derived from the resource  
9 for citizens of the state;

10 \* Sec. 27. AS 37.12.125(6) is repealed and reenacted to read:

11 (6) "resource" includes, but is not limited to fisheries,  
12 agriculture, forest products, renewable energy, tourism, mining, basic  
13 manufacturing and other industrial development; "resource" does not  
14 include real estate development or retail sales or services;

15 \* Sec. 28. AS 37.12.125 is amended by adding a new paragraph to read:

16 (7) "small enterprise" means a business enterprise with gross  
17 sales revenue of \$10,000,000 or less for its annual reporting period  
18 ending immediately before an application to the corporation for financial  
19 assistance; a new business enterprise that has not completed an annual  
20 reporting period before an application but that anticipates sales revenue  
21 of \$10,000,000 or less in its first annual reporting period is a "small  
22 enterprise".

23 \* Sec. 29. AS 24.20.201(a)(9) is amended to read:

24 (9) hold public hearings on the confirmation of the members  
25 of the Board of Trustees of the Alaska Permanent Fund Corporation [, AND  
26 THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ALASKA RENEWABLE RESOURCES  
27 CORPORATION];

28 \* Sec. 30. AS 24.20.206(1) is amended to read:

29 (1) report to the legislature its recommendations relating to

1 the confirmation of appointees to the Board of Trustees of the Alaska  
2 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA  
3 RENEWABLE RESOURCES CORPORATION];

4 \* Sec. 31. AS 44.66.010(a)(7) is amended to read:

5 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --

6 June 30, 1992 [1982];

7 \* Sec. 32. AS 46.12.120(4) is amended to read:

8 (4) in developing its programs, consult with the Alaska  
9 Council on Science and Technology, the Alaska Power Authority, the  
10 Alaska [RENEWABLE] Resources Corporation, the division of energy and  
11 power development of the Department of Commerce and Economic Develop-  
12 ment, the Department of Natural Resources, and the University of Alaska;  
13 the board shall meet with responsible officials and representatives of  
14 these organizations and agencies at least twice each year;

15 \* Sec. 33. The following laws are repealed: AS 37.12.020, 37.12.040,  
16 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-  
17 085(2), and 37.12.115.

18 \* Sec. 34. The initial terms of members of the Board of Directors of the  
19 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as  
20 amended in sec. 5 of this Act shall be one member serving one year, one  
21 member serving two years, one member serving three years, and one member  
22 serving four years. Initial members of the Board of Directors of the Alaska  
23 Resources Corporation shall be appointed within 30 days from the effective  
24 date of this Act. The Board of Trustees of the Alaska Renewable Resources  
25 Corporation serves as an interim Board of Directors of the Alaska Resources  
26 Corporation until the initial Board of Directors of the Alaska Resources  
27 Corporation is appointed by the governor. The Board of Trustees of the  
28 Alaska Renewable Resources Corporation is dissolved on appointment of the  
29 initial Board of Directors of the Alaska Resources Corporation.

1 \* Sec. 35. The Alaska Renewable Resources Corporation is dissolved on the  
2 effective date of this Act.

3 \* Sec. 36. All appropriations, records, equipment, and other assets,  
4 liabilities, and obligations of the Alaska Renewable Resources Corporation  
5 are transferred to the Alaska Resources Corporation on the effective date of  
6 this Act.

7 \* Sec. 37. Employees of the Alaska Renewable Resources Corporation become  
8 employees of the Alaska Resources Corporation on the effective date of this  
9 Act.

10 \* Sec. 38. The limitation on financial assistance in AS 37.12.080(b)(1)  
11 and (2) as amended in secs. 15 and 16 of this Act applies to financial assis-  
12 tance provided or commitments made under AS 37.12 after the effective date of  
13 this Act.

14 \* Sec. 39. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

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3:00 PM. afternoon.

HB-666  
HB-323

~~Choice~~

~~Choice~~ -  
(HB-666)

Meeting

1. schedule of meetings - meetings everyday - 3 days - liquid assets R.H.F.C.
2. AG. LOAN FUNDS - Changes recommended 6% - 8%
3. Commercial fishing - language changes,
4. AIDA - 15 PAGE BILL BY STERLING B.
5. Cash flow.
6. A.H.F.C. - INCREASE MOBIL HOME, TRI- PLEXES, FOUR PLEX-
7. ENERGY CONSERVATION - STORM DOOR, WOOD STOVES SHOULD THEY BE PUT BACK IN. COAL STOVES - REP. CARNEY,
8. HOUSING ASSISTANCE, INT. RATES - CRA - RATES WILL BE THE SAME, RECOMMENDED BY WILLIAMS
9. REGIONAL LOAN OFFICE, REGIONAL HOUSING AUTHORITY - PRE- EMPLOYMENT EMPLOY - CR. A. <sup>SEN</sup> FURBERSON
10. SENIOR CITIZEN MEMO - BETTENWORTH -
11. MINING LOANS, - 5 LOANS, LOAN LIMITS IS TOO HIGH.
12. NO UNDERWRITERS - FAIRBANKS

YALONE -

A.H.F.C. - HOME OWNERSHIP PROGRAM, RURAL HOUSING PROGRAM.  
LIST OF ISSUES, WITNESSES,

1. COMPREHENSIVE ISSUES TO BE LISTED, QUESTION, BACK UP INFORMATION
2. AGENDA - ORGANIZATION, SCHEDULE OF MEETING,
3. RESEARCH ISSUES, WHAT LISTS DO WE NEED TO GET LIMITED POWERS OF FREE CONFERENCE.
4. MEERINS HAS LIST OF ALL ISSUES. SCHEDULE
5. LIST OF ISSUES, STAFF CAN MAKE RECOMMENDATIONS
6. LIQUID ASSETS, HOUSING PROGRAM, AIDA, A.H.F.C., ILL - LIQUID ASSETS, WILL THEY NEED THEM.

LIMITED  
POWERS FREE  
CONF.

Adopted 5/4/82

Asper  
4/21/82 -

Original sponsor: Finance Committee

1 IN THE SENATE BY THE CONFERENCE COMMITTEE

2 CONFERENCE CS FOR SENATE BILL NO. 593

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpora-  
7 tion and bonds issued by the Alaska Housing Finance  
8 Corporation; and providing for an effective date."

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

10 \* Section 1. AS 18.56.098(h) is amended to read:

11 (h) The corporation shall establish the interest rate on a second  
12 mortgage loan purchased under (a) of this section in the manner estab-  
13 lished for computing the interest rates on a first mortgage loan under  
14 (g) of this section except that, in the case of a second mortgage loan,  
15 if the first mortgage loan made to the same borrower is held by the  
16 corporation and was purchased under the special mortgage loan purchase  
17 program, the outstanding principal balance of the existing first mortgage  
18 loan is subtracted from \$90,000 to determine the amount of the loan that  
19 is eligible for an interest rate on a second mortgage loan determined by  
20 reference to (g) of this section.

21 \* Sec. 2. AS 18.56.110(g) is amended to read:

22 (g) Notwithstanding AS 18.56.090(12) and (a) of this section, the  
23 corporation may not issue bonds, other than refunding bonds, in any  
24 12-month period beginning after June 30, 1983 [1982], in an amount that  
25 exceeds the amount of bonds authorized to be issued during the preceding  
26 period, unless a different amount is authorized by the legislature.

27 \* Sec. 3. In addition to the amount authorized by sec. 48, ch. 115, SLA  
28 1981, the Alaska Housing Finance Corporation may issue bonds in the principal  
29 amount of \$210,000,000 during the fiscal year ending June 30, 1982.

ADDED

1 \* Sec. 4. The Alaska Housing Finance Corporation may issue bonds in the  
2 principal amount of \$980,000,000 during the fiscal year ending June 30, 1983.

3 \* Sec. 5. For the purpose of assisting the Alaska Housing Finance Corpora-  
4 tion to provide money for the purchase of mortgages made for residences for  
5 qualifying veterans under AS 18.56, tax-exempt revenue bonds of the Alaska  
6 Housing Finance Corporation may be unconditionally guaranteed as to principal  
7 and interest by the state in the principal amount of not more than  
8 \$400,000,000. The full faith, credit, and resources of the state are pledged  
9 to the payment of the principal and interest on these bonds and the principal  
10 and interest on the bonds is secured by the general obligation of the State  
11 of Alaska. This statement shall be printed on the face of the bonds and  
12 shall be signed in manual or facsimile form by the governor. The provisions  
13 of AS 37.15 do not apply to the bonds. The bonds shall be sold by the Alaska  
14 Housing Finance Corporation under AS 18.56 at public sale in amounts and at  
15 times approved by the state bond committee.

16 \* Sec. 6. If the question set out in sec. 8 of this Act is approved by  
17 the qualified voters of the state who vote on the question, the Alaska  
18 Housing Finance Corporation may issue not more than the principal amount of  
19 \$400,000,000 of its revenue bonds that are unconditionally guaranteed as to  
20 principal and interest by the state, the proceeds of which shall be expended  
21 by the Alaska Housing Finance Corporation to provide money for the purchase  
22 of mortgages made for residences for qualifying veterans under AS 18.56.

23 \* Sec. 7. As used in this Act a qualifying veteran is a person who is a  
24 qualified veteran as the term is defined or may be subsequently defined under  
25 the Mortgage Subsidy Bond Tax Act of 1980.

26 \* Sec. 8. The question of whether or not the state guaranty of bonds  
27 referred to in this Act shall be made shall be submitted to the qualified  
28 voters of the state at the first general election after the effective date of  
29 this Act and shall read substantially as follows:

## PROPOSITION

State Guaranteed Veterans Residential  
Mortgage Bonds \$400,000,000

Shall the State of Alaska unconditionally guarantee as a general obligation of the state, the payment of principal and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than \$400,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined by law?

Bonds Yes [ ]

Bonds No [ ]

\* Sec. 9. The state may not guarantee bonds under this Act unless the voters of the state approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska that allows the state to contract debt for housing loans for veterans.

\* Sec. 10. If the voters of the state do not approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska that allows the state to contract debt for housing loans for veterans the first time the proposed amendment appears on a general election ballot, secs. 5 - 8 of this Act are repealed.

\* Sec. 11. Sections 5 - 10 of this Act take effect on the adoption by the Twelfth Legislature of a version of a resolution that places a proposed constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans, on a general election ballot for approval by the voters of the state.

\* Sec. 12. Sections 1 - 4 of this Act take effect immediately in accordance with AS 01.10.070(c).

*LIMITED  
POWERS FREE  
CONK*

Original sponsor: Finance Committee

Offered: 4/1/82  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 593 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpora-  
7 tion and bonds issued by the Alaska Housing Finance  
8 Corporation; and providing for an effective date."

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

10 \* Section 1. AS 18.56.098(h) is amended to read:

11 (h) The corporation shall establish the interest rate on a second  
12 mortgage loan purchased under (a) of this section in the manner estab-  
13 lished for computing the interest rates on a first mortgage loan under  
14 (g) of this section except that, in the case of a second mortgage loan,  
15 if the first mortgage loan made to the same borrower is held by the  
16 corporation and was purchased under the special mortgage loan purchase  
17 program, the outstanding principal balance of the existing first mortgage  
18 loan is subtracted from \$90,000 to determine the amount of the loan that  
19 is eligible for an interest rate on a second mortgage loan determined by  
20 reference to (g) of this section.

21 \* Sec. 2. AS 18.56.110(g) is amended to read:

22 (g) Notwithstanding AS 18.56.090(12) and (a) of this section, the  
23 corporation may not issue bonds, other than refunding bonds, in any  
24 12-month period beginning after June 30, 1983 [1982], in an amount that  
25 exceeds the amount of bonds authorized to be issued during the preceding  
26 period, unless a different amount is authorized by the legislature.

27 \* Sec. 3. In addition to the amount authorized by sec. 48, ch. 115, SLA  
28 1981, the Alaska Housing Finance Corporation may issue bonds in the principal  
29 amount of \$210,000,000 during the fiscal year ending June 30, 1982.

1 \* Sec. 4. The Alaska Housing Finance Corporation may issue bonds in the  
2 principal amount of \$980,000,000 during the fiscal year ending June 30, 1983.

3 \* Sec. 5. For the purpose of assisting the Alaska Housing Finance Corpora-  
4 tion to provide money for the purchase of mortgages made for residences for  
5 qualifying veterans under AS 18.56, revenue bonds of the Alaska Housing  
6 Finance Corporation may be unconditionally guaranteed as to principal and  
7 interest by the state in the principal amount of not more than \$400,000,000.  
8 The full faith, credit, and resources of the state are pledged to the payment  
9 of the principal and interest on these bonds and the principal and interest  
10 on the bonds is secured by the general obligation of the State of Alaska.  
11 This statement shall be printed on the face of the bonds and shall be signed  
12 in manual or facsimile form by the governor. The provisions of AS 37.15 do  
13 not apply to the bonds. The bonds shall be sold by the Alaska Housing Finance  
14 Corporation under AS 18.56 at public sale in amounts and at times approved by  
15 the state bond committee.

16 \* Sec. 6. If the question set out in sec. 8 of this Act is approved by  
17 the qualified voters of the state who vote on the question, the Alaska Housing  
18 Finance Corporation may issue not more than the principal amount of  
19 \$400,000,000 of its revenue bonds that are unconditionally guaranteed as to  
20 principal and interest by the state, the proceeds of which shall be expended  
21 by the Alaska Housing Finance Corporation to provide money for the purchase  
22 of mortgages made for residences for qualifying veterans under AS 18.56.

23 \* Sec. 7. As used in this Act a qualifying veteran is a person who served  
24 on active duty in the United States military service, and who was discharged  
25 or released under conditions other than dishonorable or a person who is a  
26 qualified veteran as the term may be otherwise defined under the Mortgage  
27 Subsidy Bond Tax Act of 1980.

28 \* Sec. 8. The question of whether or not the state guaranty of bonds  
29 referred to in this Act shall be made shall be submitted to the qualified

1 voters of the state at the first general election after the effective date of  
2 this Act and shall read substantially as follows:

3 PROPOSITION

4 State Guaranteed Veterans Residential  
5 Mortgage Bonds \$400,000,000

6 Shall the State of Alaska unconditionally guarantee  
7 as a general obligation of the state, the payment  
8 of principal and interest on revenue bonds of the  
9 Alaska Housing Finance Corporation issued in the  
10 principal amount of not more than \$400,000,000 for  
11 the purpose of purchasing mortgages made for resi-  
12 dences for qualifying veterans, as defined by law?

13 Bonds Yes [ ]

14 Bonds No [ ]

15 \* Sec. 9. The state may not guarantee bonds under this Act unless the  
16 voters of the state approve an amendment to art. IX, sec. 8 of the Consti-  
17 tution of the State of Alaska that allows the state to contract debt for  
18 housing loans for veterans.

19 \* Sec. 10. If the voters of the state do not approve an amendment to  
20 art. IX, sec. 8 of the Constitution of the State of Alaska that allows the  
21 state to contract debt for housing loans for veterans, the first time the  
22 proposed amendment appears on a general election ballot, secs. 5 - 8 of this  
23 Act are repealed.

24 \* Sec. 11. Sections 5 - 10 of this Act take effect on the adoption by the  
25 Twelfth Legislature of a version of a resolution that places a proposed  
26 constitutional amendment to art. IX, sec. 8 of the Constitution of the State  
27 of Alaska to allow the state to contract debt for housing loans for veterans,  
28 on a general election ballot for approval by the voters of the state.

29 \* Sec. 12. Sections 1 - 4 of this Act take effect immediately in accor-  
dance with AS 01.10.070(c).

A G E N D A

Conference Committee

House CS for Senate Bill No. 666 (Finance) Am B

Friday, April 23, 1982

I. Alaska Housing Finance Corporation:

7) Shall the subsidy rates for tri-plexes and four-plexes under AHFC be modified?

48) Shall the AHFC interest rate language be modified?

II. Proposed Amendments Pending:

Amendment #2: relating to the Agricultural Loan Act

Amendment #3: relating to the Alternative Technology and Energy Revolving Loan Fund

Amendment #4: relating to senior citizens housing

Amendment #5: relating to repealers

Amendment #7: relating to AS 18.55.997

Amendment #8: relating to AS 18.56.170

III. Other Proposed Amendments:

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?

8) Shall the Division of Housing Assistance be allowed broader use of the appropriation to the senior citizens housing fund?

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 Regional Native Housing Authorities to perform the loan function for rural housing in

places where the Division of Housing Assistance has no offices?

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

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

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

52) Shall language be added to the bill relating to the loan repayment provisions under AS 44.81.210?

# AGENDA

Conference Committee

House CS for Senate Bill No. 666 (Finance) - Am B

Wednesday, April 28, 1982

4:00 p.m.

## I. Alaska Industrial Development Authority: (To be continued on Friday)

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

## II. Proposed Amendments Pending:

- Amendment #2: relating to the Agricultural Loan Act
- Amendment #3: relating to the Alternative Technology and Energy Revolving Loan Fund
- Amendment #4: relating to senior citizens housing
- Amendment #5: relating to repealers
- Amendment #7: relating to AS 18.55.997
- Amendment #8: relating to AS 18.56.170

## III. Other Proposed Amendments:

- 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?
- 8) Shall the Division of Housing Assistance be allowed broader use of the appropriation to the senior citizens housing fund?
- 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 Regional Native Housing Authorities to perform the loan function for rural housing in places where the Division of Housing Assistance has no offices?

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

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

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

52) Shall language be added to the bill relating to the loan repayment provisions under AS 44.81.210?

53) Shall language be added to the bill relating to the Title Loss Reserve Account under AS 44.47.420?

For Friday, April 30th:

IV. Alaska Housing Finance Corporation:

7) Shall the subsidy rates for tri-plexes and four-plexes under AHFC be modified?

48) Shall the AHFC interest rate language be modified?

Alaska Agricultural Loan Act:

Proposed amendment by Senator Rodey: #1

Page 2, line 19: amend to read:

(g) A loan for clearing land may not be made unless the land to be cleared is classified as Class 3 or better by the Soil Conservation Service, and may not

- (1) exceed \$250,000 [\$400,000];
- (2) bear interest that is less than [EXCEEDS] eight percent; or
- (3) have a term in excess of 20 [30] years.

Delete Section 3

Delete Section 6

2

Add to Sec. 2 of the bill:

(5) shall, if made at an initial interest rate less than the commercial rate, provide for increasing interest payment of one hundred basis points per year, beginning in the third year, up to the commercial rate of interest, and at the commercial rate thereafter.

(6) shall not, if a refinancing of a loan made under this chapter, be made at a lower percentage rate of interest than the loan being refinanced.

*Amendment to Amendment #2*

AMENDMENT TO AGRICULTURAL LOAN ACT

BY RODEY

AS 03.10.030(f) is amended to read:

(f) A farm product processing loan may not exceed \$250,000 [\$2,500,000]. A mortgage which secures a farm product processing loan may be of any priority if the total indebtedness on the real estate, including the secured farm product processing loan, does not exceed \$250,000 [\$2,500,000]. A farm product processing loan which, if made, would raise the existing indebtedness on the real estate securing the loan above \$250,000 [\$2,500,000], or a farm product processing loan on real estate which has a prior indebtedness of \$250,000 [\$2,500,000] or more, may be made only if all prior mortgagees agree to subordinate their mortgages to that of the state for the amount of the farm product processing loan which exceeds the \$250,000 [\$2,500,000] indebtedness limit on the real estate. A farm product processing loan may not exceed a term of 30 years or bear interest that is less than [EXCEEDING] eight percent a year and shall be secured by a real estate or chattel mortgage or both.

*\* Delete amendment #2*

Alternative Technology and Energy Revolving Loan Fund

Proposed amendments by Senator Rodey: # 2

Delete the following:

AS 45.88.010. Fund established [TERMINATES JUNE 30, 1984]

Section 43 of the bill: repeal and re-enact to read:

(e) The rate of interest equals the percentage of the average weekly yield of municipal bonds for the 12 months preceding the loan, as determined by the commissioner of commerce and economic development from municipal bond yield rates as reported in the 30-year revenue index of the Weekly Bond Buyer.

Delete Section 44

Amend Section 45 to read:

(3) does not include

- (A) a coal or multi-fuel heating stove; or
- (B) a fireplace.

Include intent language to state: "It is the intent of the Conference Committee on SB 666 that no more than 65 percent of the appropriation to the Alternative Technology and Energy Revolving Loan Fund be used to make loans for wood stoves."

\* Delete Amendment #3 and replace with:

\*Delete Section 44

\* Amend Section 45 to read:

AS 45.88.500(3) does not include

- (A) a [WOOD,] coal [,] or multi-fuel heating stove; or
- (B) a fireplace [OR FIREPLACE INSERT].

\* Adopt intent language to state:

"It is the intent of the conference committee on SB 666 that no more than 65 percent of the appropriation to the Alternative Technology and Energy Revolving Loan Fund be used to make loans for wood stoves."

Introduced: 3/20/81  
Referred: Community & Regional  
Affairs and Finance

*Alaska*  
*Am #4*

BY RODEY, FERGUSON, FISCHER,  
COLLETTA, GILMAN AND RAY

1 IN THE SENATE

2 SENATE BILL NO. 311

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 senior citizen housing and amending  
7 the housing development revolving loan fund; and  
8 providing for an effective date."

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

10 \* Section 1. AS 18.54.010 is amended to read:

11 CHAPTER 54. SENIOR CITIZENS HOUSING DEVELOPMENT [REVOLVING LOAN] FUND.

12 Sec. 18.54.010. DECLARATION OF PURPOSE. There exists within the  
13 state a serious shortage of decent, safe and sanitary residential  
14 housing available at low or moderate prices or rentals to persons  
15 60 years of age or older [OF LOWER AND MODERATE INCOME]. There also  
16 exists in the state organizations whose purposes are to provide the  
17 kinds of housing needed to alleviate this shortage. Development work  
18 to provide such housing involves substantial expense which is often  
19 beyond the resources of the organizations.

20 \* Sec. 2. AS 18.54.070(a) is amended to read:

21 (a) There is created within the Department of Community and  
22 Regional Affairs a senior citizens housing development fund. Subject  
23 to direct appropriation or through proceeds of a bonding issue the  
24 department shall make grants [OR LOANS] to municipalities [or to corpora-  
25 tions] or to public or private nonprofit corporations designated as tax  
26 exempt under sec. 501(c)(3) and (4) of the Internal Revenue Code of  
27 1954 [ELIGIBLE FOR LOANS UNDER AS 18.54.050] for the purpose of develop-  
28 ing senior citizen housing. A grant from the proceeds of a bond issue  
29 may be made only to municipalities.

1 \* Sec. 3. AS 18.54.070(b) is amended to read:

2 (b) Application for a grant [OR LOAN] under (a) of this section  
3 shall be in the form prescribed by the department. The application  
4 shall demonstrate the need for senior citizen housing in the area to be  
5 served, the feasibility of the proposed project, and an adequate manage-  
6 ment plan which shall demonstrate the ability of the eligible recipient  
7 to sustain the proposed project.

8 \* Sec. 4. AS 18.54.070(e) is amended to read:

9 (e) In this section "senior citizen housing" means a specific  
10 work or improvement undertaken primarily to provide dwelling accommoda-  
11 tions for persons 60 years of age or older, including but not limited  
12 to, conventional housing, housing for the frail elderly, group homes,  
13 congregate housing and other housing that meets special needs of the  
14 elderly, and includes the acquisition, construction or rehabilitation  
15 of land, buildings and improvements and other nonhousing facilities  
16 that are incidental or appurtenant to the housing.

17 \* Sec. 5. AS 18.54.020 - 18.54.060 are repealed.

18 \* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-  
19 070(c).

Repealers

#5

Amendments proposed by Senator Rodey:

1) Repeal Alaska State Housing Authority Revolving Fund:

repeal AS 18.55.360 and AS 18.55.370

2) Repeal the loan program for Alaska Native Claims Settlement Act, P.L. 92-203, corporations

repeal AS 44.25.030 - 44.25.038

3) Repeal temperate social activities revolving loan fund:

repeal AS 44.47.320 - 44.47.350

4) Repeal the Alaska economic disaster impact fund:

\* Section 1. AS 37.11.100 is repealed.

\* Sec. 2. 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.

5) Repeal the Residential Care Facility Revolving Loan Fund:

repeal AS 44.33.320 - 44.33.380

6) Repeal Tourism Revolving Fund

repeal AS 45.90.010 - 45.90.040

7) Repeal Small Business Loans:

repeal AS 45.95.010 - 45.95. 080

*Repealers*

Asper  
4/21/82

#10

Amendment No. \_\_\_\_\_

TO: HCSSB 666(Fin)am H

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 percent.

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

*(PREFACE) #10 AMENDMENT*

AS 18.56.100(b) is amended to read:

(b) Consistent with AS 18.56.090, the corporation may make temporary and permanent loans from the housing development fund, at such interest rate or rates as determined by the corporation, and with such security for repayment as is necessary and practicable, to

[1] DEFRAY DEVELOPMENT COSTS OF SPONSORS, BUILDERS, AND DEVELOPERS OF RESIDENTIAL HOUSING;

(2) PROVIDE TO PERSONS OF LOWER AND MODERATE INCOME WHO ARE APPLYING FOR MORTGAGES, THE AMOUNTS REQUIRED TO MAKE DOWN PAYMENTS AND PAY CLOSING COSTS AND TO HOUSING OWNERS THE AMOUNTS APPLIED FOR PARTIAL RENTAL PAYMENTS AND MORTGAGE INTEREST PAYMENTS UNDER AS 18.56.090(4); OR

(3) purchase, make, or participate in the making of mortgage [AND CONSTRUCTION] loans which are not federally insured or guaranteed to ~~sponsors, builders, purchasers and developers of land development~~ for residential housing, if the corporation determines that such loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

AS 18.56.100(c) is amended to read:

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund [AND THE PROCEEDS OF SALE OF FUND NOTES]; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

AS 18.56.100(e), (f), (g), (h), (i) and (j) <sup>and (k)</sup> are repealed provided that fund notes heretofore issued in accordance with these paragraphs are confirmed in all respects.

*§ 18.56.100 (c) is amended to read:*

(a) There is created a [SPECIAL REVOLVING LOAN FUND TO BE KNOWN AS THE " ] housing development fund [ " ] to be administered as a trust fund separate and distinct from any other money or funds administered by the corporation.

Amendment # 7

G Rody

Amend HCS for SB 666 (Finance) am H

Page 9, lines 6 to 8, are amended:

(4) "residence" means an owner-occupied, single-family residence, including a mobile home, [or] and (i) an owner-occupied duplex, (ii) or an owner-occupied triplex or four-plex the construction of which was completed after July 1, 1982.

Amendment # Legend # 7

Section 22: Delete Section 21

Section 19: Delete Section 19

As a new Section to read:

AS 28.56.098(g) is amended to read:

The corporation shall establish the interest rate on a first mortgage loan for a single family or duplex residence purchased ....

As a new Section to read

AS 28.56.098 is amended by adding a new subsection to read:

The corporation shall establish the interest rate on a mortgage loan purchased under (a) of this section for a triplex or fourplex residence in the same manner established for computing the interest rate on a first mortgage loan under (g) of this section except that the amount of loan bearing the interest rate determined in accordance with subsection (2) of this section shall be \$ 105,000 for a triplex residence and \$ 140,000 for a fourplex residence.

#10

RODEY

AS 18.56.100(b) is amended to read:

(b) Consistent with AS 18.56.090, the corporation may make temporary and permanent loans from the housing development fund, at such interest rate or rates as determined by the corporation, and with such security for repayment as is necessary and practicable, to

[1] DEFRAY DEVELOPMENT COSTS OF SPONSORS, BUILDERS, AND DEVELOPERS OF RESIDENTIAL HOUSING;

(2) PROVIDE TO PERSONS OF LOWER AND MODERATE INCOME WHO ARE APPLYING FOR MORTGAGES, THE AMOUNTS REQUIRED TO MAKE DOWN PAYMENTS AND PAY CLOSING COSTS AND TO HOUSING OWNERS THE AMOUNTS APPLIED FOR PARTIAL RENTAL PAYMENTS AND MORTGAGE INTEREST PAYMENTS UNDER AS 18.56.090(4); OR

(3) purchase, make, or participate in the making of mortgage [AND CONSTRUCTION] loans <sup>for residential housing</sup> which are not federally insured or guaranteed [to sponsors, builders, purchasers and developers of land development or residential housing,] if the corporation determines that such loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

AS 18.56.100(c) is amended to read:

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund [AND THE PROCEEDS OF SALE OF FUND NOTES]; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

AS 18.56.100(e), (f), (g), (h), (i) and (j) are repealed provided that fund notes heretofore issued in accordance with these paragraphs are confirmed in all respects.

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~~Sec. 9 AS 18.56.009 is amended by adding a new para-~~  
~~graph (j) to read:~~  
~~(j) If the funds to purchase a mortgage loan made~~  
~~to a veteran under the mortgage interest purchase~~  
~~program are provided by the bonds of the cor-~~  
~~poration, guaranteed by the State, all such bond~~  
~~proceeds shall be used to purchase, substantially all of~~  
~~the proceeds of such bonds shall be used to purchase~~  
~~for veterans, or the beneficial transferee, as may~~  
~~be determined by the corporation, the bond a "qualified~~  
~~mortgage loan" under the Mortgage Subsidy~~  
~~Bond Tax Act of 1950 (26 USC sec. 103A) AS 18.56.009 in~~  
~~effect or hereafter amended.~~

~~\* Sec. 9 AS 18.56.009 is amended by adding a new para-~~  
~~graph (l) to read:~~  
~~(l) Any interest rate established under this~~  
~~section on a mortgage loan purchased or guaranteed to be~~  
~~purchased by a corporation or other entity shall not~~  
~~exceed a rate fixed in AS 18.56.010 and, whether or~~  
~~not the corporation owns the mortgage bond,~~  
~~AS 18.56.101 is amended to read:~~

Sec. 18.56.101. ELIGIBILITY FOR VETERANS'  
 INTEREST RATES. The following persons are eligible  
 veterans for the purposes of AS 18.56.098(g) and (h):  
 (1) a person who served in the armed forces of the  
 United States for 90 days or more, or whose service was  
 for less than 90 days because of injury or disability  
 incurred in the line of duty, after April 6, 1917.  
 (A) who at the time of induction into the  
 service was a resident of the territory or state.

1 [WHO HAD BEEN A RESIDENT FOR NOT LESS THAN ONE  
2 YEAR IMMEDIATELY BEFORE HIS INDUCTION;] and who  
3 returned to the territory or state within one year  
4 after discharge as a resident [WITH THE INTENTION  
5 OF REMAINING IN THE TERRITORY OR STATE]; or

6 (B) who, not being a [BONA FIDE] resident of  
7 the territory or state at the time of entry into  
8 the service, was [HAS BEEN] a resident of the  
9 territory or state [FOR AT LEAST ONE YEAR] at the  
10 time of the loan application [AND HAS BEEN A  
11 RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST  
12 FIVE YEARS]; and

13 (C) whose discharge was under honorable con-  
14 ditions;

15 (2) the widow or widower of a member of the armed  
16 forces of an eligible veteran if

17 (A) the member or veteran was a resident of  
18 the territory or state [FOR ONE YEAR] before  
19 induction into the service;

20 (B) the member or veteran served in the armed  
21 forces for at least 90 days after April 6, 1917;  
22 and

23 (C) his discharge was under honorable con-  
24 ditions;

25 (3) a person who has served in the Alaska Army  
26 National Guard, the Alaska Air National Guard, or the  
27 Alaska Naval Militia or who has served in a reserve  
28 unit of the United States armed forces in Alaska if the  
29 reserve unit required, as a minimum, one weekend each  
30 month of duty and 15 consecutive days of active duty

training each year for not less than five years and whose discharge was under honorable conditions.

Sec. 11. AS 18.56.110(b) is amended to read:

(b) ~~The principal and interest on these bonds, or~~  
~~newly issued state guaranteed bonds, shall be paid~~  
~~corporations, funds, excluding funds in the~~  
~~development funds, the proceeds of and other~~  
~~fundraising activities, and the proceeds of~~  
~~excise taxes on the housing of~~  
~~advertising, and the proceeds of the state~~  
~~principal and interest, shall be paid~~  
~~payments from the proceeds of the sale of bonds~~  
~~the proceeds of the sale of bonds~~  
~~of the State of Alaska, or from~~  
~~assets not available for the payment of~~  
~~other funds or assets of the corporation, or~~  
~~from the proceeds of the sale of bonds~~  
~~corporation, association, institution or person, or~~  
~~from any source, income or revenue of the corporation~~  
~~from any source, income or revenue of the corporation~~  
~~the sale of bonds to be issued under this chapter, the~~  
~~fund is to principal and interest on the~~  
~~Alaska are guaranteed as to principal and interest~~  
~~the State of Alaska, and secured by the~~  
~~credit and resources of the State of Alaska.~~  
\* Sec. 18.56.110(b) is amended to read:  
~~corporation, association, institution or person, or~~  
~~guaranteed bonds, and the proceeds of~~  
~~(sold to the State of Alaska, and secured by the~~

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PROPOSED  
AHFLC // RODEY

Amend subparagraph (j), lines 5 to 12, page 11, HCSEB 666(Pin) an  
H as follows:

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for veterans. As used in this subsection a qualifying veteran is a person who served on active duty in the United States military service, and who was discharged or released under conditions other than dishonorable or a person who is a qualified veteran as the term may be otherwise defined under the Mortgage Subsidy Bond Tax Act of 1980. [OR BE ISSUED IN SUCH OTHER MANNER THAT MAY BE NECESSARY TO INSURE THAT THE BOND IS A "QUALIFIED VETERAN'S MORTGAGE BOND" UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26 U.S.C. 103(A)), AS AMENDED.]

RODGEY

11

Add to AS 18.56.098:

The Corporation shall adopt regulations under AS 18.56.088 to establish a commitment procedure for the purchase of mortgage loans.

Delete lines 13-15 page 11

11

Amendment # 11 <sup>Item</sup>

Sec. 22: (a) The interest rate on a mortgage loan purchased from the proceeds of bonds that are exempt from taxation is equal to the rate for loans to other borrowers under the appropriate provisions of AS 18.56.098(g). A higher or lower interest rate shall be established on the entire loan amount if required under the Mortgage Subsidy Bond Tax Act of 1980.

(6) Delete 18.56.098(g)(6).

*200 million  
would go to ROGERS  
RATCHET 12 3/8  
CARVE OUT EXEMPTION  
MAINTAIN RATE AT  
10% -*

Amendment # 12

Section 24. Delete last sentence. (page 12, begins on line 14, ends line 17)

MAYBE  
GUARANTEED  
INTENT  
AS PER  
WOLFORD

AGENDA ITEM NO. 12

HCSSB 666(Fin) am H

Page 12, lines 14 - 17:

Delete underlined material and insert the following:

"The corporation may issue state guaranteed bond notes in anticipation of the sale of state guaranteed bonds to be issued under this chapter. State guaranteed bond anticipation notes are guaranteed as to principal and interest by the state and secured by the full faith, credit and resources of the state."

Amendment #

13

Sec. 25. (page 12, line 24) Delete the words "and at the price fixed<sub>x</sub>".

SEC # 25  
(COMPETITIVE BIDDING)  
MORE CLEAR -  
"AND AT PRICE"  
Delete

*Reviewed by Starkutsky*

Amendment # 14

Add new section to read:

AS 18.56.098 is amended by adding a new subsection to read:

(a) In this section and in AS 18.50.099, an individual who owns and occupies more than one residence shall declare which residence is the individual's principal residence for meeting the owner-occupied requirement of the special loan purchase program.

15

PROPOSED AMENDMENT TO HOUSE CS FOR SENATE BILL NO. 666 (Finance) am H

AS 18.56.088 (c)(3) is amended to read:

(c)(3) characteristics of housing eligible for loans or purchase of loans; including, but not limited to a requirement that all new housing and all new improvements to housing must be constructed by a contractor or contractors registered to perform contracting work in Alaska, pursuant to AS 08.18, with the exception of new housing or improvements which are both owner-built and owner-occupied, or new housing or improvements built in areas which the corporation may designate as exempt from this requirement because of the unavailability of registered contractors in the designated area;

Amendment #

15

18.56.088(c)(3) is modified to read as follows:

"(3) characteristics of housing eligible for loans or purchase of loans,  
including compliance with building codes or similar construction  
standards; and

AGENDA ITEM NO. 16

HCSSB 666(Fin) am H

Page 8, line 29:

After "section;" insert "or"

Page 9, lines 1 - 3:

Delete "; or (7) do anything otherwise necessary to facilitate access to international capital markets"

Insert "In exercising a power under this section, the corporation may not subject its assets to risk of loss through foreign currency exchange."

Amend HCS for SB No. 666 (Finance) am H

Page 9, lines 2 and 3

Delete clause number (7)

Add a new sentence

In exercising a power under this section, the corporation may not subject its assets to foreign currency exchange risks.

Handwritten signature or initials consisting of a stylized 'H' followed by a large, flowing 'L'.

18

Rodney

Add to AS 18.56.098:

The Corporation shall adopt regulations under AS 18.56.088 to establish a commitment procedure for the purchase of mortgage loans.

*delete*

*Sec. 23*

*18.56 08805*

*Move Amendment*

18

\* Delete Section 23

\* Add a new section to read:

including a fee schedule

AS 18.56.088(c) (5) establishment of a procedure for the individual commitment of funds at a specific interest rate for a period not to exceed one year.

Commitment  
Fee

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An amendment to modify the structure of the AHFC Board of Directors.

\* Section 1. AS 18.56.030(a) is amended to read:

(a) The corporation shall be governed by a board of directors consisting of

(1) the commissioner of revenue [and the commissioner of commerce and economic development];

(2) one other member who is the head of the principal department of the executive branch of state government appointed by the governor;

(3) three [TWO] public members appointed by the governor;

Moves  
Amendment  
Failed  
Motion

Proposed amendment to Section 19 of SB 666 regarding the ratchet

Sec. 19. AS 18.56.098(g)(2) is amended to read:

(2) The interest rate on the first \$90,000 of a mortgage loan for a single-family or duplex residence, on the first \$105,000 of a mortgage loan for a triplex residence, and on the first \$140,000 of a mortgage loan for a four-plex residence purchased with the proceeds of a second or subsequent issue of taxable bonds of the corporation shall be determined as follows:

(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 costs of funds of the two bond issues.

The proposed amendment would insert the following language after "issues":

provided, however, that when the cost of funds is equal to or less than the highest cost of funds of an issue of taxable bonds sold during the prior fiscal year the interest rate shall not be increased.

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

(The proposed amendment is underlined with a continuous line; the dashed underlining is the amendment presently proposed by HCS SB 666.)

\*Sec. 19. A.S. 18.56.098(g)(2) is amended to read:

(2) The interest rate on the first \$90,000.00 of a mortgage loan for a single-family or duplex residence, on the first \$105,000.00 of a mortgage loan for a triplex residence, and on the first \$140,000.00 of a mortgage loan for a four-plex residence purchased with the proceeds of a second or subsequent issue of taxable bonds of the corporation shall be determined as follows:

(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 when the cost of funds is greater than 1/4 of one percent above the previous cost of funds of an issue of taxable bonds, the interest rate shall not be increased more than 1/4 of one percent in any calendar quarter.

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

*PROPOSED AMENDMENT POLAR REALTY.*

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

(The proposed amendment is underlined with a continuous line; the dashed underlining is the amendment presently proposed by HCS SB 666.)

\*Sec. 19. A.S. 18.56.098(g)(2) is amended to read:

(2) The interest rate on the first \$90,000.00 of a mortgage loan for a single-family or duplex residence, on the first \$105,000.00 of a mortgage loan for a triplex residence, and on the first \$140,000.00 of a mortgage loan for a four-plex residence purchased with the proceeds of a second or subsequent issue of taxable bonds of the corporation shall be determined as follows:

(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 when the cost of funds is greater than 1/4 of one percent above the previous cost of funds of an issue of taxable bonds, the interest rate shall not be increased more than 1/4 of one percent in any calendar quarter.

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

*Amendment # 7* *J. R. Kelly*

*Regional Native Housing Program*

\* Sec. 15. AS 18.55.997 is amended to read:

Sec. 18.55.997. RESIDENTIAL LOANS. (a) In addition to the powers authorized to a regional housing authority under AS 18.55.996, a regional housing authority may, in accordance with procedures and policies adopted and approved by the division of housing assistance in the Department of Community and Regional Affairs, (BOARD OF DIRECTION OF THE ALASKA HOUSING FINANCE CORPORATION), make loans for the purchase or development of residential housing in rural areas of the state except where the division has a loan office. A loan shall be secured by collateral in an amount acceptable to the division of housing assistance in the Department of Community and Regional Affairs (BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE CORPORATION). The rate of interest on a loan authorized by this section may not exceed ten and one-half percent for an owner-occupied single-family or duplex residence (AN INTEREST RATE APPROVED BY THE BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE CORPORATION).

(b) in this section,

(1) "development" means the construction of a new residence or the repair, remodeling, rehabilitation or expansion of an existing home;

(2) "rural" means

(A) a (ANY) community in the second, third or fourth judicial district of the state with a population of 4,500 or less that is not connected by road or rail to Anchorage or Fairbanks; or

(B) a community in the first judicial district of the state with a population of 4,500 or less.

ITEM ~~2~~ II 8

Proposed Addition to HCS for SB 666 (Finance)

Sec. 18.56.170. CREDIT OF STATE NOT PLEDGED. (a) Obligations issued under the provisions of this chapter, except state guaranteed bonds, do not constitute a debt, liability or obligation of the state or of any political subdivision of the state or a pledge of the faith and credit of the state or of any such political subdivision but are payable solely from the revenues or assets of the corporation. Each obligation issued under this chapter, except a state guaranteed bond, shall contain on its face a statement that the corporation is not obligated to pay it nor the interest on it except from the revenues or assets pledged for it and that neither faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter and no liability may be incurred by the corporation in excess of these funds. (§ 1 ch 107 SLA 1971)

Amended

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS  
HOUSING ASSISTANCE DIVISION

HCSSB 666 (Fin) am H  
April 21, 1982

This review of the above referenced bill reflects the comments of Department of Community and Regional Affairs on those portions of the legislation affecting this department. The items referenced are based on the agenda #1 of the FCC for Tuesday, April 20.

Question 3. Shall the Housing Development Revolving Loan Fund and the Senior Citizen Housing Development Fund be combined and made a grant program.

Response:

AS 18.54

#3) Legislature should repeal AS 18.54.020, 030, 040 and 060. AS 18.54.050 should be incorporated into AS 18.54.070 and transferred to Title 44 to conform with other Statutes of the Department and Division of Housing Assistance. AS 18.54.070 should also be amended to make the program a grant program. DCRA concurs that an amendment as described in SB 311 successfully accomplishes the repeal of the referenced statutes, and reiterates its position that the appropriate sections be transferred to Title 44 for conformity with other statutes affecting the department's division of housing assistance.

Question 5: Shall the interest rate on loans made by Native Regional Housing Authorities be modified?

Response: #5) The department concurs with the action of the FCC of 4/20 which set the interest rate on these loans at a fixed amount of 10 1/2% for rural loans, and 12 3/8 for urban/suburban loans.

Question 19: Shall the interest rate for rural housing loans be set at AHFC ratchet rate?

Response: #19) The department advocates that rural housing loans services be consistent and supports the interest rate amounts discussed in question 5 above.

Question 20: Shall the language in Sections 31-35 of the bill be modified to truly accomplish the transfer of the rural housing programs from AHFC to the Department of Community and Regional Affairs?

Response:

#20) Language in sections 31-35 of the bill appear to accomplish the entire transfer except for one item. The department proposes the following amendment

Amend AS 44.47.410(b) and (c).

(b) the Director may execute services agreements with private lending institutions or regional native housing authorities established pursuant to AS 18.55.996 to service loans originated by the Division or loans originated pursuant to AS 18.55.997.

(c) Under the servicing agreement, the private financial institution or 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 regional native housing authority shall administer the loan and may charge the borrower a reasonable originator fee not to exceed one percent.

These amendments to AS 44.47.410(b) and (c) are necessary to allow regional housing authorities to participate in the rural program as envisioned in the amendments contained in Section 15 of SB 666.

Question 21: Shall language in Section 39 of the bill relating to non-owner occupied housing be modified?

Response:

#21) The concern here is that the AHFC Non-Owner occupied program being transferred to HAD under this bill may duplicate the AIDA multi-family program enacted in Section

41 of SB 666. This will not be the case since the HAD program is limited to rural areas of the State as defined in Section 40 of the bill. Another concern is that the Non-Owner Occupied program is limited by SB 666 to no more than 8 units per program, may not be non-conforming and can never be occupied by the owner. All of these conditions should be flexible in the rural areas. It is suggested that a new sentence be added on page 17 after line 12 to read:

"The director may modify portions of this definition upon demonstration of special need for non-owner occupied housing."

Some examples of flexible needs would be teacher housing units or small planned unit developments.

Question 22: Shall language in Section 49 of the bill relating to effective dates be modified?

Response:

#22) Section 49 should be modified to agree with whatever decision is reached on the interest rate question. (See question #5.)

Question 23: Shall Regional Housing Authorities perform the loan function for rural housing in places where the Department of Community and Regional Affairs have no loan offices?

Response:

#23) The Regional Housing Authorities currently perform the loan function for the AHFC rural program. If that program is transferred to HAD, there is a question as to whether or not they should continue to perform that function if a HAD loan office is in the same region. The department proposes that in those regions where a HAD field office exists, there is no need for a regional housing authority to participate in the program.

Question 30: Shall the temperate social activities revolving loan fund (AS 47.320-50) be repealed?

Response: #30) The temperate social activities revolving loan fund was created by the Legislature in 1978. It has never been funded and there have been no requests for funding to date.

Thank you for this opportunity to comment.

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3  
4 An amendment to modify the structure of the AHFC Board of  
5 Directors.  
6  
7  
8

9 \* Section 1. AS 18.56.030(a) is amended to read:

10 (a) The corporation shall be governed by a board of directors  
11 consisting of

12 (1) the commissioner of revenue [and the commissioner of  
13 commerce and economic development];

14 (2) one other member who is the head of the principal depart-  
15 ment of the executive branch of state government appointed by the  
16 governor;

17 (3) three [TWO] public members appointed by the governor;  
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April 6, 1982

Amend AS 44.47.410(b) and (c).

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

(c) Under the servicing agreement, the private financial institution or 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 regional native housing authority may also charge the borrower a reasonable originator fee not to exceed one percent.

Amendment No. III #5

TO: HCSSB 666(Fin) am

Page 4, line 7:

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

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

Delete all material

Page 5, line 5:

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

Page 5, line 6:

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

Page 5, line 7:

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

Page 5, line 9:

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

Delete "75" and insert "90"

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:

III #4

Offered: 4/19/82  
Referred: Rules

Original sponsor: Kerttula by request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 697 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation  
7 in place of the Alaska Renewable Resources Corporation  
8 (AS 37.12); and providing for an effective date."

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

10 \* Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.  
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry  
13 out the purposes of this chapter. The corporation is a public corpora-  
14 tion of the state and an instrumentality of the state within the Depart-  
15 ment of Commerce and Economic Development [REVENUE], but has a legal  
16 existence independent of and separate from the state. The exercise by  
17 the corporation of the powers conferred by this chapter is considered an  
18 essential function of the state.

19 \* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to

21 (1) facilitate the rehabilitation, enhancement, and development  
22 of the state's resources so as to strengthen and diversify the state  
23 economy;

24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment; and

27 (3) strengthen and diversify the state's economy by the  
28 establishment and expansion of small enterprises that are self-supporting  
29 and that may

\* Add a new section to AS 44.47.420(b):

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

\* Amend AS 44.47.430 (b) to read:

(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 originated or 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 or (b) (3) . Money withdrawn from the restricted title loss reserve account under this section shall be deposited in the nonconforming housing loan fund.

SB-666  
EXTRA NELS  
ANDERSON

ment No. \_\_\_\_\_

TO: HCSSB 666 (Finance) am H

4, line 17:

After "seasons", insert "or for adverse market conditions for Alaska fishery products"

17, after line 21:

Insert

Sec. 41. 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 Alaska fishery products;

umber remaining bill sections.

Asper  
4/23/82

#40/41

by Kelly

**AGENDA ITEM NO. 1**

\* Sec. . AS 44.88.010 is amended by adding a new subsection to read:

(c) The legislature finds, determines, and declares that

(1) there exists in the state a serious shortage of decent, safe, and sanitary rental housing units and multi-family dwellings; these conditions are inimical to the safety, health, welfare, and prosperity of the residents of the state and to the sound growth of state communities;

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

\* Sec. . AS 44.88.070 is repealed and reenacted to read:

Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the authority is to

(1) promote, develop, and advance the general prosperity and economic welfare of the people of Alaska;

(2) relieve problems of unemployment, and to create additional employment by providing various means of financing and facilitating the financing of industrial, manufacturing, and business enterprises and the other facilities referred to in AS 44.88.010(a)(5) in the state; and

(3) promote, develop, and maintain an adequate supply of decent, safe, and sanitary multi-family rental housing projects by providing various means of financing and facilitating the financing of multi-family rental housing projects in the state.

\* Sec. . AS 44.88.080 is amended by adding new paragraphs to read:

(19) to make direct loans in conjunction with other lenders or to participate in the making of loans to sponsors, developers, builders, and purchasers of housing projects at any interest rate determined or agreed to by the authority;

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

4 (21) until January 1, 1984, to borrow money, to issue its  
 5 bonds, and to provide security for bonds issued in connection with the  
 6 financing of housing projects in accordance with AS 44.88.090 and 44.-  
 7 88.105;

8 (22) to acquire an interest in a housing project as necessary  
 9 or appropriate to provide financing for the housing project, whether by  
 10 purchase, gift, or lease;

11 (23) to enter into agreements with respect to a housing project  
 12 on terms and conditions that the authority considers advisable; and

13 (24) to assist private lenders to make loans to finance the  
 14 costs of housing projects.

15 \* Sec. . AS 44.88.090(e) is amended to read:

16 (e) Before the issuance of any bonds, the proceeds of which will  
 17 be used to finance a project other than a housing project, the authority  
 18 shall make provision by lease or other agreement regarding the project  
 19 or projects being financed by the issue of the bonds for rentals or  
 20 other considerations at least sufficient, in the judgment of the author-  
 21 ity, to pay the principal of and interest on the bonds as they become  
 22 due and to create and maintain the reserves therefor as the authority  
 23 considers necessary or desirable and to meet all obligations in connec-  
 24 tion with the lease or other agreement and all costs necessary to ser-  
 25 vice the bonds unless the lease or agreement provides that the obliga-  
 26 tions are to be met or costs are to be paid by a party other than the  
 27 authority.

28 \* Sec. . AS 44.88.105 is amended by adding a new subsection to read:

29 (h) The provisions of (f) of this section do not apply to capital

reserve funds established to secure bonds issued to finance housing projects.

Sec. . AS 44.88 is amended by adding new sections to read:

Sec. 44.88.151. ADMINISTRATIVE PROCEDURE. (a) Except for AS 44.-62.310 and 44.62.312, regarding public meetings, and AS 44.62.320(a) regarding legislative review of regulations, the Administrative Procedure Act (AS 44.62) does not apply to this chapter. The authority shall make available to members of the public copies of the regulations adopted under (b) - (e) of this section. Within 45 days after adoption, the chairman of the authority shall submit a regulation adopted under (b) - (e) of this section to the chairman of the Administrative Regulation Review Committee under AS 24.20.400 - 24.20.460. The provisions of AS 44.62.320(a) apply to regulations adopted under (b) - (e) of this section.

(b) The authority may adopt regulations by motion or by resolution or in any other manner permitted by its bylaws.

(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 (e) of this section, at least 15 days before the adoption, amendment, or repeal of a regulation on a subject

specified in (c) (1) - (4) of this section, 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 a request for notice of proposed regulations with the authority. 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 proposed subject of the regulation. 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 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 adopting, amending, or repealing a regulation. At a hearing under this subsection, the authority may continue or postpone the hearing to a time and place determined by the authority. A regulation that is adopted, or its amendment or repeal, may vary in content from the informative summary specified in this subsection if the subject matter of the regulation, or its amendment or repeal, 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 authority's action in order for them to determine whether their interests could be affected by the authority'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 authority makes a finding in its order of adoption or repeal, including a statement of the facts that constitute the emergency, that the adoption of the regulation or order of repeal is neces-

1 sary for the immediate preservation of the orderly operation of the  
2 authority's loan and bonding programs. The requirements of (d) of this  
3 section do not apply to the initial adoption of an emergency regulation  
4 covering a subject specified in (c) (1) - (4) of this section; however,  
5 upon adoption of an emergency regulation, the authority shall, within 10  
6 days after adoption, give notice of the adoption in accordance with (d)  
7 of this section. No emergency regulation adopted under this subsection  
8 remains in effect more than 120 days unless the authority complies with  
9 (d) of this section during the 120-day period.

10 (f) A regulation adopted under (b) - (e) of this section becomes  
11 effective immediately upon its adoption by the authority, unless other-  
12 wise specifically provided by the order of adoption.

13 Sec. 44.88.153. HOUSING PROJECT DEVELOPMENT FUND. (a) The housing  
14 project development fund is established in the authority. The housing  
15 project development fund is a trust fund in furtherance of the purposes  
16 of AS 44.88.070(b) and the powers conferred in AS 44.88.085. The housing  
17 project development fund consists of money or assets appropriated or  
18 transferred to the authority and other money or assets deposited in it  
19 by the authority.

20 (b) Money and other assets of the housing project development fund  
21 may be used to secure bonds of the authority, and shall be held and  
22 invested by the authority in the types of investments described in  
23 AS 37.10.070(a) and AS 39.35.110(a)(9) and (14) or as specified in a  
24 trust agreement or bond resolution securing bonds issued for a housing  
25 project, or shall be used to purchase a loan for a housing project.

26 (c) The authority may transfer between the enterprise development  
27 fund and the housing project development fund money and other assets  
28 held in either fund.

29 (d) The provisions of AS 44.88.155(d) do not apply to housing

1 projects or to the application of moneys or other assets held in the  
2 housing project development fund.

3 (e) The authority may adopt regulations under AS 44.88.151 for the  
4 administration of the housing project development fund that may include,  
5 without limitation, provisions for fees and agreements relating to  
6 application, loan commitment, servicing, and origination of loans by  
7 other lenders.

8 (f) The authority may enter into agreements as to the use of the  
9 money in the housing project development fund, including without limita-  
10 tion, trust or custody arrangements with banks or trust companies. It  
11 may also pledge, assign, or grant the agreement, interests under an  
12 agreement, or interests in the housing project development fund as may  
13 be necessary or appropriate to provide for payment and security for  
14 bonds of the authority.

15 (g) The authority may not use money or other assets of the housing  
16 project development fund to finance the construction of a housing project  
17 unless the financing is, in the opinion of the authority, adequately  
18 secured by a letter of credit or the equivalent to a letter of credit.

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

20 (a) The interest rate on a loan for a project other than a housing  
21 project financed from the proceeds of tax-exempt bonds or expected  
22 [EXCEPTED] by the authority to be financed from the proceeds of tax-  
23 exempt bonds is equal to the cost of funds to the authority. In this  
24 subsection "cost of funds" means the true interest cost expressed as a  
25 rate on tax-exempt bonds of the authority plus an additional percentage  
26 as determined by the authority to represent the allocable expenses of  
27 operation, costs of issuance, and loan servicing.

28 \* Sec. . . AS 44.88.165 is amended to read:

29 Sec. 44.88.165. DELINQUENT LOANS. If more than two percent of the

1 total outstanding balance of loans purchased from a financial institu-  
2 tion under this chapter becomes delinquent for 90 days or more, the  
3 authority shall discontinue purchasing loans for which it has not made a  
4 purchase commitment from that financial institution until the delinquency  
5 is reduced to less than two percent.

6 Sec. . AS 44.88.220 is amended by adding a new paragraph to read:

7 (17) "housing project" means a specific building, structure,  
8 work, or improvement of five or more units, including a multi-family  
9 dwelling, undertaken primarily to provide rental dwelling accommodations  
10 and includes acquisition, construction, or rehabilitation of land,  
11 buildings, and improvements for rental dwellings, accommodations and  
12 other facilities that may be incidental or appurtenant to rental dwelling  
13 accommodations;

MEMORANDUM

TO: Wayne A. Williams, Executive Director  
Alaska Industrial Development Authority

FROM: Anthony T. Dean

SUBJECT: State of Alaska Assisted Multi-Family Housing Program

DATE: April 8, 1982

As requested, we have prepared a brief outline of a workable multi-family housing program that is both attractive to developers, tenants and participating banks, while minimizing or completely eliminating the need for State subsidization.

The program consists of two separate structures, one based on uninsured growing equity mortgage loans; the other using FHA insurance when available on a timely basis to increase security while raising allowed loan-to-value ratios. The first program is described below. Program modifications to accommodate FHA insurance are listed in a separate attachment. Each program would be funded through issuance of distinct bond issues.

With the cooperation of all participants we believe AIDA can begin to fund loans under this program early in June.

Details of the uninsured loan program structure are outlined in the following sections, after which I have appended the following attachments:

1. Numerical Example.
2. Proposed Schedule.
3. Draft Legislation amending AIDA's existing statutes.
4. FHA Insured Loan Program.

PLAN OF FINANCE

Summary:

AIDA will make available below market rate, 25-year growing equity mortgage loans to developers of qualified multi-family housing projects (the Project Loans). The Project Loans will be funded from the proceeds of tax-exempt bonds issued by AIDA. Repayments of the Project Loans plus amounts available from the general assets of AIDA will be sufficient to meet debt service on the bonds. The growing

equity feature of the Project Loans will require modest annual rental increases (estimated at 3-5%), but will also allow the more rapid retirement of the bonds. Debt service is structured on 25-year amortization, but at the end of year one, and at the end of each year thereafter, the debt service is increased, the whole amount of the increase going to retire principal, hence the name growing equity mortgage. The annual portion of debt service paid from general assets of AIDA will be added to the balance due on Buy-Down Loans made to the developers. The Buy-Down Loans will accrue interest until the Project Loans and the Bonds are retired (estimated to occur in year 16). Thereafter the debt service payments of the owner/developer will amortize the balance on the Buy-Down Loan note so that it is fully retired by year 25. To provide a source of future cash flow to meet its portion of debt service, and to more adequately secure the bond issue, it will be necessary to appropriate to AIDA a portion of the loans now held in the General Fund or similar cash producing assets.

Benefits:

- A statewide program financed through a recognized State agency will provide lowest total cost of funds to all participating communities.
- Utilizing many of AIDA's existing procedures, the time required to get money to developers would be greatly condensed, and first loans would be funded in June.
- Developers can obtain long-term financing that matches their 20-year obligation to reserve 20% of the units for low income residents.
- Construction costs should be lower since developers are not forced to build the units as rental condominiums in order to assure subsequent sale.
- Program costs and fees are reduced by using the State's resources rather than third-party guarantees.
- Through repayment of Second Loan, State investment plus full interest is recovered.
- A statewide program at a feasible interest rate with ample capacity will allow developers to plan the orderly creation of additional units of multi-family housing in all municipalities.

Participants:  
(Role and Relationships)

1. State of Alaska
  - Authorizes AIDA to undertake program giving it all powers necessary to implement the plan of finance, including moral obligation bonding.
  - Appropriates from the General Fund loans or other assets in an amount sufficient to meet required annual advances on the Buy-Down Loan and to satisfy rating criteria of the two principal bond rating services.
  - Grants AIDA expedited regulatory procedures so that the program will be in place to meet needs of 1982 construction season.,
2. AIDA
  - Undertakes detailed program development including both project criteria and loan qualifications
  - Receives, reviews and acts on loan applications presented by originating financial institutions on behalf of qualified developers.
  - Issues bonds and maintains access to capital markets on most favorable terms available as is consistent with program objectives.
  - Provides ongoing program administration, surveillance of originator/servicer institutions, project inspections and, where needed, loan work out or direct project management.
  - In cooperation with ASHA utilizes existing Section 8 Certificates to give preference to low-income units in State assisted multi-family projects.
3. Financial Institutions
  - In cooperation with owner/developers assemble necessary information for loan application and assist AIDA in loan review and approval process.
  - Provide construction financing at open market rates or borrow bond proceeds to fund construction loan at the tax-exempt rate on the bonds so long as such borrowing of bond proceeds is adequately secured by the participating financial institution.

- Participate in at least 10% of the permanent loan (at taxable rates). May also have GEM Loan structure.
- Service the loans and assure compliance with program covenants.
- Provide continuing credit surveillance during rent up and during ongoing management.

#### 4. Financing Team

- Prepare Final Plan of Finance in cooperation with AIDA and participating financial institutions.
- Prepare legal documents, regulations and offering materials.
- Obtain ratings.
- Underwrite and distribute bonds on an accelerated schedule to meet June deadline for delivery of funds.

#### THE PROJECT LOANS

**Par Amount:** Not more than 75% of project appraised value. The AIDA funded portion of the loan would be 80% or 90% with the balance to be funded by participating financial institutions at rates to be negotiated with the developer.

**Maturity:** Stated maturity of 25 years, but growing equity amortization formula, will result in full amortization by 16th year.

**Interest Rate:** A posted rate to be established for each construction season. Currently estimated to be 11% for 1982 program year.

**Amortization:** Following construction during which interest would be capitalized and no principal retired, initial monthly payments would reflect level amortization for 25 years. At the end of the first year, and each year thereafter until the loan is repaid, the monthly payment would be adjusted upward by 4%. Each incremental increase to the monthly payments would be applied to reduce the outstanding principal balance on the loan. In addition, as the loan was paid down, a larger and larger portion of each payment would represent principal rather than interest. The loan would be fully amortized in 14 years.

Wayne A. Williams  
April 8, 1982  
Page 5

- Security:** A Project Loan will be secured by a first deed of trust on the project, and an assignment of rents. Additional security may be required as necessary on case-by-case review.
- Prepayment:** The loan is not prepayable until the fifth year. Prepayment penalties may be imposed as necessary to accommodate bond provisions. Upon prepayment of the Project Loan and its proportionate share of the bonds, the Second Loan balance is fixed at the then current amount (if not prepaid concurrently).
- Program Covenants:** To retain the tax-exempt status of the bonds, 20% of the units in each project must be reserved for low-income tenants for 20 years. In addition, AIDA may wish to assure itself that its assistance is being used to develop units that will retain their rental status for at least a minimum period of years. These program objectives can be achieved through a combination of loan covenants, deed restrictions and/or reversion rights.
- Fees:** The participating financial institutions would service the loans for a fee of approximately 1/4 of 1%.

#### BUY-DOWN LOANS

- Par Amount:** In closing, initial balance is zero, but with each semi-annual bond interest payment date, the amounts paid into the bond fund to make up the interest shortfall are added to the outstanding balance of the Buy-Down Loan for each project.
- Maturity:** Stated maturity of 25 years, but amortization of principal, does not begin until corresponding Project Loan is paid off.
- Interest Rate:** Until the corresponding Project Loan is paid off, interest accrues and is added to the outstanding balance on the Buy-Down Loan. Interest accrues at a fixed rate to be set either legislatively or administratively, but would be equal to comparable open market rates of return. After the Project Loan is paid off, interest is paid monthly.
- Security:** Buy-Down Loans will have the same security as the Project Loans except that AIDA has agreed with bondholders to defer its interest in the Project in the event of an acceleration of the Project Loan.

Prepayment: So long as the corresponding Project Loan has been repaid, and the associated bonds retired, a Buy-Down Loan may be repaid at any time without penalty.

THE BONDS

Maturity: Serial maturities, 1983 through 1992.  
Term maturity 1995.

Rating: Without incurring the cost to external credit enhancing facilities, the ratings are expected to be "A" by both rating services.

Interest Cost: Depending on market conditions and the slope of the yield curve net interest cost should approximate 12.75 to 13 1/2%.

Prepayment: Mandatory call from unexpended bond proceeds. ✓

Optional call from loan prepayments. ✓

Optional call in 10 years from refunding bonds or other sources of funds.

Security: Payable from Project Loans, a reserve fund, investment earnings on Trustee held funds, proceeds of certain insurance policies and the general assets of AIDA. Amounts necessary to meet the interest differential payments may need to be protected with certain "negative" covenants.

In addition, the reserve fund may be replenished by appropriations pursuant to the procedures associated with the moral obligation language in the authorizing statute.

1.50

1.50

NUMERICAL EXAMPLE  
(Uninsured Loans)

The following numerical example details the financial structure of the program on a per unit basis. Assumptions may vary with market conditions and specific project characteristics.

		(All figures per unit)		
Typical Unit:	2 Bedrooms, 750 Sq. Feet			
Cost:	Construction	\$37,500		
	Construction Financing	1,300		
	Land	5,000		
	Permanent Financing	1,125		
		\$44,925		
Appraisal:			\$50,000	
Funding:	AIDA Loan Participation	\$33,750		
	Bank Loan Participation	3,750		
		\$37,500		
	Developer Equity	7,425		
		\$44,925		
Interest Rates:	- AIDA Loan	11	2	
	Bank Loan	18	2	
	AIDA Deferred Loan	16.35	2	
	Bond Rate	13	1/4	
AIDA Bond Issue:	Par Value of Bonds	\$33,750.00		
	Less Costs of Issuance	200.00		
	Less Bond Discount	925.00		
	Net Proceeds	\$32,625.00		
Annual Fees:	Loan Servicing:	1/4 of 1%		
	Trustee & Program Administration:	1/4 of 1%		
(Float Earnings Offset Fees)				
Rental Rates: (4% GEM Factor)	1983	1984	1992	
Project Loan (11%)	\$4,007.48	\$4,167.78	\$ 5,703.89	
Bank Loan (18%)	685.94	713.38	976.31	
Buy-Down Loan (16.35%)	0.00	0.00	0.00	
Coverage (10%)	469.34	488.12	668.02	
Operating Expenses (35%)	2,779.95	2,891.15	3,956.73	
Total	\$7,942.71	\$8,260.42	\$11,304.95	
Monthly Rental	\$ 661.89	\$ 688.37	\$ 942.08	

7.40

Cash Flow & Loan Amortization

Year	Project Loan 11% Interest: 4% GEM Factor				AIDA Bonds 13 1/4%			Buy-Down Loan 16.35%
	Principal	Interest	Total Debt Service	Balance	Principal	Interest	Total Debt Service	(Draws)/Payments
1983	\$ 294.98	\$3,712.50	\$4,007.48	\$33,455.02	\$ 294.98	\$4,471.88	\$ 4,766.86	\$ (759.38)
1984	487.73	3,680.05	4,167.78	32,967.29	487.73	4,432.79	4,920.52	(752.74)
1985	708.09	3,626.40	4,334.49	32,259.20	708.09	4,368.17	5,076.26	(741.77)
1986	959.36	3,548.51	4,507.87	31,299.84	959.36	4,274.34	5,233.70	(723.83)
1987	1,245.20	3,442.98	4,688.18	30,054.64	1,245.20	4,417.23	5,392.43	(704.25)
1988	1,569.70	3,306.01	4,875.71	28,484.94	1,569.70	3,982.24	5,551.94	(676.23)
1989	1,937.40	3,133.34	5,070.74	26,547.54	1,937.40	3,774.25	5,711.65	(640.91)
1990	2,353.34	2,920.23	5,273.57	24,194.20	2,353.34	3,517.55	5,870.89	(597.32)
1991	2,823.15	2,661.36	5,484.51	21,371.05	2,823.15	3,205.73	6,028.88	(544.37)
1992	3,353.07	2,350.82	5,703.89	18,017.98	3,353.07	2,831.66	6,184.73	(480.84)
1993	3,950.07	1,981.98	5,932.05	14,067.91	3,950.07	2,387.37	6,337.44	(405.39)
1994	4,621.85	1,547.47	6,169.33	9,446.05	4,621.87	1,864.00	6,485.87	(316.53)
1995	5,377.03	1,039.07	6,416.10	4,069.02	5,377.03	1,251.60	6,628.63	(212.53)
1996	4,069.02	447.59	4,516.61	-0-	4,069.02	712.46	4,781.48	1,891.26
1997								6,672.74
1998								6,672.74
1999								6,672.74
2000								6,672.74
2001								6,672.74
2002								6,672.74
2003								6,672.74
2004								6,672.74
2005								6,672.74
2006								6,672.74
2007								6,672.74
Total	\$33,750.00				\$33,750.00			

SCHEDULE\*

<u>Task</u>	<u>Date</u>
Final Plan of Finance Approved	4/22/82
First Draft Documents and Offering Materials	4/23/82
Meetings with Financial Institutions	4/22/82
Meetings with Developers	4/22/82
Legislation Passed	4/26/82
Regulations Noticed	4/26/82
Adopt SOSOA Resolutions	5/3/82
Form Initial Pool	5/7/82
Mail Documents to Rating Services	5/10/82
Rating Meetings	5/17/82
Print Preliminary Official Statements	5/19/82
Receive Ratings	5/24/82
Receive Preliminary Price and Rate Authorization	5/24/82
Submit Bond Purchase Proposal	5/27/82
Print Bonds	5/30/82
Deliver Bonds and Close Financing	<sup>6/15</sup> <del>5/30</del> /82
Fund Loans at Project Completion	-

\*First Critical Date on Schedule is adoption of SOSOA resolutions which would allow project expenditures to proceed under construction financing. Application, loan underwriting, commitment and bond financing should follow as soon thereafter as is feasible.

APR 13 1982

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April 7, 1982

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RE: Alaska Industrial Development Authority  
Multi-Family Legislative Amendments

Dear Sirs:

Enclosed herewith is the redraft of the proposed multi-family bill, the original of which was sent from this office last week. The redraft omits the reference to "lower and moderate" at Wayne Williams' suggestion since such a limitation might be held to be unnecessarily restrictive in the case of the eighty percent of the units which may be financed without income limitations. Other technical and typographical corrections are made.

Mr. Wayne A. Williams  
Mr. Anthony Dean  
Mr. Sterling Gallagher  
Lewis Greenbaum, Esq.  
April 7, 1982  
Page Two

Please advance this document to each of the parties that received the earlier draft. Please note that the draft bears today's date to distinguish it from earlier drafts.

Very truly yours,

WOHLFORTH & FLINT

By Eric E. Wohlforth  
Eric E. Wohlforth

EEW/am

Enclosure - as stated.

Draft: 4/7/82

Introduced:  
Referred :

IN THE \_\_\_\_\_ BY \_\_\_\_\_

\_\_\_\_\_ BILL NO. \_\_\_\_\_

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska Industrial Development Authority; and providing for an effective date."

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

\* Section 1. AS 44.88 is amended by adding a new section to read:

Sec. 44.88.015. ADDITIONAL LEGISLATIVE FINDINGS AND POLICY. The legislature finds, determines and declares that:

(a) there exists within the state a serious shortage of decent, safe and sanitary rental housing units and multi-family dwellings. These conditions are inimical to the safety, health, welfare and prosperity of the residents of the state and to the sound growth of urban and rural communities.

(b) private enterprise has not been able to provide, without assistance, an adequate supply of decent,

1 safe and sanitary rental housing and existing state and  
2 federal programs are inadequate to meet rental housing  
3 needs. It is imperative that the supply of housing be  
4 increased and that coordination and cooperation among  
5 private enterprise, state and local government be  
6 encouraged to sponsor, build and rehabilitate rental  
7 housing units and multi-family dwellings.

8 (c) it is necessary to empower the Alaska Indus-  
9 trial Development Authority with additional powers to  
10 provide a means for the financing of additional multi-  
11 family housing projects in the state.

12 \* Sec. 2. AS 44.88.070 is repealed and re-enacted to  
13 read:

14 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The  
15 purpose of the authority is (a) to promote, develop and  
16 advance the general prosperity and economic welfare of  
17 the people of Alaska, to relieve problems of unemploy-  
18 ment, and to create additional employment by providing  
19 various means of financing and facilitating the financ-  
20 ing of industrial, manufacturing and business enter-  
21 prises and the other facilities referred to in AS  
22 44.88.010(a)(5) within the State and (b) to promote,  
23 develop and maintain an adequate supply of decent, safe  
24 and sanitary multi-family rental housing projects by  
25 providing various means of financing and facilitating  
26 the financing of multi-family rental housing projects  
27 within the state.  
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1 (7) to assist private lenders to make loans  
2 to finance the costs of housing projects through direct  
3 loans to private lenders, loan commitments, short-term  
4 financing, or otherwise.

5 \* Sec. 4. AS 44.88.090(e) is amended to read:

6 (e) Before the issuance of any bonds the proceeds  
7 of which will be used to finance a project other than a  
8 housing project, the authority shall make provision by  
9 lease or other agreement regarding the project or pro-  
10 jects being financed by the issue of the bonds for  
11 rentals or other considerations at least sufficient, in  
12 the judgment of the authority, to pay the principal of  
13 and interest on the bonds as they become due and to  
14 create and maintain the reserves therefor as the autho-  
15 rity considers necessary or desirable and to meet all  
16 obligations in connection with the lease or other  
17 agreement and all costs necessary to service the bonds  
18 unless the lease or agreement provides that the obliga-  
19 tions are to be met or costs are to be paid by a party  
20 other than the authority.

21 \* Sec. 5. AS 44.88.105 is repealed and re-enacted to  
22 read:

23 Sec. 44.88.105. CAPITAL RESERVE FUND AND CAPITAL  
24 RESERVE FUND REQUIREMENT. (a) For the purpose of  
25 securing one or more issues of its bonds, the authority  
26 may establish one or more special funds, called  
27 "capital reserve funds", and may pay into those capital  
28 reserve funds the proceeds of the sale of its bonds or  
29 other money which may be made available to the autho-  
30 rity from other sources for the purpose of funding the  
31 capital reserve funds. A capital reserve fund may be  
32

1 established only if the authority determines that the  
2 establishment of the fund would enhance the marketabili-  
3 ty of the bonds of the authority. Money in a capital  
4 reserve fund, except as provided in this section, may  
5 be used as required only for (1) the payment of the  
6 principal of, and interest on, bonds or of the sinking  
7 fund payments with respect to those bonds; (2) the pur-  
8 chase or redemption of the bonds; or (3) the payment of  
9 a redemption premium required to be paid when the bonds  
10 are redeemed before maturity. However, money in a  
11 capital reserve fund may not be withdrawn if the with-  
12 drawal would reduce the amount in the capital reserve  
13 fund to less than the applicable capital reserve  
14 requirement, except for the purpose of making payment,  
15 when due, of principal, interest, redemption premiums  
16 on the bonds, and sinking fund payments when other  
17 money of the authority is not available for the pay-  
18 ments. Income or interest earned by, or increment to,  
19 a capital reserve fund, from the investment of all or  
20 part of the fund, may be transferred by the authority  
21 to other funds or accounts of the authority if the  
22 transfer does not reduce the amount of the capital  
23 reserve fund below the capital reserve fund require-  
24 ment.

25 (b) If the authority decides to issue bonds  
26 secured by a capital reserve fund, the bonds may not be  
27 issued if the amount in the capital reserve fund is  
28 less than the capital reserve fund requirement, unless  
29 the authority, at the time of issuance of the bonds,  
30 deposits in the capital reserve fund from the proceeds  
31 of the bonds to be issued or from other sources, an  
32

1 amount which, together with the amount then in the  
2 fund, is not less than the capital reserve fund  
3 requirement.

4 (c) In computing the amount of a capital reserve  
5 fund for the purpose of this section, securities in  
6 which all or a portion of the fund is invested shall be  
7 valued by a reasonable method established by the  
8 authority by resolution. Valuation shall include the  
9 amount of interest earned or accrued as of the date of  
10 the valuation.

11 (d) The chairman of the authority shall annually,  
12 no later than January 2, certify in writing to the  
13 governor and the legislature the amount, if any,  
14 required to restore a capital reserve fund to the  
15 applicable capital reserve fund requirement. The  
16 legislature may appropriate to the authority the amount  
17 certified by the chairman of the authority. The  
18 authority shall deposit the amounts appropriated under  
19 this subsection during a fiscal year in the proper  
20 capital reserve fund. Nothing in this section creates  
21 a debt or liability of the state.

22 (e) In this section, "capital reserve fund  
23 requirement" means the amount required to be on deposit  
24 in a capital reserve fund as of the date of computation  
25 as determined by resolution of the authority.

26 (f) The authority may establish reserve funds,  
27 other than capital reserve funds, to secure one or more  
28 issues of its bonds. The authority may deposit in a  
29 reserve fund established under this subsection the  
30 proceeds of sale of its bonds or other money which may  
31 be made available from any other source. A reserve  
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1 fund established under this subsection must comply with  
2 (a) - (c) of this section. The authority may allow a  
3 reserve fund established under this subsection to be  
4 depleted without complying with (d) of this section.

5 (g) The authority may not establish a capital  
6 reserve fund if the costs of the project to be financed  
7 with the proceeds of the bonds exceed \$10,000,000.

8 (h) The authority may not establish a capital  
9 reserve fund to secure bonds for a project in an amount  
10 in excess of \$1,000,000 unless at least 20 percent of  
11 the principal amount of the loan for the project is  
12 retained by a federal or state chartered financial  
13 institution or the Alaska Commercial Fishing and  
14 Agriculture Bank.

15 (i) The provisions of (g) and (h) of this section  
16 shall not apply to capital reserve funds established to  
17 secure bonds issued to finance housing projects.

18 \* Sec. 6. AS 44.88 is amended by adding a new section  
19 to read:

20 " Sec. 44.88.151. ADMINISTRATIVE PROCEDURE. (a)  
21 Except for AS 44.62.310 and 44.62.312, regarding public  
22 meetings, and AS 44.62.320(a) regarding legislative  
23 review of regulations, the Administrative Procedure Act  
24 (AS 44.62) does not apply to AS 44.88. The authority  
25 shall make available to members of the public copies of  
26 the regulations adopted under (b) - (e) of this  
27 section. Within 45 days after adoption, the chairman  
28 of the authority shall submit a regulation adopted  
29 under (b) - (e) of this section to the chairman of the  
30 Administrative Regulation Review Committee under AS  
31 24.20.400 - 24.20.460. The provisions of AS  
32

1 44.62.320(a) apply to regulations adopted under (b) -  
2 (e) of this section.

3 (b) The authority may adopt regulations b. motion  
4 or by resolution or in any other manner permitted by  
5 its bylaws.

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

9 (1) determination of borrower eligibility;

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

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

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

18 (d) Except as provided in (e) of this section, at  
19 least 15 days before the adoption, amendment, or repeal  
20 of a regulation on a subject specified in (c)(1) - (4)  
21 of this section, the authority shall give public notice  
22 of the proposed action by publishing the notice in at  
23 least three newspapers of general circulation in the  
24 state and by mailing a copy of the notice to every per-  
25 son who has filed a request for notice of proposed  
26 regulations with the authority. The public notice must  
27 include a statement of the time, place, and nature of  
28 the proceedings for the adoption, amendment, or repeal  
29 of the regulation and must include an informative sum-  
30 mary of the proposed subject of the regulation. On the  
31 date and at the time and place designated in the  
32

1 notice, the authority shall give each interested person  
2 or his authorized representative, or both, the oppor-  
3 tunity to present statements, arguments, or contentions  
4 in writing, and shall give members of the public an  
5 opportunity to present oral statements, arguments, or  
6 contentions for a total period of at least one hour.  
7 The authority shall consider all relevant matter pre-  
8 sented to it before adopting, amending, or repealing a  
9 regulation. At a hearing under this subsection, the  
10 authority may continue or postpone the hearing to a  
11 time and place which it determines. A regulation which  
12 is adopted, or its amendment or repeal, may vary in  
13 content from the informative summary specified in this  
14 subsection if the subject matter of the regulation, or  
15 its amendment or repeal, remains the same and the  
16 original notice was written so as to assure that mem-  
17 bers of the public are reasonably notified of the pro-  
18 posed subject of the authority's action in order for  
19 them to determine whether their interests could be  
20 affected by the authority's action on that subject.

21 (e) A regulation or order of repeal on a subject  
22 specified in (c) of this section may be adopted as an  
23 emergency regulation or order of repeal if the autho-  
24 rity makes a finding in its order of adoption or re-  
25 peal, including a statement of the facts which consti-  
26 tute the emergency, that the adoption of the regulation  
27 or order of repeal is necessary for the immediate pre-  
28 servation of the orderly operation of the authority's  
29 loan and bonding programs. The requirements of (d) of  
30 this section do not apply to the initial adoption of an  
31 emergency regulation covering a subject specified in  
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1 (c)(1) - (4) of this section; however, upon adoption of  
2 an emergency regulation, the authority shall, within 10  
3 days after adoption, give notice of the adoption in  
4 accordance with (d) of this section. No emergency  
5 regulation adopted under this subsection remains in  
6 effect more than 120 days unless the authority complies  
7 with (d) of this section during the 120-day period.

8 (f) A regulation adopted under (b) - (e) of this  
9 section becomes effective immediately upon its adoption  
10 by the authority, unless otherwise specifically provid-  
11 ed by the order of adoption.

12 (g) The provisions of (b) - (e) of this section  
13 do not apply to regulations governing interest rates on  
14 the authority's loan programs.

15 \* Sec. 7. AS 44.88 is amended by adding a new section to  
16 read:

17 Sec. 44.88.153. MULTI-FAMILY HOUSING DEVELOPMENT  
18 FUND. (a) The multi-family housing development fund  
19 is established in the authority. The multi-family  
20 housing development fund is a trust fund in furtherance  
21 of the purposes of AS 44.88.070(b) and the powers con-  
22 ferred in AS 44.88.085. The multi-family housing  
23 development fund consists of money or assets appropri-  
24 ated or transferred to the authority and other money or  
25 assets deposited in it by the authority.

26 (b) The authority may establish sub-accounts  
27 within the multi-family housing development fund.

28 (c) Money and other assets of the multi-family  
29 housing development fund may be used to secure bonds of  
30 the authority, and shall be held and invested by the  
31 authority in the types of investments described in AS  
32

1 37.10.070(a) and AS 39.35.110(a)(9) and (14) or as  
2 specified in a trust agreement or bond resolution  
3 securing bonds issued for a housing project, or shall  
4 be used to purchase loans for housing projects.

5 (d) The authority may transfer between the enter-  
6 prise development fund and the multi-family housing  
7 development fund money and other assets held in either  
8 fund.

9 (e) The provisions of AS 44.88.155(d) shall not  
10 apply to housing projects or to the application of  
11 moneys or other assets held in the multi-family housing  
12 development fund.

13 (f) The authority may adopt regulations for the  
14 administration of the multi-family housing development  
15 fund which may include, without limitation, provisions  
16 for fees and agreements relating to application, loan  
17 commitment, servicing, and origination of loans by  
18 other lenders.

19 (g) The authority may enter into agreements as to  
20 the use of the money in the multi-family housing de-  
21 velopment fund, including without limitation, trust or  
22 custody arrangements with banks or trust companies. It  
23 may also pledge, assign, or grant the agreement,  
24 interests under an agreement, or interests in the  
25 multi-family housing development fund as may be neces-  
26 sary or appropriate to provide for payment and security  
27 for bonds of the authority.

28 \* Sec. 8. AS 44.88.159(a) is amended to read:  
29

30 Sec. 44.88.159. INTEREST RATES. (a) The interest  
31 rate on a loan for a project other than a housing  
32 project financed from the proceeds of tax-exempt bonds

1 or expected [EXCEPTED] by the authority to be financed  
2 from the proceeds of tax-exempt bonds is equal to the  
3 cost of funds to the authority. In this subsection  
4 "cost of funds" means the true interest cost expressed  
5 as a rate on tax-exempt bonds of the authority plus an  
6 additional percentage as determined by the authority to  
7 represent the allocable expenses of operation, costs of  
8 issuance, and loan servicing.

9 \* Sec. 9. AS 44.88.220(5) is amended to read:

10 (5) "project" other than a housing project  
11 means

12 (A) a plant or facility used or intend-  
13 ed for use in connection with making, processing,  
14 preparing, or producing in any manner, goods, pro-  
15 ducts or substances of any kind or nature or in  
16 connection with developing or utilizing a natural  
17 resource, or extracting, smelting, transporting,  
18 converting, assembling or producing in any manner,  
19 minerals, raw materials, chemicals, compounds,  
20 alloys, fibers, commodities and materials, pro-  
21 ducts or substances of any kind or nature, any  
22 plant or facility used or intended for use as an  
23 industrial park or in connection with air and  
24 water transportation, or any plant or facility for  
25 the prevention, limitation or control of air or  
26 water pollution, for the disposal of sewage or  
27 solid waste, for the local furnishing of gas, or  
28 for the furnishing of water;

29 \* Sec. 10. AS 44.88.220(9) is amended to read:

30 (9) "project applicant" means a business  
31 enterprise or enterprises proposing to  
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(A) use or occupy a project, other than a housing project; or

(B) agree to permit others to use or occupy a project other than a housing project;

\* Sec. 11. AS 44.88.220 is amended by adding a new subparagraph (17) to read:

(17) "housing project" means a specific building, structure, work or improvement of five or more units (including a multi-family dwelling) undertaken primarily to provide rental dwelling accommodations, including the acquisition, construction or rehabilitation of land, buildings and improvements to such accommodations and such other non-housing facilities as may be incidental or appurtenant to such land or accommodations;

\* Sec. 12. This Act takes effect immediately in accordance with AS 01.10.070(c).

## FHA Insured Program

While similar to the uninsured program structure, certain differences exist as a result of special features of FHA 221(d)(4) multi-family mortgage insurance outlined below.

### FHA Insured Mortgage Loans

- Par Amount:** Up to 90% of HUD/FHA estimated replacement cost of the project. AIDA funded portion would be 100% without bank participation.
- Maturity:** Stated maturity up to 40 years or three-fourths of the economic life of the project, whichever is less. Growing equity amortization formula, based on 3% annual increase, will result in full amortization well before 20th year.
- Interest Rate:** Same as uninsured program or 11%.
- Security:** First Deed of Trust, assignment of rents and Insurance from FHA on face amount of mortgage loan.
- Fees:** Approximately 1% of mortgage par value at closing and 1/4 of 1% annually represent insurance premiums. All other costs similar to uninsured program.

### AIDA Bonds:

FHA insured loans will secure a separate AIDA multi-family issue and will allow the bonds to be rated above the "A" rating generally received by AIDA. Interest cost savings should equal 1/2 of 1% each year.

# 5.75 Ratchet modifier

## AHFC Low Case

ratchet here

	current	5/82	7/82	↓ 10/82	↓ 3/83
CF	19.411	17.250	16.750	17.000	17.250
SR	12.375	12.375	12.375	→ 12.625	→ 12.875
LS	7.035	4.875	4.375	4.375	4.375

LS with ratchet modifier (N. change)	17.250	16.750	17.000	17.250
	12.375	12.375	12.625	12.875
	4.875	4.375	4.375	4.375

## AHFC High Case

	<del>current</del>	5/82	7/82	10/82	3/83
CF	19.411	17.000	16.500	18.000	18.500
SR	12.375	12.375	12.375	13.875	14.375
LS	7.035	4.625	4.125	4.125	4.125

LS with Ratchet modifier	17.000	16.500	18.000	18.500
	12.375	12.375	12.625	12.875
	4.625	4.125	5.375	5.625

A very high case ratchet only	17.000	17.500	19.000	19.500
	12.375	12.875	14.375	14.875
	4.625	4.625	4.625	4.625

LS with Ratchet modifier	17.000	17.500	19.000	19.500
	12.375	12.625	12.875	13.500
	4.625	4.875	6.125	6.000
			-5.750	5.750
			.375	.250
			+ 12.875	+ 13.500
			13.250	13.750



Official Business

# Alaska State Legislature

## Senate

### 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%

for Sen. Mulcahy  
information on  
not a work draft

Material from HCSSB 666 am H is bracketed  
and new material is underlined.

Sec. 8. AS 16.10.310 is repealed and reenacted to read:

Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department may

(1) make loans to

(A) individual commercial fishermen who have been state residents for a continuous period of five years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370 and have had a crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for any one of the past five years, and who actively participated in the fishery during that period, for the purchase of entry permits;

(B) an individual who has been a state resident for a continuous period of five years immediately preceding the date of application for a loan under AS 16.10.300 - 16.10.370, who (i) because of lack of training or lack of employment opportunities in the area of residence does not have occupational opportunities available other than commercial fishing; or (ii) is economically dependent on commercial fishing for a livelihood and commercial fishing has been a traditional way of life for him in Alaska, for the repair, restoration or upgrading of existing vessels and gear, for the purchase of entry permits and gear, and for the construction and purchase of vessels;

(C) corporations, partnerships, or joint ventures, 100 percent of which are owned by individual commercial fishermen who have been state residents for a continuous period of five years immediately preceding the date of application for a loan under AS 16.10.310(a)(1)(B) [AS 16.10.300 - 16.10.370] and have had a crewmember or commercial fishing license under AS 16.05.480 or a permit under AS 16.43 for any one of the past five years, and who actively participated in the fishery during that period, for the

repair, restoration or upgrading of existing vessels and gear, for the purchase of gear, and for the construction and purchase of vessels;

(2) designate agents and delegate its powers to them as

necessary;

(3) adopt regulations necessary to carry out its functions;

(4) establish amortization plans for repayment of loans,

which may include extensions for poor fishing seasons;

(5) enter into agreements with private lending institutions,

other state agencies, or agencies of the federal government, to carry

out the purposes of AS 16.10.300 - 16.10.370;

(6) enter into agreements with other agencies or organiza-

tions to create an outreach program to make loans under AS 16.10.300 -

16.10.370 in rural areas of the state.

(b) The department shall consult with the Department of Fish and Game on regulations and procedures established under this chapter.

Sec. 9. AS 16.10.320(a) is repealed and reenacted to read:

(a) A loan under AS 16.10.310 - 16.10.370

[(1) made to

(A) an individual described in AS 16.10.310(a)(1)(A) may not exceed \$300,000;

(B) an individual, corporation, partnership, or joint venture described in AS 16.10.310(a)(1)(B) or (C) may not exceed \$100,000;]

(1) [(2)] may not exceed a term of 15 years;

(2) [(3)] may not bear interest exceeding 10 and one-half

percent;

(3) [(4)] shall [may] be secured by a first priority lien and

appropriate security agreement; and

(4) [(5)] may not exceed 90 [75] percent of the appraised value of the collateral used to secure the loan, except that a loan granted under AS 16.10.333 for the purchase of an Alaska limited entry permit may not exceed an amount determined in accordance with (f) or (h) of this section.

Sec. 10. AS 16.10.320(d) is amended to read:

(d) A loan may not be made to a borrower under AS 16.10.300 - 16.10.370 if it would result in an outstanding debt of the borrower to the commercial fishing revolving loan fund in excess of \$300,000 [\$500,000, EXCLUDING OUTSTANDING DEBT INCURRED UNDER (c) OF THIS SECTION. A BORROWER UNDER AS 16.10.300 - 16.10.370 MAY USE UP TO 49 PERCENT OF THE AMOUNT BORROWED TO REFINANCE ANY OUTSTANDING LOANS OF THE BORROWER REGARDLESS OF THE SOURCE OF THE LOANS, IF THE OUTSTANDING LOANS WERE MADE FOR ANY OF THE PURPOSES DESCRIBED IN AS 16.10.310]. A loan to an associate of the borrower is considered to be a loan to the borrower.)

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

(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.

For the purposes of this section, "associate of the borrower" means

(1) a corporation or other organization of which the borrower is an officer, director or partner, or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities;

(2) a person who is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities of the borrower;

(3) a trust or other estate in which the borrower has a

substantial beneficial interest or as to which the borrower serves as trustee or in a similar fiduciary capacity.

Sec. 11. AS 16.10.320(e) [AS 16.20.320(e)] is amended to read:

(e) Two or more individual commercial fishermen who each satisfy the requirements specified in AS 16.10.310(a)(1)(B) [AS 16.10.310(a)(1)-(A)] may jointly obtain a commercial fishing loan for the construction of a fishing vessel or the purchase of an existing fishing vessel.

Loans granted under this subsection

(1) may not exceed the amount specified in (d) [(a)(1)] of this section multiplied by the number of qualified commercial fishermen applying for the loan;

(2) may not exceed a term of 15 years;

(3) shall be secured by a first priority lien and appropriate security agreement;

(4) may not bear interest exceeding 10 [NINE] and one-half percent; and

(5) may not exceed 90 [75] percent of the appraised value of the collateral used to secure the loan.

Sec. 12. AS 16.10.320(f) is amended to read:

(f) Except as permitted in (h) of this section a [A] loan made [granted] under AS 16.10.310(a)(1)(A) and (B) [AS 16.10.333(a)] for the purchase of an Alaska limited entry permit may not exceed 90 percent of the appraised value of the collateral used to secure the loan.

Sec. 13. AS 16.10.320 is amended by adding a new subsection to read:

(h) A loan under AS 16.10.333(a) 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 he has at least three years of experience as a commercial fisherman in the fishery to which the entry permit applies; as used in this paragraph, "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 person has actively participated in the commercial harvest of fish under the direction of a limited entry permit holder.]

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.

48. The following laws are repealed: AS 03.10.030(b) and (d); 16.10.320(c) and (g), 16.10.342(b), and 16.10.650 - 16.10.720 [16.10.560 - 16.10.720].

49. AS 44.47.410 does not apply to a rural housing mortgage loan made under AS 44.47.360 - 44.47.560 until January 1, 1983. Before January 1, 1983, the interest rate on a rural mortgage housing loan made under AS 44.360 - 44.47.560 is eight and three-quarters percent. After September 15, 1982, the Department of Community and Regional Affairs may not make a commitment for a rural housing mortgage loan for an interest rate that is less than the interest rate determined under AS 44.47.410. A loan commitment made by the Department of Community and Regional Affairs after the effective date of this Act and before September 16, 1982, may not exceed six months in length.

50. All assets of the fishermen's mortgage and note fund (AS 16.650) 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.

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.

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

Act if the total of the loans received by the borrower under AS 16.10.-  
before the effective date of this Act and AS 16.10.310(a)(1)(B) or (C)  
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  
the total of the loans received under AS 16.10.310 before the effective  
of this Act and AS 16.10.310(a)(1)(A) after the effective date of this  
does not exceed \$300,000.

Sec. 53. Notwithstanding AS 16.10.320(i) and secs. 51 and 52 of this  
the total of all loans that a borrower receives under (1) AS 16.10.650 -  
0.720; (2) AS 16.10.310 before the effective date of this Act; and (3)  
6.10.310 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  
owner 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).

Sec. 55 [50]. This Act takes effect immediately in accordance with  
16.10.070(c).

207-876-1636

*Lehman Brothers Kuhn Loeb*  
*Incorporated*

*55 Water Street*  
*New York, N.Y. 10041*

Revised: April 13, 1982

MUNICIPALITY OF ANCHORAGE  
MULTI-FAMILY MASTER LENDER PARTICIPATION PROGRAM\*

(The "Program")

PROGRAM OUTLINE

1. GENERAL PROGRAM DESCRIPTION:

- A. Proposed Bond Issue Size: \$50,000,000; Final bond issue size to be determined on basis of lender/developer interest and market demand study) see III-C and V-B)
- B. Proposed Sale Date: Approximately May 24, 1982, depending on bond market conditions.
- C. Program Overview: Tax-exempt housing revenue bonds will be issued by the Municipality of Anchorage (the "Issuer") for the purpose of providing permanent financing on newly constructed, qualified multi-family rental housing units (the "Developments") within the Issuer's boundaries. The local Anchorage banks and other financial institutions (the "Local Lenders") will provide, at market rates, 100% of construction loans to the developer (the "Developer"). The Permanent financing of the units will be shared between Rainier Bank (the "Master Lender") at 90% of loan, and Local Lenders at 10% of loan.

The Local Lenders' 10% portion of the permanent financing loan coupled with the Master Lender's 90% portion must achieve a blended rate of 13% or less.

- \* All items herein are subject to the actual terms and provisions of the final Lender Loan documents, the Mortgage Loan Documents and the Indenture, and may be altered by pending Federal or State regulations and subsequent Federal or State legislation.

On the closing of the bond sale, the Trustee will invest the proceeds with Master Lender under a Guaranteed Investment Contract at a predetermined rate.

The Master Lender will obtain the tax-exempt funds from the Issuer through investments by the Issuer in Certificates of Deposit (CDs) of the Master Lender. These CDs will bear variable maturities estimated to coincide with debt service requirements of the Issuer on the bonds (see II-E). The CDs will bear a fixed interest rate approximately equal to the average effective interest rate on the bonds. The 90% Master Lender Loan rate will be 1% above this fixed CD rate.

The term of the bonds will be 10 years or such shorter term as may be later determined by the Issuer and its underwriters to be necessary to achieve desired interest rates in the bond market.

- D. Type of Multi-Family Housing: Newly constructed rental housing only. All developments will be required to be used as rental housing for as long as the 90% loan from the Master Lender is outstanding. At least 20% of the units in all Developments must be occupied by or reserved for lower income tenants for a period of 20 years following completion of construction. (See IV-P regarding regulatory agreements and deed restrictions).

## II. MASTER LENDER PARTICIPATION

- A. Approval of Local Lenders and Developers: Master Lender will employ its customary real estate loan underwriting standards in approving Local Lender and Developer participation in the Program. These standards are described generally in Exhibit A to this outline. For Local Lenders, the standards relate generally to financial strength and multi-family lending and servicing experience. For Developments/Developers the standards relate principally to debt coverage, experience, reputation, financial strength and reasonableness of Development's construction and operating cost projections.
- B. Stand-By Commitment: Prior to the bond sale, the Master Lender will issue its stand-by commitment to provide 90% financing for acceptable, qualified Developments for which the loan can be closed within three (3) years following delivery of the bonds. For issuing this stand-by commitment, the Master Lender will receive from the Local Lenders, a commitment fee equal to 1% of such commitment amount. The Local Lender may pass this commitment fee on to the Developers of the Developments.
- C. Master Lender Loan Rate and Terms: The Master Lender will provide its 90% permanent loan at a fixed annual interest rate not to exceed 1% above the interest rate paid the Issuer on the CDs (see II-E following). The term of the 90% loan will be up to approximately 10 years, depending on the bond issue maturity. The 90% Master Lender Loan will be repayable monthly by the Developer on the basis of a \_\_\_ year amortization, with the total unpaid principal balance becoming due and payable approximately 60 days prior to the final maturity of the bonds.

- D. Refinancing Master Lender Loan at Maturity: Master Lender agrees, up to two years prior to the maturity of Developer Loan, to discuss with Developer, if desired by the Developer, the refinancing of the Development at prevailing market rates. The Master Lender further agrees that it will negotiate such refinancing in good faith and will employ its then-existing loan underwriting criteria and standards.
- E. Advancement of Bond Proceeds to Master Lender: The Issuer (through the trustee bank) will advance lendable loan (bond) proceeds from guaranteed investment contract to the Master Lender simultaneous with the closing of the 90% Master Lender Loan to the Developer. The advance will be in the form of an investment in CDs of the Master Lender, such CDs carrying a fixed interest rate, payable semi-annually, of approximately the average interest rate on the bonds. The maturities of the CDs will be scheduled to parallel estimated debt service requirements on the bonds. To guarantee the availability of funds for bond debt service requirements, the Master Lender will issue, at no cost to the Issuer, its stand-by Letter of Credit (or similar binding, enforceable agreement) to provide an interim loan to the Issuer to meet debt service requirements in the event CD maturities mismatch with such debt service requirements. The interest rate on this interim loan will be equal to the interest rate on the CDs. The proceeds of the CDs, when they mature, will be used to liquidate the interim loan to the Issuer.
- F. Originating and Servicing of 90% Permanent Loan: At its option, the Master Lender may originate and service its own 90% loan or may delegate such responsibility to the Local Lenders. In either event, the Master Lender will receive a 2% origination fee from the Developer at time of closing the 90% permanent loan. Whichever lender services the 90% permanent loan will be entitled to a servicing fee payable monthly by the Developer equal to 1/8 of 1% of the outstanding principal balance of the entire permanent loan amount.

### III. LOCAL LENDER PARTICIPATION

- A. Approval of Local Lenders: Prior to participation in the Program, Local Lenders will be subject to approval by both the Issuer and the Master Lender (see II-A).
- B. Approval of Developers/Developments: Participating Local Lenders will be expected to apply their customary real estate underwriting standards in approving Developers/Developments for participation in the Program. However, in all instances the Master Lender must also approve the Developers/Developments before it will issue its 90% Permanent Loan Takeout Agreement.
- C. Loan Allocation and Commitment Fee: Prior to the bond sale, the Local Lenders will apply for participation in the Program. Specific multi-family developments need not be identified at this time. On the basis of these applications and approval by the Master Lender of the Local Lender's participation in the Program, the Issuer will allocate projected available funds to the Local Lenders (projected available funds to be determined on the basis of Local Lender requests and

Market Demand Survey). In no instances will each Local Lender's allocation be less than \$250,000 or more than the amount requested. Upon receiving its allocation and prior to the bond sale, the Local Lender will execute a Lender Loan Commitment Agreement and will pay a 3 1/2% Commitment Fee, 2 1/2% to the Issuer and 1% to the Master Lender. This Commitment Fee may be in the form of a third-party bank's letter of credit, to be replaced by a cashiers or certified check at time of delivery of the bonds. The 3 1/2% commitment fee may be passed on by the Local Lender to the Developer.

Should a permanent loan agreement not be entered into by the Local Lenders within 22 months following the sale of bonds, the Trustee may reallocate the unused funds among the other program lenders.

- D. Construction Loan Term, Rate and Closing Requirements: Construction of the units must begin within 2 years following the sale of bonds. The construction loan can be closed at any time following delivery of the bonds, but not later than three years following delivery of the bonds. Prior to closing the construction loan, the Master Lender must approve the Developer/Development and issue its 90% Permanent Loan Takeout Agreement.

Should the Development not be completed in accordance with the terms and specifications of such Agreement, the Master Lender is under no obligation to execute the permanent loan takeout agreement.

The Construction loan will be "taken-out" by the permanent loan (see III-E following) when the Development is completed and occupancy reaches \_\_\_\_%.

Any losses sustained on the total construction loan are borne entirely by the Local Lender.

- E. Permanent Loan Term, Rate and Closing Requirements: Also as part of its commitment agreement, the Local Lender will agree to provide 10% of the permanent loan takeout. The remaining 90% will be provided by the Master Lender. The interest rate on the Local Lender's 10% takeout loan will generally be at market rate, but will be fixed at time of bond sale so that the 90% tax-exempt financed rate and 10% market rate achieve a blended rate on the permanent financing of 13% or less.

The term of the permanent loan will vary between seven and nine years, depending on the final maturity of the bonds and the length of the construction period. The permanent loan (both the 90% and 10% portions) are repayable monthly based on a \_\_\_\_ amortization schedule, with the final unpaid balance becoming due and payable approximately 60 days prior to the final maturity on the bonds.

A 2% permanent loan origination fee will be payable by the Developer to the Local Lender upon closing the permanent loan. Such fee will be calculated on the Local Lenders 10% portion of the permanent loan.

Any losses sustained on the permanent loan are borne 10% by the Local Lender and 90% by the Master Lender.

- F. Originating and Servicing Loans: Local Lenders will originate and service their own construction loans. No servicing fee is chargeable to the Developer on the construction loan.

At its option, the Master Lender may request/allow the Local Lender to originate and service the permanent loan. In any event, the Local Lender receives the 2% permanent loan origination fee applicable to its 10% portion of the permanent loan. If servicing the permanent loan at the request of the Master Lender, the Local Lender will be entitled to charge the Developer an annual servicing fee (payable monthly) equal to 1/8 of 1%. The full amount of the servicing fee is retained by the lender servicing the loan.

#### IV. DEVELOPER/DEVELOPMENT PARTICIPATION

- A. Construction Start: Construction may begin only after passage of the Issuer's formal resolution of intent to issue bonds and the Issuer's designation of the Development as one to be financed under the Program. Such designation may occur after the actual issuance of the bonds.
- B. Reimbursement of Previously Incurred Costs: Under Federal tax law, cost incurred by the Developer prior to the bond sale can only be included (reimbursed) in the 90% portion of the mortgage loan to the maximum extent of 10% of such loan amount.
- C. Master Lender's Approval of Developments to Receive Permanent Financing: Developments need not be specifically identified until the Master Lender issues its 90% Permanent Loan Takeout Agreement, prior to closing the construction loan.
- D. Geographical Area: Property may be located anywhere within the boundaries of the Issuer's jurisdiction.
- E. Fees Paid by Developer: (i) 2 1/2% Commitment fee payable by Local Lenders to the Issuer and 1% Commitment Fee payable to the Master Lender prior to bond sale. Local Lender may pass on such Commitment Fees to the Developer; (ii) 2% Permanent Loan Origination Fee payable by developer to Master Lender and Local Lender (90%; 10% respectively at closing of permanent loan), and (iii) 1/8 of 1% Servicing Fee payable by Developer to Master Lender for servicing agent (Local Lender).
- F. Disbursement of Lender Loan Proceeds: An Issuer will disburse the 90% portion of the loan relating to a particular Development to the Master Lender at time of the permanent loan closing (or such earlier time as may be determined by an Issuer to be in the best interest of the Program).
- G. Loan Terms: The term of any construction loan period will be for the construction period plus the time necessary to achieve \_\_\_% occupancy, but in no event longer than 36 months following the bond

issuance date. The term for any permanent mortgage loan will be for approximately ten (10) years, less the length of the period between delivery of the bonds and the start of the permanent loan period.

- H. Repayment of Mortgage Loan by Developers:** Developers will pay construction loan interest monthly during the construction period and permanent loan interest and principal to servicer monthly following completion of construction, based on a \_\_\_\_\_ amortization schedule, with the total unpaid principal balance becoming due and payable approximately 60 days prior to the final maturity of the bonds.
- I. Interest Rate on Developer Loans:** The mortgage loan from the Master Lender and Local Lender to a developer during the permanent loan period will be made at a blended rate of 13% or less per annum, excluding the servicing fee.
- J. Prepayment of Permanent Mortgage Loan:** Beginning in the 7th year and continuing every 6 months thereafter, the Trustee will randomly select mortgages totaling 1/6 of the dollar value of bonds sold and, after giving 13 months prior notice, inform mortgage holders of the intention to call their loan on a specified date. The total amount of prepayments allowed for any 6 month interval shall be reduced by optional prepayments permitted under the program.

Mortgage holders may elect to prepay beginning in the 8th year and continuing every 6 months thereafter until the 10th year; the trustee shall limit such prepayment amounts to approximately 1/6 of the dollar value of bonds sold in any 6 month period. Mortgage holders electing to prepay must give the Trustee a 14 month advance notice of their request to prepay.

- K. Income Restrictions on Tenants:** At least 20% of the units in each development financed under the program must be occupied by "Lower Income Tenants" as that term is defined by 167 (K)(3)(B) of the Internal Revenue Code (generally persons or families whose income is 80% of the area median income or less, such income being adjusted annually). Projected adjusted gross annual income will be used to determine compliance with the 20% income restriction just cited. The information is to be obtained during the tenant application process and sworn to (notarized) by the applicant.
- L. Recertification of Tenant Income/Annual Audit:** No recertification of tenant income is necessary following original occupancy. As long as an initially qualified Lower Income Tenant occupies a unit in the Development (not necessarily his or her original unit), the tenant/unit continue to qualify under the Development's income restrictions. However, the trustee bank will conduct an annual compliance audit of each Development financed under the Program.

- M. Tenant Acceptance: As long as the same standards applied to the 20% restricted income tenants are applied uniformly throughout the Development, the Developer may reject any tenant on the basis of bad credit, poor job history, and other reasons evidencing tenant undesirability.
- N. Selection of Income Restricted Units: Specific units meeting income restriction requirements may be redesignated by the Developer from time-to-time (with notice to the bond trustee), so long as at least 20% of the units within the Development are so designated for 20 years.
- O. Violation of Income Restriction Requirements: Mortgage loan documents between the Master Lender, trustee and Developer(s) will include a variety of mechanisms for enforcing the income restriction requirements. A violation of such requirements would constitute an event of default under the mortgage loan, subject to reasonable and standard notice and cure provisions prior to any foreclosure action on the mortgage.
- P. Regulatory Agreements and Deed Restrictions: The Developers, the Issuer and the bond trustee will enter into a Regulatory Agreement and the Developers will be required to record certain deed restrictions requiring use of each Development for 20 years following completion of construction of such Development in which at least 20% of the units are occupied by lower income rental tenants. The Regulatory Agreement may be enforced ultimately by default and acceleration of the mortgage note. The deed restrictions, which run the land, may be enforced by any available judicial proceedings.
- Q. Required Advertising for Income Restricted Units: As long as a Developer is in compliance with the 20% income restriction requirement, no special advertising would be required.
- R. Underwriting Standards for Mortgage Loans to Developer: The Master Lender and Local Lender are expected to apply customary, generally acceptable, underwriting standards to the Developer on the construction and permanent loans.
- S. Condominium Conversions: Condominium conversions are not allowed as long as the permanent loan is outstanding (see IV-J regarding prepayments).
- T. Number of Units: In general the minimum number of units in a Development is 20; the maximum number is 100. However, the Master Lender will judge each Development on its merit, regardless of the number of units. Also, Local Lender underwriting criteria may supersede this minimum and maximum as provided in Section VI.
- U. Developer Equity: A developer must provide sufficient equity in a Development such that the equity contribution is 25% of accepted appraised value and allows a 1.20 debt service coverage after 45% gross income is set aside for operating expenses.

The Program is exploring alternate opportunities to assist Developers with the required equity contribution through either a subordinated loan or an equity participation.

- V. Failure to Close Permanent Loan: If a Developer fails to meet the requirements of the 90% Permanent Loan Takeout Agreement, including the failure to complete and obtain a \_\_\_\_\_% occupancy in the Development within 36 months following delivery of the bonds, the Master Lender is no longer obligated to provide Program financing for the Development. Permanent financing must be secured from the Local Lender or alternative sources at prevailing rates.
- W. Development Building Requirements: All developments must be located in sites designed as R3 or R4 zoned properties as of January 1, 1982 in order to be considered for selection.

All developments must meet Anchorage energy conservation requirements which generally stipulate that bond proceeds cannot be used to build electrical heat facilities; more efficient heating systems must be constructed.

In accordance with Anchorage Ordinance # \_\_\_\_\_, 1 out of every 20 units must be designed for the handicapped.

V. ISSUER AND TRUSTEE PARTICIPATION:

- A. Investment of Bond Proceeds: Until used for required purposes under the Indenture, including the making of 90% loans, the trustee will invest bond proceeds pursuant to an Investment Agreement executed at time of delivery of the bonds.
- B. Market Demand Study: Prior to issuing the bonds, the Issuer will require that a market demand study be conducted to augment existing data, such study to aid in sizing the bond issue and to help ensure that oversupply conditions do not occur.

**BLYTH EASTMAN PAINE WEBBER**  
INCORPORATED

1221 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10020

212-730-8500

SUMMARY

The attached exhibits review three different alternatives on the use of Alaska Industrial Development Authority funds to provide the required cash infusion necessary today to finance multi-family housing in Anchorage and the State of Alaska.

Option A - Cash Contribution used to make a subordinated loan to the project

With no payments on the 2<sup>nd</sup> mortgage for 10 years and the required coverage of debt service by 120%, there would be a projected deficit for the project in years 2 - 5. In addition, in year 11, the projected debt service payments on the 1<sup>st</sup> mortgage and the 2<sup>nd</sup> mortgage are estimated to exceed the net operating income (assuming 120% coverage) by \$61,910. This assumes a 14% interest rate on the 2<sup>nd</sup> mortgage. If we were to assume a 10.25% rate on the 2<sup>nd</sup> mortgage the projected deficit in year 11 is eliminated. *threshold for proj. loss (ie, if > note, 3a deficit in yr 11)*

Option B - Cash Contribution used to make an equity investment in the project at the start of construction. *L = to that of developer*

As in Option A, assuming a required coverage of debt service by 120%, there is ~~an~~ annual deficit projected. Assuming only a 5% annual appreciation in the value of the project, AIDA and the project's developer, as equal partners, would realize a 9.6% return on their initial investments of \$245,000 each, if the project were sold at the end of the 10<sup>th</sup> year. If we were to assume a 7.5% appreciation in the project's value, the return would increase to 13.9%. In both scenarios, additional yield would be realized from periodic project cash flow surpluses.

Option C - Cash Contribution used to make an equity investment in the project annually from years 2 - 10.

There is projected to be an annual project cash flow deficiency (assuming 120% coverage) ranging from \$59,040 in year 2 to \$600 in year 10. At the start of construction, AIDA would establish an escrow fund with the bond trustee in the estimated amount of \$283,310 which is the aggregation of the projected deficits in years 2 - 10. These funds would be invested at the highest yield possible and be available to meet any project deficits. The advantage of this approach versus Option B is the delayed timing of AIDA's actual investment in the project. It is estimated that AIDA would realize a 9.8% return in its staggered investment (assuming a 5% appreciation in project value). Commencing with the actual creation of the escrow fund, AIDA would be realizing investment earnings on this fund until funds are required to cover any project deficits. These investment earnings significantly supplement the 9.8% yield cited above.

*tax benefits for AIDA's share could be "sold" by selling  
our equity to a 3<sup>rd</sup> party investor; funds can  
be recycled*

PROJECTED ANNUAL INCOME STATEMENT

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>
<b>REVENUES</b>											
\$680 per month starting rental income x 12 months x 39 units <i>up 5% / yr</i>	\$244,800	\$257,040	\$269,890	\$283,390	\$297,560	\$312,440	\$328,060	\$344,460	\$361,680	\$379,760	
<b>EXPENSES</b>											
Operating expenses at 40% of rental income <i>incl? reserve for replacement &amp; 5% vacancy</i>	<u>97,920</u>	<u>102,820</u>	<u>107,960</u>	<u>113,360</u>	<u>119,020</u>	<u>124,980</u>	<u>131,220</u>	<u>137,780</u>	<u>144,670</u>	<u>151,900</u>	
<b>NET OPERATING INCOME</b>	<u>\$146,880</u>	<u>\$154,220</u>	<u>\$161,930</u>	<u>\$170,030</u>	<u>\$178,540</u>	<u>\$187,460</u>	<u>\$196,840</u>	<u>\$206,680</u>	<u>\$217,010</u>	<u>\$227,860</u>	
Minimum debt service allowed to provide a 120% coverage	<u>\$122,400</u>	<u>\$128,520</u>	<u>\$134,940</u>	<u>\$141,690</u>	<u>\$148,780</u>	<u>\$156,220</u>	<u>\$164,030</u>	<u>\$172,230</u>	<u>\$180,840</u>	<u>\$189,880</u>	
<b>Option A -</b>											
Annual projected debt service	<u>145,150</u>	<u>145,150</u>	<u>145,150</u>	<u>145,150</u>	<u>145,150</u>	<u>145,150</u>	<u>145,150</u>	<u>145,150</u>	<u>145,150</u>	<u>145,150</u>	<u>251,790</u>
Estimated deficit assuming 120% coverage test	<u>\$(22,750)</u>	<u>\$(16,630)</u>	<u>\$(10,210)</u>	<u>\$(3,460)</u>	<u>\$ 3,630</u>	<u>\$ 11,070</u>	<u>\$ 18,880</u>	<u>\$ 27,080</u>	<u>\$ 35,690</u>	<u>\$(61,910)</u>	
<b>Option B -</b>											
Annual projected debt service	<u>144,240</u>	<u>144,240</u>	<u>144,240</u>	<u>144,240</u>	<u>144,240</u>	<u>144,240</u>	<u>144,240</u>	<u>144,240</u>	<u>144,240</u>	<u>144,240</u>	<u>103,300</u>
Estimated deficit assuming 120% coverage test	<u>\$(21,840)</u>	<u>\$(15,720)</u>	<u>\$( 9,300)</u>	<u>\$( 2,550)</u>	<u>\$ 4,540</u>	<u>\$ 11,980</u>	<u>\$ 19,790</u>	<u>\$ 27,990</u>	<u>\$ 36,600</u>	<u>\$ 86,580</u>	
<b>Option C -</b>											
Annual projected debt service	<u>181,440</u>	<u>181,440</u>	<u>181,440</u>	<u>181,440</u>	<u>181,440</u>	<u>181,440</u>	<u>181,440</u>	<u>181,440</u>	<u>181,440</u>	<u>181,440</u>	<u>129,940</u>
Estimated deficit assuming 120% coverage	<u>\$(59,040)</u>	<u>\$(52,920)</u>	<u>\$(46,500)</u>	<u>\$(39,750)</u>	<u>\$(32,660)</u>	<u>\$(25,220)</u>	<u>\$(17,410)</u>	<u>\$( 9,210)</u>	<u>\$ (600)</u>	<u>\$ 59,940</u>	

## ASSUMPTIONS

### PROJECT COST AND UNDERWRITING CRITERIA

- Project consists of 30 two bedroom units each containing 800 square feet.
- Total construction cost is estimated at \$60 per square foot reflecting a total project cost of \$1,440,000.
- Developer Equity Requirement is 17% of total project costs.
- First Mortgage Loan Amount:

Cost of Construction - \$1,440,000

Equity Contribution:

By Developer - 245,000

Mortgage Loan Amount - \$1,195,000

### PROJECT INCOME AND OPERATING CRITERIA

- Projected starting rental rates are \$.80 square foot or \$680 per month rent on each unit.
- Project expenses are estimated at 40% of Rental Income. (Initially \$272 per month for each unit)
- Project Operating Income should exceed Project Debt service by a coverage of 1.20 times.
- Rental Rates are expected to increase 5% annually each year with expenses still estimated at 40% of Rental Income.

### PROJECT APPRECIATION

- Value in 10 years
  - Assuming 5% appreciation - \$2,345,610
  - Assuming 7.5% appreciation - \$2,967,890
  - Assuming 10% appreciation - \$3,734,990





OPTION C

- . AIDA will make an equity investment in the project equal to the projected deficit in years 1-10 between the amount available for debt service (assuming 120% coverage) and the annual projected debt service.

. Total Project Cost - \$1,440,000  
  x 17%  
  \$245,000 Developer's Equity

\$1,440,000  
-245,000 Developer's Contribution  
\$1,195,000 - 1st Mortgage

- . The first mortgage carries an interest rate of 13% and amortizes over a 15 year period with a balloon payment at the end of year 10. The outstanding principal balance of \$753,120 at the end of year 10 will be refinanced at a rate of 17% for an additional 25 years.

- . Annual Debt Service (1<sup>st</sup> 10 years) - \$181,440
  - . Annual Debt Service (years 11-35) - \$129,940

- . Based on the project projections, AIDA's equity investment will be \$283,310 which is equal to approximately 20% of total project cost. AIDA's investment would entitle it to a 54% ownership in the project.
  
- . AIDA desires to realize a return on its equity investment of 14% compounded semi-annually. At the end of year 10, if AIDA has made the equity contributions to cover the afore-mentioned projected cash deficits, the value of its investment would have grown to \$711,670. As a 54% equity investor, AIDA would look to the sale or refinancing of the project to realize the desired return on its investment. If the project appreciated 5% each year for 10 years, its value would be estimated at \$2,345,610. After payment of the outstanding 1<sup>st</sup> mortgage of \$753,120, the investors would share pro-rata in the balance of \$1,592,490. AIDA's 54% share (\$859,940) would yield it an approximately 9.8% return on its investment. (after principal repayment).

210  
 Draft Only Secs of proposed FCC SSB66  
 that affect fisheries loans under AS 16.10  
 for David Massey, Div. Business loans.  
 S.O.B. 9th Floor

INTO  
 b66

1 prizes.

2 \* Sec. 6. AS 03.10.050(a) is amended to read:

3 (a) The commissioner shall administer the loan fund in conjunction  
 4 with the agricultural revolving loan fund board. No loan in excess of  
 5 \$50,000 [\$25,000] may be made by the commissioner without the approval  
 6 of a majority of the board.

7 \* Sec. 7. AS 03.10.050 is amended by adding a new subsection to read:

8 (c) A meeting of the agricultural revolving loan fund board to act  
 9 on applications for loans is exempt from the public meeting requirements  
 10 of AS 44.62.310.

11 \* Sec. 8. AS 16.10.310 is repealed and reenacted to read:

12 Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department may

13 (1) make loans to

14 (A) individual commercial fishermen who have been state  
 15 residents for a continuous period of five years immediately preced-  
 16 ing the date of application for a loan under AS 16.10.300 - 16.10.-  
 17 370 and have had a crewmember or commercial fishing license under  
 18 AS 16.05.480 or a permit under AS 16.43 for any one of the past  
 19 five years, and who actively participated in the fishery during  
 20 that period, for the purchase of entry permits;

21 (B) an individual who has been a state resident for a  
 22 continuous period of five years immediately preceding the date of  
 23 application for a loan under AS 16.10.300 - 16.10.370, who (i)  
 24 because of lack of training or lack of employment opportunities in  
 25 the area of residence does not have occupational opportunities  
 26 available other than commercial fishing; or (ii) is economically  
 27 dependent on commercial fishing for a livelihood and commercial  
 28 fishing has been a traditional way of life for him in Alaska, for  
 29 the repair, restoration or upgrading of existing vessels and gear,

1 for the purchase of entry permits and gear, and for the construc-  
2 tion and purchase of vessels;

3 (C) corporations, partnerships, or joint ventures, 100  
4 percent of which are owned by individual commercial fishermen who  
5 have been state residents for a continuous period of five years  
6 immediately preceding the date of application for a loan under  
7 AS 16.10.310(a)(1)(B) and have had a crewmember or commercial  
8 fishing license under AS 16.05.480 or a permit under AS 16.43 for  
9 any one of the past five years, and who actively participated in  
10 the fishery during that period, for the repair, restoration or  
11 upgrading of existing vessels and gear, for the purchase of gear,  
12 and for the construction and purchase of vessels;

13 (2) designate agents and delegate its powers to them as  
14 necessary;

15 (3) adopt regulations necessary to carry out its functions;

16 (4) establish amortization plans for repayment of loans,  
17 which may include extensions for poor fishing seasons;

18 (5) enter into agreements with private lending institutions,  
19 other state agencies, or agencies of the federal government, to carry  
20 out the purposes of AS 16.10.300 - 16.10.370;

21 (6) enter into agreements with other agencies or organiza-  
22 tions to create an outreach program to make loans under AS 16.10.300 -  
23 16.10.370 in rural areas of the state.

24 (b) The department shall consult with the Department of Fish and  
25 Game on regulations and procedures established under this chapter.

26 \* Sec. 9. AS 16.10.320(a) is repealed and reenacted to read:

27 (a) A loan under AS 16.10.310 - 16.10.370

28 (1) may not exceed a term of 15 years;

29 (2) may not bear interest exceeding 10 and one-half percent;

1 (3) shall be secured by a first priority lien and appropriate  
2 security agreement; and

3 (4) may not exceed <sup>90</sup>~~75~~ percent of the appraised value of the  
4 collateral used to secure the loan, except that a loan granted under  
5 AS 16.10.333 for the purchase of an Alaska limited entry permit may not  
6 exceed an amount determined in accordance with (f) or (h) of this  
7 section.

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

9 (d) Loans made to a borrower under AS 16.10.310(a)(1)(A) may not  
10 exceed a total of \$300,000. Loans made to a borrower under AS 16.10.-  
11 310(a)(1)(B) or (C) may not exceed a total of \$100,000. A loan to an  
12 associate of the borrower is considered to be a loan to the borrower.  
13 For the purposes of this section, "associate of the borrower" means

14 (1) a corporation or other organization of which the borrower  
15 is an officer, director or partner, or is, directly or indirectly, the  
16 beneficial owner of 10 percent or more of any class of equity securi-  
17 ties;

18 (2) a person who is, directly or indirectly, the beneficial  
19 owner of 10 percent or more of any class of equity securities of the  
20 borrower;

21 (3) a trust or other estate in which the borrower has a  
22 substantial beneficial interest or as to which the borrower serves as  
23 trustee or in a similar fiduciary capacity.

24 \* Sec. 11. AS 16.<sup>10</sup>~~20~~.320(e) is amended to read:

25 (e) Two or more individual commercial fishermen who each satisfy  
26 the requirements specified in AS 16.10.310(a)(1)(B) [AS 16.10.310(a)(1)-  
27 (A)] may jointly obtain a commercial fishing loan for the construction  
28 of a fishing vessel or the purchase of an existing fishing vessel.  
29 Loans granted under this subsection

1 (1) may not exceed the amount specified in (a)(1) of this  
2 section multiplied by the number of qualified commercial fishermen  
3 applying for the loan;

4 (2) may not exceed a term of 15 years;

5 (3) shall be secured by a first priority lien and appropriate  
6 security agreement;

7 (4) may not bear interest exceeding 10 [NINE] and one-half  
8 percent; and

9 (5) may not exceed <sup>90</sup>~~75~~ percent of the appraised value of the  
10 collateral used to secure the loan.

11 \* Sec. 12. AS 16.10.320(f) is amended to read:

12 (f) Except as permitted in (h) of this section a [A] loan made  
13 [GRANTED] under AS 16.10.310(a)(1)(A) and (B) [AS 16.10.333(a)] for the  
14 purchase of an Alaska limited entry permit may not exceed 90 percent of  
15 the appraised value of the collateral used to secure the loan.

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

17 (h) A loan under AS 16.10.310(a)(1)(B) may be made for up to 100  
18 percent of the appraised value of the collateral used to secure the loan  
19 if the borrower demonstrates that he has at least three years of experi-  
20 ence as a commercial fisherman in the fishery to which the entry permit  
21 applies; as used in this paragraph, "three years of experience as a  
22 commercial fisherman in the fishery" means that for an accumulated total  
23 of three fishing seasons in the same fishery the person has actively  
24 participated in the commercial harvest of fish under the direction of a  
25 limited entry permit holder.

26 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a  
27 loan may not be made to the borrower or an associate of the borrower  
28 under AS 16.10.310(a)(1)(B) or (C). If a loan is made to a borrower  
29 under AS 16.10.310(a)(1)(B) or (C), a loan may not be made to the

1 borrower or an associate of the borrower under AS 16.10.310(a)(1)(A).

2 \* Sec. 14. AS 16.10 is amended by adding a new section to read:

3 Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the  
4 borrower has insufficient collateral to secure a loan for the purposes  
5 described in AS 16.10.310(a)(1)(B). The loan agreement shall specific-  
6 ally describe the property of the guarantor to be used as collateral by  
7 the borrower and shall be signed by the guarantor and the borrower. The  
8 department shall provide the guarantor with a copy of all notices sent  
9 to the borrower by the department. If the loan is for the purchase of  
10 an entry permit, the guaranty by the guarantor may not constitute a  
11 lien, mortgage, or encumbrance on or pledge of the entry permit.

12 \* Sec. 15. AS 18.55.997 is amended to read:

13 Sec. 18.55.997. RESIDENTIAL LOANS: (a) In addition to the powers  
14 authorized to a regional housing authority under AS 18.55.996, a regional  
15 housing authority may, in accordance with procedures and policies adopted  
16 and approved by the division of housing assistance in the Department of  
17 Community and Regional Affairs [BOARD OF DIRECTORS OF THE ALASKA HOUSING  
18 FINANCE CORPORATION], make loans for the purchase or development of resi-  
19 dential housing in rural areas of the state. A loan shall be secured by  
20 collateral in an amount acceptable to the division of housing assistance  
21 in the Department of Community and Regional Affairs [BOARD OF DIRECTORS  
22 OF THE ALASKA HOUSING FINANCE CORPORATION]. The rate of interest on a  
23 loan authorized by this section may not exceed the interest rate on a  
24 loan originated or purchased under AS 44.47.360 - 44.47.560 [AN INTEREST  
25 RATE APPROVED BY THE BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE  
26 CORPORATION].

27 (b) In this section,

28 (1) "development" means the construction of a new residence  
29 or the repair, remodeling, rehabilitation or expansion of an existing

1 (e) The rate of interest for a loan under this section, other than  
2 a loan for an alternative energy system may not exceed nine and one-half  
3 percent a year on the unpaid balance of the loan. The rate of interest  
4 for a loan for an alternative energy system is five percent for the  
5 first \$15,000 of the loan and 15 percent for the amount of the loan that  
6 exceeds \$15,000.

7 \* Sec. 46. AS 45.88.500(2) is amended by adding a new subparagraph to  
8 read:

9 (D) a wood stove with a catalytic converter or a cata-  
10 lytic converter for a wood stove.

11 \* Sec. 47. AS 45.88.500 is amended by adding a new paragraph to read:

12 (3) does not include

13 (A) a wood, coal, or multi-fuel heating stove; or

14 (B) a fireplace or fireplace insert.

15 \* Sec. 48. AS 45.89.030 is amended by adding a new subsection to read:

16 (j) If, in the opinion of the department, it is not necessary to  
17 conduct an energy audit to determine that a loan application meets the  
18 requirements of this section, the department may waive the audit require-  
19 ment for the applicant.

20 \* Sec. 49. AS 45.98.040(2) is amended to read:

21 (2) state participation in a loan for the restoration, im-  
22 provement, rehabilitation or maintenance of any one building or struc-  
23 ture qualifying under this chapter may not exceed \$250,000 [\$100,000];

24 \* Sec. 50. The following laws are repealed: AS 03.10.030(b) and (d);  
25 AS 16.10.320(c) and (g), 16.10.342(b), and 16.10.<sup>650</sup>~~560~~ - 16.10.720.

26 \* Sec. 51. AS 44.47.410 does not apply to a rural housing mortgage loan  
27 made under AS 44.47.360 - 44.47.560 until January 1, 1983. Before January 1,  
28 1983, the interest rate on a rural mortgage housing loan made under AS 44.-  
29 47.360 - 44.47.560 is eight and three-quarters percent. After September 15,

1 1982, the Department of Community and Regional Affairs may not make a commit-  
2 ment for a rural housing mortgage loan for an interest rate that is less than  
3 an interest rate determined under AS 44.47.410. A loan commitment made by  
4 the Department of Community and Regional Affairs after the effective date of  
5 this Act and before September 16, 1982, may not exceed six months in length.

6 \* Sec. 52. All assets of the fishermens mortgage and note fund (AS 16.10.  
7 650) are transferred to the commercial fishing revolving loan fund (AS 16.10.  
8 340). Repayments of principal and interest on loans made from the fishermens  
9 mortgage and note fund shall be deposited into the commercial fishing revolv-  
10 ing loan fund by the commissioner of the Department of Commerce and Economic  
11 Development as they are received.

12 \* Sec. 53. A borrower who receives a loan before the effective date of  
13 this Act under AS 16.10.<sup>650?</sup>560 - 16.10.<sup>720?</sup>570 may not receive a loan under AS 16.-  
14 10.310(a)(1)(A) *after the effective date of this Act.* A borrower who receives a loan under AS 16.10.310 before  
15 the effective date of this Act may not receive a loan under AS 16.10.310(a)-  
16 (1)(B) or (C) after the effective date of this Act.

17 \* Sec. 54. This Act takes effect immediately in accordance with AS 01.10.  
18 070(c).  
19  
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29

Original sponsor: Rules/Governor

Offered: 4/1/82  
Referred: Rules

Funding Information

General Fund	\$205,400,000
Other Funds	9,986,100
	<u>\$215,386,100</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 322 (Finance) am H

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for various state loan  
7 and grant programs; and providing for an effective  
8 date."

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

10 \* Section 1. The sum of \$45,000,000 is appropriated from the general fund  
11 to the Alaska Housing Finance Corporation (AS 18.56) for mobile home loans.

12 \* Sec. 2. The sum of \$36,000,000 is appropriated from the general fund to  
13 the Department of Community and Regional Affairs for housing loans.

14 \* Sec. 3. The sum of \$10,000,000 is appropriated from the general fund to  
15 the Department of Community and Regional Affairs for senior citizens housing.

16 \* Sec. 4. The sum of \$10,000,000 is appropriated from the general fund to  
17 the agricultural revolving loan fund (AS 03.10.040) in the Department of  
18 Natural Resources.

19 \* Sec. 5. The sum of \$10,000,000 is appropriated from the general fund to  
20 the Department of Commerce and Economic Development for loans under the  
21 Commercial Fishing Loan Act (AS 16.10.300 - 16.10.370).

22 \* Sec. 6. The sum of \$17,000,000 is appropriated from the general fund to  
23 the Department of Commerce and Economic Development for the fisheries enhance-  
24 ment loan program (AS 16.10.500).

25 \* Sec. 7. The sum of \$400,000 is appropriated from the general fund to  
26 the child care facility revolving loan fund (AS 44.33.240) in the Department  
27 of Commerce and Economic Development.

28 \* Sec. 8. The sum of \$8,500,000 is appropriated from the general fund to  
29 the Department of Commerce and Economic Development for loans for alternative

1 technology and energy (AS 45.88) and loans and grants for residential energy  
2 conservation (AS 45.89).

3 \* Sec. 9. The sum of \$1,000,000 is appropriated from the general fund to  
4 the bulk fuel revolving loan fund (AS 45.87.010) in the Department of Com-  
5 merce and Economic Development.

6 \* Sec. 10. The sum of \$15,000,000 is appropriated from the general fund  
7 to the mining loan fund (AS 27.09.010) in the Department of Commerce and  
8 Economic Development.

9 \* Sec. 11. The sum of \$500,000 is appropriated from the general fund to  
10 the historical district revolving loan fund (AS 45.98.010) in the Department  
11 of Commerce and Economic Development.

12 \* Sec. 12. The sum of \$52,000,000 is appropriated from the general fund  
13 to the scholarship revolving loan fund (AS 14.40.751).

14 \* Sec. 13. The sum of \$6,500,000 is appropriated from the rural electri-  
15 fication revolving loan fund (AS 44.83.361) to the Department of Community  
16 and Regional Affairs for housing loans other than senior citizens housing  
17 loans.

18 \* Sec. 14. The sum of \$2,500,000 is appropriated from the alternative  
19 technology and energy revolving loan fund and the residential energy conser-  
20 vation fund to the Department of Community and Regional Affairs for housing  
21 loans other than senior citizens housing loans. The appropriation made by  
22 this section is made equally from the named funds unless there is less than  
23 \$1,250,000 in one of the funds in which case the balance of the appropriation  
24 is made from the other.

25 \* Sec. 15. The sum of \$986,100 in federal program receipts for student  
26 loans and scholarships is appropriated to the scholarship revolving loan fund  
27 (AS 14.40.751).

28 \* Sec. 16. The appropriations made by this Act are for the capitalization  
29 of loan funds and do not lapse in accordance with AS 37.25.010.

1 \* Sec. 17. (a) All right, title, and interest in the assets described in  
2 (b) of this section, in an amount not to exceed the unpaid principal of those  
3 assets as of July 1, 1982, and all right, title, and interest in all mort-  
4 gages, notes, and other instruments of security made in connection with those  
5 assets, held in the general fund on July 1, 1982, are transferred to the  
6 Alaska Housing Finance Corporation for the special mortgage loan purchase  
7 program (AS 18.56.098).

8 (b) This section transfers the following assets of the state referred  
9 to in the monthly investment reports of general and segregated state program  
10 funds, treasury division, Department of Revenue that are held in the general  
11 fund:

- 12 (1) State of Alaska loan program loans, other than veteran loans;
- 13 (2) bank loan incentive program loans;
- 14 (3) mortgage option program loans other than mobile home loans;
- 15 (4) obligations pledged to the Alaska Housing Finance Corporation;
- 16 (5) loans to municipalities;
- 17 (6) debt certificates;
- 18 (7) certificates of deposit.

19 \* Sec. 18. All right, title, and interest in State of Alaska veterans  
20 loans held in the general fund, in an amount not to exceed the unpaid princi-  
21 pal of those loans as of July 1, 1982, and all right, title, and interest in  
22 all mortgages, notes, and other instruments of security made in connection  
23 with those loans, held in the general fund on July 1, 1982, are transferred  
24 to the Alaska Industrial Development Authority for multi-family housing loans  
25 (AS 44.88.153).

26 \* Sec. 19. This Act takes effect immediately in accordance with AS 01.10.-  
27 070(c).

28

29

HALFORD II

A G E N D A

Conference Committee

House CS for Senate Bill No. 666 (Finance) Am H

Wednesday, April 21, 1982

I. ALASKA HOUSING FINANCE CORPORATION

NO

6) Shall the maximum limit for mobile home loans made through AHDC be increased?

7) Shall the subsidy rates for tri-plexes and four-plexes under AHFC be modified?

NO

8) Shall AHFC delegate underwriting procedures for mortgage loans?

9) Shall the Home Ownership Assistance Program in AHFC (AS 18.56.091) be modified?

10) Shall the Housing Development Fund in AHFC (AS 18.56.100) be repealed?

11) Shall the interest rate provisions in Section 22 of the bill be modified?

12) Shall the security provisions in Section 24 of the bill be modified?

13) Shall provisions in Section 25 of the bill relating to terms on the sale of bonds be modified?

~~14~~ Shall language be added to AS 18.56 relating to a definition of owner-occupancy?

15) Shall language be added to AS 18.56 which would help AHFC enforce building code requirements?

16) Shall language in Section 17 of the bill relating to international borrowing be modified?

17) Shall language be included in AS 18.56 relating to public health standards and AHFC lending?

NO

18) Shall language in Section 23 of the bill relating to commitment fees be modified?

47) Shall language be added in AS 18.56 relating to a restructuring of the AHFC board?

48) Shall the AHFC interest rate language be modified?

II. PROPOSED AMENDMENTS PENDING FROM YESTERDAY'S MEETING:

ITEM  
#8

- Amendment # 2: relating to the Agricultural Loan Act; see attached
- Amendment # 3: relating to the Alternative Technology and Energy Revolving Loan Fund; see attached
- Amendment #4: relating to senior citizens housing; see attached
- Amendment #5: relating to repealers; see attached
- Amendment #7: relating to AS 18.55.997; see attached
- Amendment #8: relating to AS 18.56.170; see attached

1 regulations allowing the use of money in the housing assistance loan  
2 fund to make loans for the purchase or development of non-owner occupied  
3 housing in rural areas of the state.

4 (b) The rate of interest on a loan authorized by this section may  
5 not exceed nine and one-half percent.

6 (c) In this section

7 (1) "development" means the construction of a new residence  
8 or the repair, remodeling, rehabilitation, or expansion of an existing  
9 residence;

10 (2) "non-owner occupied housing" means a single-family resi-  
11 dence or a multi-family residence having up to eight dwelling units,  
12 that is not nonconforming housing, and is not occupied by the owner.

13 \* Sec. 40. AS 44.47.560 is amended by adding new paragraphs to read:

14 (5) "rural" means

15 (A) a community in the second, third, or fourth judicial  
16 district of the state with a population of 4,500 or less that is  
17 not connected by road or rail to Anchorage or Fairbanks; or

18 (B) a community in the first judicial district of the  
19 state with a population of 4,500 or less;

20 (6) "rural housing" means housing, other than nonconforming  
21 housing, that is located in a rural area of the state.

22 \* Sec. 41. AS 44.88 is amended by adding a new section to read:

23 Sec. 44.88.153. MULTI-FAMILY HOUSING LOANS. (a) The authority  
24 may purchase loans made for the construction of qualified multi-family  
25 housing.

26 (b) A loan for qualified multi-family housing

27 (1) may not exceed the cost of the qualified multi-family  
28 housing project, or 75 percent of the appraised value of the project,  
29 whichever is less;

1 (2) may not be made unless at least 20 percent of the princi-  
2 pal amount of the loan is retained by the originator of the loan;

3 (3) shall be in the form and contain the terms and provisions  
4 with respect to term of the loan, insurance, repairs, alterations,  
5 payment of taxes and assessments, default reserves, delinquency charges,  
6 default remedies, acceleration of maturity, secondary liens, amortiza-  
7 tion schedules, and other matters the authority may prescribe; and

8 (4) shall bear interest at a rate equal to the cost of funds  
9 to the authority.

10 (c) In this section

11 (1) "cost of funds" means the true interest cost expressed as  
12 a rate on tax-exempt bonds of the authority plus an additional percent-  
13 age as determined by the authority to represent the allocable expenses  
14 of operation, costs of issuance and loan servicing; and

15 (2) "qualified multi-family housing" means residential housing  
16 of five or more dwelling units that qualifies for tax-exempt bond fi-  
17 nancing under the laws of the United States.

18 \* Sec. 42. AS 45.88.030(a) is amended to read:

19 (a) A loan for the development of an alternative energy system or  
20 for the development or implementation of a northern technology under  
21 this chapter may not exceed \$30,000 [\$10,000].

22 \* Sec. 43. AS 45.88.030(e) is repealed and reenacted to read:

23 (e) The rate of interest for a loan under this section, other than  
24 a loan for an alternative energy system may not exceed nine and one-half  
25 percent a year on the unpaid balance of the loan. The rate of interest  
26 for a loan for an alternative energy system is five percent for the  
27 first \$15,000 of the loan and 15 percent for the amount of the loan that  
28 exceeds \$15,000.

29 \* Sec. 44. AS 45.88.500(2) is amended by adding a new subparagraph to

1 read:

2 (D) a woodstove with a catalytic converter or a catalytic  
3 converter for a wood stove.

4 \* Sec. 45. AS 45.88.500 is amended by adding a new paragraph to read:

5 (3) does not include

6 (A) a wood, coal, or multi-fuel heating stove; or

7 (B) a fireplace or fireplace insert.

8 \* Sec. 46. AS 45.89.030 is amended by adding a new subsection to read:

9 (j) If, in the opinion of the department, it is not necessary to  
10 conduct an energy audit to determine that a loan application meets the  
11 requirements of this section, the department may waive the audit  
12 requirement for the applicant.

13 \* Sec. 47. AS 45.98.040(2) is amended to read:

14 (2) state participation in a loan for the restoration, im-  
15 provement, rehabilitation or maintenance of any one building or struc-  
16 ture qualifying under this chapter may not exceed \$250,000 [\$100,000];

17 \* Sec. 48. The following laws are repealed: AS 03.10.030(b) and (d);  
18 AS 16.10.320(c) and (g), 16.10.342(b), and 16.10.560 - 16.10.720.

19 \* Sec. 49. AS 44.47.410 does not apply to a rural housing mortgage loan  
20 made under AS 44.47.360 - 44.47.560 until January 1, 1983. Before January 1,  
21 1983, the interest rate on a rural mortgage housing loan made under AS 44.-  
22 47.360 - 44.47.560 is eight and three-quarters percent. After September 15,  
23 1982, the Department of Community and Regional Affairs may not make a commit-  
24 ment for a rural housing mortgage loan for an interest rate that is less than  
25 an interest rate determined under AS 44.47.410. A loan commitment made by  
26 the Department of Community and Regional Affairs after the effective date of  
27 this Act and before September 16, 1982, may not exceed six months in length.

28 \* Sec. 50. This Act takes effect immediately in accordance with AS 01.10.-  
29 070(c).

RECEIVED APR 20 1982

M E M O R A N D U M

DATE: March 29, 1982  
TO: Representative Russ Meekins  
FROM: Carl Nelson  
SUBJECT: Summary of Proposed Changes

AHFC

- 1) Allow the corporation to access the international bond market. Could result in a 1% savings on interest rate on bonds.
- 2) Decrease the amount of time for notice of bond sales to 24 hours. Could save up to 1% on interest rate on bonds.
- 3) Authorize the corporation to make loans for owner-occupied tri-plexes and four-plexes.
- 4) Pending the passage of HJR71, allow the corporation to use veterans G.O. bonds for veteran loans. This would save \$34 million per year.
- 5) Allow the purchase of commitments of loans from the corporation as follows: 1% for the first six months and 1/6% per month thereafter for up to a year total.
- 6) The rural owner-occupied and non-owner-occupied programs are moved to Dept. of C&RA.
- 7) Second mortgage program - Set the limit to no more than \$90,000 at subsidized rate, counting all loans 1st, 2nd, etc.

AIDA

- 1) Authorize the corporation to make loans for multi-family housing of five units or more.

Agriculture Revolving Loan Fund

- 1) The program is expanded to allow the financing of land clearing for farming.
- 2) Institute variable-rate interest to reduce farmer's dependence on subsidized funds and make for more equitable distribution of the funds.

Sect  
23

## Division of Business Loans

### Alternate Technology and Energy

- 1) In keeping with the original intent of this program the following items will no longer be eligible for these loans: fireplaces, woodstove, coal and and multi-fuel burning devices.
- 2) The loan limit is raised to \$30,000, with interest at 5% on the first \$15,000, and 15% on the remainder.

### Residential Energy

- 1) The department will be able to waive the requirement for energy audits where they feel the audits are unnecessary.

### Child Care Facilities

- 1) The repayment time for these loans is increased from 10 to 20 years.

### Commercial Fishing Loan Fund and Fishermans Mortgage and Note Fund

- 1) The two programs will be combined.
- 2) The qualification will be clarified.

### Historical Districts Loan Fund

Language from HB6

- 1) The loan limit will be raised to \$250,000.

### Mining Loan Fund

- 1) Converts this program to a revolving loan fund.

### Community and Regional Affairs

### Division of Housing Assistance; Nonconforming Housing

- 1) AHFC's rural programs are transfered to this program.
- 2) Effective Jan. 1, 1983 the interest rate is increased to the ratchet rate.

SUMMARY OF CASH APPROPRIATIONS  
in Millions of Dollars

	FY 82 Appropriation	FY 83 Requests	FY 83 Proposed
<u>AHFC</u>			
Special mortgage purchase program	222.0	133.0	0.0
Mobile home program	18.0	45.0	45.0
<u>Housing Assistance Fund</u>	65.0	40.5	46.0
Dept. of C&RA included non-conforming housing and the rural programs previously in AHFC.			
<u>Agriculture Revolving Fund</u>	14.0	10.05	10.0
<u>AIDA</u>	8.0	0.0	0.0
<u>Scholarship Revolving Fund</u>	48.8	67.5	52.0
<u>Rural Electrification Revolving Loan Fund</u>	6.5	6.5	0.0
<u>Division of Business Loans</u>			
Commercial fishing	4.5	9.5	10.0
Fishermans mortgage and note	1.8	1.8	
Fisheries enhancement	8.0	38.7	17.0
Child care facilities	0.2	0.2	0.4
Residential care facilities	0.1	0.08	0.0
Alternative technology and energy	5.5	4.0	4.0
Residential energy conservation	5.5	4.5	4.5
Bulk Fuel	1.0	1.0	1.0
Historical districts	0.2	0.5	0.5
Mining	20.0	20.0	15.0
TOTAL	429.1	432.83	205.4



ALASKA STATE LEGISLATURE  
SENATE BANKING COMMITTEE  
POUGH V, JUNEAU 99811

MEMORANDUM

*James HB 666 (FIN) am H*

TO : Members of the Conference Committee on HCS SB 666 (Fin) am H

FROM: Senator Patrick Rodey *PRAT*

RE : Schedule of Conference Committee Meetings

*Special Committee on  
Loans*

DATE: April 15, 1982

As agreed at our meeting on April 14th, the staff has developed the following schedule for meetings next week on SB 666. All meetings will be held in the Senate Finance Committee Room.

5:00 p.m. Monday, April 19th

Division of Business Loans  
\*Historical District  
\*Mining  
\*Child Care  
\*Alternative Technology *REVOLVING (LOAN FUNDS)*  
\*Residential Energy  
Repealers of non-active loan programs

3:30 p.m. Tuesday, April 20th

Division of Business Loans  
\*Commercial Fishing  
Agriculture

4:00 p.m. Wednesday, April 21st

Division of Housing Assistance  
Municipal Bond Bank

3:30 p.m. Thursday, April 22nd

Alaska Housing Finance Corporation

4:00 p.m. Friday, April 23rd

Alaska Industrial Development Authority

cc: Senators: Sturgulewski  
Mulcahy  
Representatives: Meekins  
Halford  
Malone  
Senate Secretary  
Chief Clerk

RECEIVED APR 15 1982

# STATE OF ALASKA



## Executive Proclamation

by  
**Jay Hammond, Governor**

Wood is one of our foremost renewable energy resources. It is a realistic alternative to the burning of fossil fuels to generate home heat in most regions of our vast state.

Wood is available in large quantities across much of Alaska. It can provide a meaningful portion of our energy needs without causing serious environmental damage.

The use of wood stoves and fireplaces as an alternate heating source reduces Alaskans' dependence on unpredictable fossil fuels and helps guarantee Alaskans' self reliance in emergency situations. It also helps reduce the collective energy bills of Alaskans, cutting costs and reducing the harmful effects of inflation on the state's economy.

The use of fallen wood resources especially should be encouraged. It helps to clear our existing forests, helping to reduce the threat of forest fires in summer, and helps to reduce the impact of wider usage of wood stoves and fireplaces on our green, standing forest stocks.

NOW, THEREFORE, I, Jay S. Hammond, Governor of the State of Alaska, do hereby proclaim the month of September 1981 as:

### WOOD ENERGY MONTH

in Alaska, and ask all residents to consider the advantages of wood burning stoves and fireplaces as a means of reducing energy costs and aiding the economy of Alaska where they can be installed without degradation of the air or forest environments of this state.

Done by -

A handwritten signature in cursive script, appearing to read "Jay Hammond".

**Jay Hammond, Governor**  
who has also authorized  
the seal of the State of  
Alaska to be affixed to  
this proclamation.



789-0901

DAVID CHAPPELL, FIRE PLACE  
IN ANCH & MAN

LARRY  
ARMSTRONG

344-3442

SUMMARY

KING ISLAND FIREPLACE

WE ARE A YOUNG INDUSTRY  
MADE UP BY AND LARGE OF PROFESSIONALS  
WHO ARE CONCERNED ABOUT THE NATIONAL  
AND LOCAL ENERGY SITUATION.

OUR ~~BE~~ ~~ARE~~ GOAL IS TO DIVERSIFY  
OUR ENERGY DEPENDENCE AND TO BECOME  
MORE INDEPENDENCE FROM ~~FOR~~ OUR EVER  
DECLINING SOURCE OF FOSSIL FUELS.

I THINK ONE HAS TO ALWAYS  
LOOK AT THE PLUSES & MINUS OF ANY  
~~ENDEAVOR~~ ENDEAVOR. THE PROS & CONS SO TO SPEAK,  
WE BELIEVE TO PROS OUTWEIGH TO CONS.  
CERTAINLY THE ENVIRONMENT IS AN CONCERN  
AND THE INDUSTRY IS RECOGNIZING ~~THE~~  
AND FOLLOWING THAT CONCERN. BUT THE  
ENERGY SAVINGS & INDEPENDENCE SOUGHT  
FOR BY MANY ALASKANS IS REAL, HENCE  
THE POPULARITY OF THE PAST <sup>LOAN</sup> PROGRAM.

IN FOLLOWING THE PROGRESSION  
OF MANKIND, ~~THE~~ ~~MAN~~ ~~HAS~~ ~~ALWAYS~~ ~~SOUGHT~~  
TO OUT REASONS & IDEAS ON HOW SOMETHING  
WILL WORK <sup>(AND HAVE)</sup> NOT ON HOW SOMETHING WILL  
NOT WORK <sup>(AND HAVE)</sup> MAN DOES NOT QUITE CLIMBING  
THE MOUNTAIN BECAUSE IT IS TOO STEEP OR  
THERE IS THREAT ~~THE~~ OF HARM. <sup>RATHER</sup> HE DEVELOPES  
NEW TOOLS & METHODS TO STILL ATTAIN THE  
TOP OF THE MOUNTAIN AND ARRIVE THERE  
SAFELY. THIS IS THE LINE OF REASONING  
I BELIEVE WE SHOULD ADOPT CONCERNING  
THIS ISSUE.

How  
AND HE  
CAN STILL  
HAVE

By ~~CONTINUING~~ DISCONTINUANCE  
FROM THE LOAN PROGRAM  
OF WOOD STOVES ETC. WILL NOT CLEAN-UP

~~BY~~ CONTINUANCE OF THE  
PROGRAM HOWEVER, WILL BENEFIT MANY  
FAMILIES IN ALASKA ~~WHO~~ ~~STILL~~ ~~CANNOT~~  
~~AFFORD~~ ~~TO~~ ~~MEET~~ ~~THEIR~~ ~~ENERGY~~ ~~NEEDS~~.

WHO COULD UTILIZE A RELIABLE BACK-UP  
ENERGY SYSTEM AND WHO SIMPLY CANNOT  
AFFORD THEIR ENERGY NEEDS.

Areas For Discussion in SB 666

Agriculture loan fund

- 1) Add "Farm Development, chattel, or irrigation loans" to page 1 line 21
- 2) Minimum interest from 8% to 6%

REQUIRES OPERATING PUBLIC BOARD

Commercial Fishing

- 1) Replace existing language with new language

ARRC

- 1) Language from SB 697 -

CHANGES BOARD PART-TIME VOLUNTEER TOTAL 5 BOARD MEMBERS, CHANGES AGENCY TO COMMERCE + ECONOMIC DEVELOPMENT -

Municipal Bond Bank

- 1) Language from HB 694

NON-RENEWABLES - PURPOSES BROADENED SMALL BUSINESS 10 MILLION

AIDA

ALASKA RESOURCES CORP - NO NAME - LIMITS TO 500,000 LOAN CEILING

- 1) Examine multi-family housing proposals
- 2) Necessity for the use of cash flow from vets loans

ORGANIZATION CAN TAKE

AHFC

- 1) Maximum limit for mobile home loans
- 2) Amount of subsidy for tri and fourplexes

LIMIT - TOTAL INVESTMENT 49% EQUITY - TOTAL FINANCING MINING, TOURISM

Energy Conservation

- 1) Financing of arctic enterances
- 2) Financing of wood stoves, coal -

TAKES AWAY RESIDENCY REQUIREMENT RESOURCES CONFLICTS -

Housing Assistance

- 1) Interest rates for rural housing loans
- 2) Regional housing authorities perform loan function except where dept has loan office
- 3) Use of Senior Citizen Housing funds
- 4) Loan fund - Rodey

Mining loans

- 1) Limit of loans similar to fishing loans

Other

- 1) Delegated underwriting procedures residential mortgage loans

SBA LOANS

- 1. Schedule of meetings
- 2. Staff list of issues + if FCC powers needed
- 3.
- 4.

Malone

- ① Home ownership fund
- ②

MARCO WARING

\$-500,000<sup>00</sup>

- NO GRANTING AUTHORITY
- EXPANDS TO NON-RENEWABLE -
- NO RESIDENCY REQUIREMENT
- NOCKE QUALIFICATIONS, INVESTMENT EXPERIENCE, LENDING -
- CAN NOT GO BELOW INTEREST RATE,

RETURN

— REDUCE-50%    49% — 50,000 — 300,000

EQUITY — DEBT — RENTING MONEY

70%

# MEMORANDUM

# State of Alaska

TO: The Honorable Patrick W. Rodey  
The Honorable Bob Mulcahy  
The Honorable Richard W. Halford

DATE: April 20, 1982

FILE NO:

TELEPHONE NO:

FROM: Sharon Barton  
Special Assistant  
to the Commissioner

SUBJECT: HCS SB 666 (Finance) amH

I have listed below and noted on the attached bill, the changes which the Department of Natural Resources recommends for HCSSB 666 (Finance) am H.

Page 1, lines 16-22 should be amended to read:

\*Sec. 2. AS 03.10.030(a) and (b) are repealed and (a) is reenacted to read:

(a) Farm development, chattel, or irrigation loans made under this chapter

(1) may not exceed a term of 30 years;

(2) may not exceed a total outstanding balance of \$1,000,000;

Page 2, lines 3-7 should be deleted.

Page 2, lines 18-22 should be amended to read:

\*Sec. 5. AS 03.10.030 is amended by adding new subsections to read:

(g) A loan for clearing land may not

(1) exceed \$250,000;

(2) bear interest that is less than eight percent;

(3) have a term in excess of 20 years;  
or

(4) be made unless the land to be cleared is classified as Class III or better by the Soil Conservation Service.

The Honorable Patrick W. Rodey  
The Honorable Bob Mulcahy  
The Honorable Richard W. Halford  
Page Two  
April 20, 1982

Page 3, lines 2-6 should be deleted.

If you have any questions about these changes, please give me a call.

cc: The Honorable Jalmar M. Kerttula

Original sponsors: Fahrenkamp, Bennett  
and Parr

Offered: 4/1/82  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 666 (Finance) am H

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain state loan programs; and  
7 providing for an effective date."

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

9 \* Section 1. AS 03.10.020(1) is amended to read:

10 (1) make loans to individual resident farmers, homesteaders,  
11 and partnerships or corporations composed of farmers and homesteaders,  
12 for clearing land for agricultural purposes, development of farms, stor-  
13 age and processing of farm produce, livestock and machinery and to indi-  
14 viduals, partnerships or corporations, for storage and processing plants  
15 for agricultural products;

16 \* Sec. 2. AS 03.10.030(a)<sup>and (b) are</sup> is repealed and <sup>(a) is</sup> reenacted to read:

17 (a) ~~A~~ Farm development, chattel, or irrigation loan made under  
18 this chapter

19 (1) may not exceed a term of 30 years;

20 (2) may not, ~~when added to the outstanding balance of other~~  
21 ~~loans made under this chapter~~, exceed a total outstanding balance of  
22 \$1,000,000;

23 (3) shall be secured by a real estate or chattel mortgage of  
24 any priority, except that the portion of a loan that exceeds \$500,000,  
25 when added to prior indebtedness that is secured by the same property,  
26 must be secured by a first mortgage;

27 (4) shall bear interest at a rate that may not be less than  
28 eight percent or more than the commercial rate, unless the commercial  
29 rate is eight percent or less; in this paragraph "commercial rate" means

1 the prevailing rate of interest at private lending institutions in the  
2 state for loans similar to those referred to in this subsection.

3 \* ~~Sec. 3. AS 03.10.030(c) is amended to read:~~

4 ~~(c) A short term loan, to be amortized within one year, not to~~  
5 ~~exceed \$200,000 to any one borrower may be made for operating purposes;~~  
6 ~~except that short term loans made under this subsection for farm product~~  
7 ~~processing may be made for \$500,000 or less:~~

8 \* Sec. 4. AS 03.10.030(e) is amended to read:

9 (e) An installment payment is delinquent unless it is mailed by  
10 the borrower on or before the 30th [15TH] day after the date specified  
11 for payment in the loan agreement or unless it is received by the depart-  
12 ment on or before the 30th [15TH] day after the date specified for  
13 payment in the loan agreement. If an installment payment is delinquent,  
14 the director may [SHALL] assess a delinquency penalty. The delinquency  
15 penalty shall be an amount equal to seven percent of the delinquent  
16 payment, but the combined delinquency penalty and loan interest may not  
17 exceed 15 percent.

18 \* Sec. 5. AS 03.10.030 is amended by adding new subsections to read:

19 (g) A loan for clearing land may not

20 (1) exceed \$<sup>250,000</sup>~~400,000~~;

21 (2) bear interest that <sup>is less than</sup> ~~exceeds~~ eight percent; or

22 (3) have a term in excess of <sup>20</sup> ~~30~~ years.

23 (h) The commissioner shall adopt regulations to establish other  
24 terms for loans made under this chapter, consistent with the provisions

25 of this section, and may establish interest rates for loans under (a)(4)  
26 of this section that

27 (1) encourage agricultural development;

28 (2) do not subsidize nonviable agricultural enterprises; and

29 (3) do not discriminate against existing agricultural enter-

or better by  
the Soil  
Conservation  
Service.

1       prises.

2       \* ~~Sec. 6. AS 03.10.050(a) is amended to read:~~

3               ~~(a) The commissioner shall administer the loan fund in conjunction~~  
4       ~~with the agricultural revolving loan fund board. No loan in excess of~~  
5       ~~\$50,000 [\$25,000] may be made by the commissioner without the approval~~  
6       ~~of a majority of the board.~~

7       \* Sec. 7. AS 03.10.050 is amended by adding a new subsection to read:

8               (c) A meeting of the agricultural revolving loan fund board to act  
9       on applications for loans is exempt from the public meeting requirements  
10       of AS 44.62.310.

11       \* Sec. 8. AS 16.10.310 is repealed and reenacted to read:

12               Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department may

13                       (1) make loans to

14                               (A) individual commercial fishermen who have been state  
15       residents for a continuous period of five years immediately preced-  
16       ing the date of application for a loan under AS 16.10.300 - 16.10.-  
17       370 and have had a crewmember or commercial fishing license under  
18       AS 16.05.480 or a permit under AS 16.43 for any one of the past  
19       five years, and who actively participated in the fishery during  
20       that period, for the purchase of entry permits;

21                               (B) an individual who has been a state resident for a  
22       continuous period of five years immediately preceding the date of  
23       application for a loan under AS 16.10.300 - 16.10.370, who (i)  
24       because of lack of training or lack of employment opportunities in  
25       the area of residence does not have occupational opportunities  
26       available other than commercial fishing; or (ii) is economically  
27       dependent on commercial fishing for a livelihood and commercial  
28       fishing has been a traditional way of life for him in Alaska, for  
29       the repair, restoration or upgrading of existing vessels and gear,



# Alaska State Legislature

## Senate

Office of the President

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

*MS-666*  
*Changes FOR FREE CONFERENCE COMMITTEE*

MEMORANDUM

To: Senator Rodey  
Senator Mulcahy  
Representative Halford  
From: Jay Kerttula, Senate President  
Date: April 17, 1982  
Subject: House CS for SB 666 (Finance) am H

You have asked for my comments on the latest version of SB 666, now in conference.

- \* Section 1 should be amended to provide:  
"To be eligible for a land clearing loan, the land must be classified as Class 3 or better by the Soil Conservation Service."
- \* Section 3 of the bill should be eliminated. This production loan fund should not be used for processing loans. CFAB exists for this purpose.
- \* Section 5 should be amended as follows:  
"(g) A loan for clearing land may not
  - (1) exceed \$250,000 (\$400,000);
  - (2) bear interest that is less than (exceeds) eight percent; or
  - (3) have a term in excess of 20 (30) years."

First of all, \$250,000 should be sufficient for these loans. Second, eight percent is very cheap money these days. These programs are in danger of being wiped out if they become a pure subsidy. Third, 20 years is an adequate term for land clearing repayment.

- \* Section 6 should be eliminated. \$25,000 is high enough for a loan to be made without board approval; anything higher deserves board consideration.

Thank you for your consideration of these comments.

Shall the limit on Agriculture Revolving Loan Fund loans be increased;

Shall the minimum interest on Agriculture Revolving Loan Fund loans be 6%;

Shall the existing language relating to Fishing loans be modified;

Shall language similar to that in SB 697 be inserted;

Shall language similar to that in HB 694 be inserted;

Shall AIDA multi-family housing proposals be more specific;

Shall the cash flow from veterans loans be used to fund AIDA multi-family housing;

Shall the maximum limit for mobile home loans through AHFC be increased;

Shall the proposed subsidy rate for triplexes and fourplexes under AHFC be modified;

Shall loans be made for coal and wood stoves;

Shall loans be made for arctic entrances;

Shall the interest rate for rural housing loans be set at the AHFC ratchet rate;

Shall Regional Housing Authorities perform the loan function for rural housing where the Department of Community and Regional Affairs has no loan office;

Shall the Department of Community and Regional Affairs be allowed broader use of the appropriation to the Senior Citizen's housing fund;

Shall the Senior Citizen's Housing fund be a grant program;

Shall the maximum limit for Mining loans be similar to that of fishing loans;

Shall AHFC delegate underwriting procedures for mortgage loans;

Shall a Small Business Loan program be established within the Division of Business Loans and Veterans Affairs;

Shall the foreclosure procedures for fishing loans be modified;

Shall a letter of intent allowing the Division of Business Loans to use a portion of their loan funds for an outreach program for fishing loans be inserted;

Shall the home ownership fund be modified;

Shall the "Rogers Ratchet" be modified;

Shall the composition of the AHFC board of directors be modified;

Areas For Discussion in SB 666

Agriculture loan fund

- 1) Add "Farm Development, chattel, or irrigation loans" to page 1 line 21
- 2) Minimum interest from 8% to 6%

Commercial Fishing

- 1) Replace existing language with new language

ARRC

- 1) Language from SB 697

Municipal Bond Bank

- 1) Language from HB 694 ✓

AIDA

- 1) Examine multi-family housing proposals
- 2) Necessity for the use of cash flow from vets loans

AHFC

- 1) Maximum limit for mobile home loans ✓
- 2) Amount of subsidy for tri and fourplexes

Energy Conservation

- 1) Financing of artc enterances
- 2) Financing of wood stoves, *coal -*

Housing Assistance

- 1) Interest rates for rural housing loans
- 2) Regional housing authorities perform loan function except ✓ where dept has loan office
- 3) Use of Senior Citizen Housing funds ✓
- 4) *Loan fund - Roddy*

Mining loans

- 1) Limit of loans similar to fishing loans →

Other

- 1) Delegated underwriting procedures residential mortgage loans

*SBA Loans*

1. *Schedule of meetings*
2. *Staff list of issues + if FCC powers needed*
- 3.
- 4.

*Malone*

- ① *Home ownership fund*
- ②

Original sponsor: Kerttula by request

Offered: 3/31/82  
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 697 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation  
7 in place of the Alaska Renewable Resources Corporation  
8 (AS 37.12); and providing for an effective date."

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

10 \* Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.  
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry  
13 out the purposes of this chapter. The corporation is a public corpora-  
14 tion of the state and an instrumentality of the state within the Depart-  
15 ment of Commerce and Economic Development [REVENUE], but has a legal  
16 existence independent of and separate from the state. The exercise by  
17 the corporation of the powers conferred by this chapter is considered an  
18 essential function of the state.

19 \* Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to  
21 (1) facilitate the rehabilitation, enhancement, and development  
22 of the state's resources so as to strengthen and diversify the state  
23 economy; and  
24 (2) provide development capital for the establishment and  
25 expansion of small enterprises in resource industries in the state in  
26 ways that enhance private capital investment.

27 \* Sec. 3. AS 37.12 is amended by adding a new section to read:

28 AS 37.12.022. DEVELOPMENT CAPITAL FUND. The development capital  
29 fund is established in the corporation, consisting of money or assets

1 appropriated or transferred to the corporation, and payments of princi-  
2 pal and interest on loans and equity investments made by the corporation.  
3 The fund shall be used to finance projects that qualify for assistance  
4 under this chapter, and to pay the operating expenses of the corporation.  
5 If money remains in the development fund after financing projects that  
6 qualify for assistance under this chapter and after paying the operating  
7 expenses of the corporation, the money shall be invested by the corpora-  
8 tion under AS 37.10.070(a).

9 \* Sec. 4. AS 37.12.025 is amended to read:

10 Sec. 37.12.025. BOARD OF DIRECTORS [TRUSTEES]. A board of direc-  
11 tors [TRUSTEES] of the corporation is established as its governing body.

12 \* Sec. 5. AS 37.12.030 is repealed and reenacted to read:

13 Sec. 37.12.030. COMPOSITION OF THE BOARD OF DIRECTORS. The board  
14 consists of four members appointed by the governor and the commissioner  
15 of commerce and economic development or his designee. The board shall  
16 annually elect a chairman from among its members.

17 \* Sec. 6. AS 37.12.035 is amended to read:

18 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF  
19 TRUSTEES] shall be appointed for terms of four years, and they may be  
20 reappointed. Terms of members appointed by the governor shall be stag-  
21 gered. The governor shall immediately appoint a member to fill a  
22 vacancy in the membership of the board for the unexpired term [THE  
23 INITIAL TERMS SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER  
24 SERVING FOR THREE YEARS, AND ONE MEMBER SERVING FOR FOUR YEARS.]

25 \* Sec. 7. AS 37.12.050 is amended to read:

26 Sec. 37.12.050. QUORUM AND TRANSACTION OF BUSINESS. (a) Three  
27 [TWO] members of the board constitute a quorum for the transaction of  
28 business and the exercise of the powers and duties of the board.

29 (b) The board may meet and transact business by electronic media

1 if (1) public notice of the time and locations where the meeting will  
2 be held by electronic media has been given in the same manner as if the  
3 meeting were held in a single location; (2) participants and members  
4 of the public in attendance can hear and have the same right to partici-  
5 partate in the meeting as if the meeting were conducted in person; and (3)  
6 copies of pertinent reference materials, statutes, regulations, and  
7 audio-visual materials are reasonably available to participants and to  
8 the public. A meeting by electronic media as provided in this subsec-  
9 tion has the same legal effect as a meeting in person.

10 \* Sec. 8. AS 37.12.055 is repealed and reenacted to read:

11       Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the  
12 board receive \$200 for each day spent on official business of the corpor-  
13 ation, and are entitled to per diem and travel expenses authorized by  
14 law for state boards and commissions under AS 39.20.180.

15 \* Sec. 9. AS 37.12.060 is repealed and reenacted to read:

16       Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall  
17 employ an executive director to administer the corporation in accordance  
18 with this chapter, and to perform other duties that the board may pre-  
19 scribe. The executive director serves at the pleasure of the board and  
20 may not be a member of the board. The board determines the salary of  
21 the executive director.

22       (b) The executive director may, with the approval of the board,  
23 select and employ staff. The executive director and staff are in the  
24 exempt service under AS 39.25.

25 \* Sec. 10. AS 37.12.065(a) is amended to read:

26       (a) Members of the board [OF TRUSTEES] are subject to the pro-  
27 visions of AS 39.50.

28 \* Sec. 11. AS 37.12.075 is repealed and reenacted to read:

29       Sec. 37.12.075. DUTIES. In carrying out the purposes of this

1 chapter the board shall

2 (1) provide financial assistance for resource projects that  
3 the board finds will accomplish the purposes of the corporation as set  
4 out in AS 37.12.015;

5 (2) keep minutes of each meeting of the board and send a  
6 certified copy of the minutes to the governor and the Legislative Budget  
7 and Audit Committee;

8 (3) annually prepare long-range operating and financial plans  
9 and the budget for the next fiscal year;

10 (4) monitor approved projects for compliance with this chapter  
11 and provide operational and performance evaluations of projects receiving  
12 financial assistance.

13 \* Sec. 12. AS 37.12.080(a)(2) is amended to read:

14 (2) use the financial mechanism most appropriate to the  
15 conditions of the applicant and the proposed resource project and which  
16 will most effectively utilize the funds available; [GRANTS MAY BE MADE  
17 BY THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE  
18 FOLLOWING PURPOSES:

19 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT OF  
20 PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,  
21 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

22 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME BASIS,  
23 OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT, MARKET,  
24 OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

25 (C) PROJECTS FOR THE REHABILITATION, ENHANCEMENT, OR  
26 DEVELOPMENT OF A COMMON-PROPERTY RESOURCE WHERE THE BENEFITS FROM  
27 THE PROJECT CANNOT BE CAPTURED BY ANY SINGLE ECONOMIC UNIT;]

28 \* Sec. 13. AS 37.12.080(a) is amended by adding a new paragraph to read:

29 (5) require that if the corporation makes an equity invest-

1 ment it agrees to divest itself of the shares held within 10 years or  
2 before the end of the term of the loan, whichever occurs first.

3 \* Sec. 14. AS 37.12.080(b)(1) is amended to read:

4 (1) invest or otherwise provide assistance of more than five  
5 percent of the resources of the corporation or \$500,000 [\$1,500,000],  
6 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-  
7 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

8 \* Sec. 15. AS 37.12.080(b)(2) is repealed and reenacted to read:

9 (2) finance more than 49 percent of the combined equity and  
10 debt obligations of an applicant;

11 \* Sec. 16. AS 37.12.080(b)(3) is amended to read:

12 (3) make a loan for a period in excess of 30 years [UNLESS  
13 THE LEGISLATURE HAS APPROVED THE LOAN BY CONCURRENT RESOLUTION];

14 \* Sec. 17. AS 37.12.080(b)(5) is amended to read:

15 (5) provide funds to any state agency [UNLESS THAT EXPENDI-  
16 TURE IS INCLUDED IN THE CORPORATION'S ANNUAL BUDGET];

17 \* Sec. 18. AS 37.12.080(b)(6) is amended to read:

18 (6) make [ALLOCATE TO] grants [MORE THAN 10 PERCENT OF THE  
19 ANNUAL APPROPRIATION OF THE CORPORATION].

20 \* Sec. 19. AS 37.12.090 is repealed and reenacted to read:

21 Sec. 37.12.090. REPORTS AND PUBLICATIONS. (a) The corporation  
22 shall publish an annual report by January 10 of each year for distribu-  
23 tion to the governor, the legislature, and the public. The report shall  
24 be written in easily understandable language and shall include

25 (1) a financial statement audited by an independent outside  
26 auditor;

27 (2) a statement of the corporation's investments under this  
28 chapter including an appraisal of the investments at market value;

29 (3) a description of corporation investment activity during

1 the period covered by the report;

2 (4) a comparison of the corporation's performance with the  
3 goals of the corporation; and

4 (5) any other information the members of the board believe  
5 would be of interest to the governor, the legislature, and the public.

6 (b) The annual income statement and balance sheet of the corpora-  
7 tion shall be published in at least one newspaper in each judicial  
8 district.

9 (c) The corporation may publish other relevant reports.

10 \* Sec. 20. AS 37.12.095 is repealed and reenacted to read:

11 Sec. 37.12.095. OPERATING BUDGET. The operating budget of the  
12 corporation is subject to the Executive Budget Act (AS 37.07).

13 \* Sec. 21. AS 37.12.125(2) is amended to read:

14 (2) "board" means the Board of Directors [TRUSTEES] of the Alaska  
15 [RENEWABLE] Resources Corporation;

16 \* Sec. 22. AS 37.12.125(3) is amended to read:

17 (3) "corporation" means the Alaska [RENEWABLE] Resources  
18 Corporation;

19 \* Sec. 23. AS 37.12.125(4) is amended to read:

20 (4) "project" means products, markets, innovation, or tech-  
21 nological developments for the rehabilitation, enhancement, or develop-  
22 ment of [RENEWABLE] resources and includes applied research for those  
23 products, markets, or technological developments;

24 \* Sec. 24. AS 37.12.125(5) is repealed and reenacted to read:

25 (5) "rehabilitation, enhancement and development" means an  
26 activity that leads to an increase in the quality or productivity of a  
27 resource, and to an increase in the benefits derived from the resource  
28 for citizens of the state;

29 \* Sec. 25. AS 37.12.125(6) is repealed and reenacted to read:

1 (6) "resource" means a natural component of the environment  
2 including but not limited to fisheries, agriculture, forest products,  
3 renewable energy, tourism, and mining.

4 \* Sec. 26. AS 37.12.125 is amended by adding a new paragraph to read:

5 (7) "small enterprise" means a business enterprise with gross  
6 income of \$10,000,000 or less for its annual reporting period ending  
7 immediately before an application to the corporation for financial  
8 assistance.

9 \* Sec. 27. AS 24.20.201(a)(9) is amended to read:

10 (9) hold public hearings on the confirmation of the members  
11 of the Board of Trustees of the Alaska Permanent Fund Corporation [, AND  
12 THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ALASKA RENEWABLE RESOURCES  
13 CORPORATION];

14 \* Sec. 28. AS 24.20.206(1) is amended to read:

15 (1) report to the legislature its recommendations relating to  
16 the confirmation of appointees to the Board of Trustees of the Alaska  
17 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA  
18 RENEWABLE RESOURCES CORPORATION];

19 \* Sec. 29. AS 44.66.010(a)(7) is amended to read:

20 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --  
21 June 30, 1992 [1982];

22 \* Sec. 30. AS 46.12.120(4) is amended to read:

23 (4) in developing its programs, consult with the Alaska  
24 Council on Science and Technology, the Alaska Power Authority, the  
25 Alaska [RENEWABLE] Resources Corporation, the division of energy and  
26 power development of the Department of Commerce and Economic Develop-  
27 ment, the Department of Natural Resources, and the University of Alaska;  
28 the board shall meet with responsible officials and representatives of  
29 these organizations and agencies at least twice each year;

1 \* Sec. 31. The initial terms of members of the Board of Directors of the  
2 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as  
3 amended in sec. 5 of this Act shall be one member serving one year, one  
4 member serving two years, one member serving three years, and one member  
5 serving four years. Initial members of the Board of Directors of the Alaska  
6 Resources Corporation shall be appointed within 75 days from the effective  
7 date of this Act.

8 \* Sec. 32. The Alaska Renewable Resources Corporation and its Board of  
9 Trustees are dissolved on the effective date of this Act.

10 \* Sec. 33. All appropriations, records, equipment, and other assets or  
11 liabilities of the Alaska Renewable Resources Corporation are transferred to  
12 the Alaska Resources Corporation.

13 \* Sec. 34. The following laws are repealed: AS 37.12.020, 37.12.040,  
14 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-  
15 085(2), and 37.12.115.

16 \* Sec. 35. The limitation on financial assistance in AS 37.12.080(b)(1)  
17 as amended in sec. 15 of this Act applies to financial assistance provided  
18 under AS 37.12 after the effective date of this Act.

19 \* Sec. 36. This Act takes effect immediately in accordance with AS 01.10.-  
20 070(c).

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TO: All Seller/Serviceers

FROM: LeRoy Rothe *LR*  
Mortgage Operations Director

Re: Mobile Home Park Approvals

DATE: April 7, 1982  
(Memo #82-40)

Alaska Housing Finance Corporation will begin to institute a more stringent approval process for mobile home parks. This new approval process is to be effective immediately for all new applications submitted for approval. Mobile home parks that are currently approved through our office must submit an application, in compliance with the new approval process, no later than June 1, 1982. If a new park approval has not been granted by that date AHFC will not purchase existing homes or homes to be placed in a non-approved park.

The AHFC approval for acceptable mobile home parks will be issued on a case-by-case basis for a period of one year. At the end of the approval term a new application with all pertinent information (as shown below) is to be provided for renewal of approval.

The following information is to be provided with an application request to receive and/or maintain an approval status:

- 1.) Copy of park rules and/or a copy of the rental agreement being utilized by the park owner.
- 2.) Certification all park streets are maintained, i.e., snow removal done in a timely manner, pot holes repaired, spring/summer/fall rading maintenance.
- 3.) Certification that garbage disposal facilities are adequate and properly maintained.
- 4.) Abandoned vehicles towed away.
- 5.) A description of the number of units in the park, the number of units occupied and description of the exterior condition of the units.
- 6.) Acceptable health approvals, if applicable.
- 7.) Completed budget (see attached).
- 8.) Park owner to sign blanket agreement assuring right to leave a mobile home in the park, as long as the space rent is paid, if said unit is in a foreclosure status. (see attached)
- 9.) Photos of park.

Thank you for your cooperation with our office.

LR/la

Attachments

STATEMENT OF ANNUAL PARK INCOME & EXPENSES

FOR THE YEAR 19\_\_

GROSS ANNUAL INCOME:

Rents: \$ \_\_\_\_\_

Other: \_\_\_\_\_

TOTAL INCOME: \$ \_\_\_\_\_

EXPENSES:

Office & Supplies \_\_\_\_\_

Telephone \_\_\_\_\_

Salaries/Fees \_\_\_\_\_

Legal & Audit \_\_\_\_\_

Utilities \_\_\_\_\_

Trash & Garbage \_\_\_\_\_

Snow Removal \_\_\_\_\_

Street Maintenance \_\_\_\_\_

Repairs \_\_\_\_\_

Real Estate Taxes \_\_\_\_\_

Other Taxes/Assessments \_\_\_\_\_

Insurance \_\_\_\_\_

TOTAL EXPENSES: \$ \_\_\_\_\_

NET \$ \_\_\_\_\_

AGREEMENT

I/WE, \_\_\_\_\_ OWNER/MANAGER  
OF \_\_\_\_\_ MOBILE HOME PARK,  
AGREE THAT ANY MOBILE HOME LOCATED IN THE ABOVE STATED PARK, FINANCED  
BY ALASKA HOUSING FINANCE CORPORATION, MAY REMAIN IF THE UNIT IS IN A  
FORECLOSURE STATUS WITH ALASKA HOUSING FINANCE CORPORATION AS LONG AS  
ALL SPACE RENTS ARE KEPT IN A CURRENT STATUS.

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_



SALES, INC.

February 16, 1982

Mr. Harry Goldbar  
Executive Director  
Alaska Housing Finance Corporation  
P.O. Box 1020  
Anchorage, Alaska 99510

**SUBJECT: MOBILE HOME LOAN PROGRAM REGULATIONS**

Dear Mr. Goldbar:

Pursuant to our testimony at a public hearing held February 10, 1982 held at your agency, please accept this letter as an effort to reinforce said testimony as it relates to increasing loan limits on subject program through the regulation process.

When A.H.F.C. established the mobile home loan program in late 1979, a limit of \$72,500 was placed on mobile home lending, along with a maximum loan term of 20 years. These limits were imposed even when considering loans which included real estate combined with the unit financing. These limits were marginal when established, especially when a typical doublewide mobile home was being considered in the overall package. Today this loan limit is totally inadequate and we request your serious reconsideration of dollar totals of loans and their terms along the following guidelines:

1. Doublewide mobile homes financed along with land should receive a loan limitation of \$110,000 with term of loan increased from 20 to 30 years.
2. Doublewide mobile homes financed for placement in an approved mobile home park should have loan limits set at \$85,000 with term of loan increased to 25 years.
3. Singlewide mobile homes financed along with land should receive a loan limitation of \$85,000 with term of loan increased from 20 to 30 years.
4. The present limit of \$72,500 and 20-year term is recommended to be maintained for singlewide units placed in approved parks.

We are attaching, for your review, an analysis developed by GSP Services regarding current estimates of value and costs which support the above recommendations.. GSP is a firm actively involved in mobile home appraisals which are accepted by your agency.

Also, please note the remarks in this analysis regarding the economic life of mobile homes based on current industry standards indicating such economic life is up to 35 years. Additionally, it must be understood that since interest rates on mobile home loans under the program have risen from 10% to 12-3/8% under current terms, the request to consider term-of-loan increase is especially important to prospective borrowers. Many individuals who may have qualified under the 10% program have now been left by the wayside by the higher rates when income ratios are calculated with the restriction of the 20-year term.

When the statewide home market is scrutinized it does not take long to understand that the mobile home program is an ever increasing alternative to prospective home owners. The remarkable increase in prices of conventional homes during the past 18 months, coupled with interest increases during the same time frame, make this fact self evident... That is why we feel it is especially important for your agency to give thoughtful consideration to the increases recommended here.

Mr. Goldbar, please recognize that our firm has considerable praise for your agency's promulgating of, and operating, this very needed loan program for the benefit of Alaskan borrowers. We realize that inflation, interest rates, and market conditions are dynamic factors which are difficult to second guess, especially in consideration of a relatively new program such as the mobile home loan program.

We will be in attendance at your board meeting to be held on February 17th and request discussion with you and your board members on these matters.

Sincerely,

EARL M. BROWN  
Vice President

ATTACHMENT

cc: Mr. Franklin C. Roppel, Board Chairman  
Mr. Lance Parrish, First Vice Chairman  
Commissioner Lee McAnerney, Board Member  
Commissioner Charles Webber, Board Member  
Commissioner Tom Williams, Board Member  
Mr. Leroy Rothe, Mortgage Operations Director

Brad Bradley, Senator  
Arliss Sturgulewski, Senator  
M. E. Dankworth, Senator  
Joe Hayes, Representative  
Ray Metcalfe, Representative  
Ramona Barnes, Representative  
Thelma Bucholdt, Representative

PHONE 277-8575  
277-4224

THOMAS J. GEBHART  
MELVIN A. PORTER

# G & P SERVICES, INC.

REAL ESTATE APPRAISALS  
700 "H" STREET, SUITE 5  
ANCHORAGE, ALASKA 99501

DOUBLE WIDE MOBILE HOMES ON PRIVATE SITES

## DOUBLE WIDE MOBILE HOMES ON PRIVATE SITES

Pursuant to P&J Mobile Homes Sales request to answer the following questions, for presentation to Alaska Housing Finance Corporation, on double wide mobile homes on private sites. The following is the essence of these questions:

1. The need and assesment of raising the amount financable from \$72,500 to \$110,000 for double wide mobile homes on private sites.
2. Increasing the financable life of new double wide mobile homes on private sites from 20 years to 30 years.

Question #1 can be answered by determining the high, average and low sales price of current comparable double wide mobile homes and Rural Residential District (R-5) sites. See appendix for definition and uses of R-5 zoning. The current comparable double wide mobile home sales are determined by AHFC guidelines stating mobile home comparables cannot be over 3 months old for appraising purposes. Due to the limited time span for preperation of this study R-5 sites include both improved and unimproved sites for 1981 in the Anchorage bowl. (Note: R-5 zoning is currently the only zoning permitting mobile homes on a permanent basis.)

For double wide mobile homes the high is \$66,979 the average is \$57,637 and the low is \$48,721.

For R-5 sites the high is \$55,000, the average is \$23,693 and the low is \$11,000.

This yields the following chart:

### Double wides on private sites

High:	\$66,979 + \$55,000 = \$121,979
Avg.:	\$57,637 + \$23,693 = \$ 81,330
Low:	\$48,721 + \$11,000 = \$ 59,721

(Note: A fee appraiser is to determine Market Value which is defined as: The highest price in terms of money which a mobile home will bring in an open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimuli.)

Question #2 can be answered by taking excerpts from the Society of Real Estate Appraisers seminar handbook on mobile home appraising. The following are excerpts from SREA Seminar, Introduction to Mobile Home Appraising, pages 3-6, 3-7 and 3-8.

Age-Life Analysis of a Mobile Home - There is general disagreement throughout the entire mobile home industry pertaining to estimates of physical and economic life of a mobile home. Studies indicate the following to be acceptable at the present time.

The appraiser can classify the anticipated economic life of mobile homes in relation to their manufactured quality.

Fair quality - 20 year anticipated economic life.

Average quality - 25 year anticipated economic life.

Good quality - 35 year anticipated economic life.

These estimates are considered conservative when analyzing the history of the mobile home industry and considering the present quality of workmanship and materials going into today's mobile homes. They also reflect proper maintenance and replacement of short-lived items.

Quality classification will be one of the toughest hurdles an appraiser must deal with in mobile home valuation. There is no easy solution. Experience in the market should bring four general quality classifications to light:

1. Fair Quality - Lower cost, minimum amenities, lower grade exterior, interior, carpeting, paneling and overall workmanship.
2. Average Quality - The majority of mobile homes being produced today are of average quality. The exteriors have various decoration, aluminum sidings, interior home construction good. Average to good quality paneling, floor covering and floor fixtures.
3. Good Quality - Above normal elevation, ship-lap, masonite or wood siding, composition shingle or shake roof, some with concrete tile. Interior finish, decor, fixtures and quality will be unmistakably above average. These units will be above average throughout with refinements such as sunken tubs, mirror-sliding closet doors, and above all, good quality workmanship.

4. Excellent Quality - In many cases these homes will be custom ordered. Many manufacturers today will interrupt their assembly lines for a custom home, however, the cost will be significantly higher.

Other manufacturers are attempting to capture the affluent-luxury market by producing excellent quality mobile homes for this growing market. The luxury mobile home will appear similar to the good quality home on the exterior.

The custom features and excellent quality will be found inside the mobile home. These homes feature the quality and amenities of a custom good quality site-built home, and usually exceed them in interior decor. The mobile home has excelled in custom interior, where site-built homes leave the decor to the consumer.

APPENDIX

**21.40.070 R-5 – Rural Residential District.**

The following statement of intent and use regulations shall apply in the R-5 district:

A. The R-5 district is intended to include lands which are developing or will develop for rural residential purposes. The R-5 district is designed to protect and encourage all types of residential development while at the same time retaining a low population density.

B. Permitted principal uses and structures:

1. single family, two-family and multiple-family dwellings, including one mobile home. (Only a single principal structure may be allowed on any lot or parcel);
2. public and private elementary and secondary academic or vocation schools, or trade schools;
3. parks, playgrounds, playfields, public buildings and uses in keeping with the character and requirements of the district;
4. charitable or welfare institutions;
5. nursing homes and convalescent homes;
6. public branch libraries;
7. commercial greenhouses and tree nurseries, including the raising for sale of vegetables, produce, fruit crops, nursery plants and the like;

C. Permitted accessory uses and structures:

1. home occupation, subject to provisions of the supplementary district regulations;
2. noncommercial greenhouses, gardens, garden sheds and toolsheds, private barbecue pits;
3. the outdoor harboring or keeping of dogs, animals and fowl in a manner consistent with the requirements of all titles of this code. Paddocks, stables or similar structures or enclosures which are utilized for

the keeping of animals other than dogs shall be at least 25 feet from any lot line;

4. private storage in yards of equipment including trucks, boats, aircraft, campers, or travel trailers, in a safe and orderly manner and separated by at least five feet from any property line;

5. day nurseries and kindergartens.

D. Conditional Uses. Subject to the requirements of the Conditional Use standards and procedures of this title, the following uses may be permitted:

1. airstrips and heliports;
2. utilities substations;
3. Planned Unit Development;
4. convenience establishments;
5. natural resource extraction;
6. mobile home park on a site of at least two acres;
7. churches and synagogues, along with the customary accessory uses including parsonages, day nurseries, kindergartens and meeting rooms, subject to the provisions of the supplementary district regulations;
8. privately owned neighborhood community recreation centers in keeping with the character and requirements of the district, provided the center is oriented to a particular residential subdivision or housing project and that the uses within are delineated as conditions to approval;
9. quasi-institutional houses.

E. Prohibited uses and structures:

1. any use or structure not of a character indicated under permitted uses and structures, or permitted by Conditional Use;
2. storage in connection with trade, service or manufacturing activities;
3. junkyards;

4. any use which causes or may reasonably be expected to cause excessive noise, vibration, smoke, dust or other particulate matter, humidity, heat or glare at or beyond any lot line of the lot on which it is located. "Excessive" is defined for these purposes as a degree exceeding that generated by uses permitted in the district in their customary manner of operation, or to a degree injurious to the public health, safety, welfare or convenience.

F. Minimum lot requirements:

Use	Minimum Square Footage	
	Lot Area	Lot Width
1. Single-family dwellings or one mobile home	7,000	50
2. Two family dwellings	13,000	100
3. 3-family dwellings	19,000	100
4. 4-family dwellings	25,000	100
5. 5 or more families	30,000 plus 5,000 sq. ft. for each dwelling unit in excess of 5.	150

G. Minimum yard requirements:

1. front yard:\* 20 ft.
2. side yard: 5 ft.
3. rear yard: 10 ft.

\* See supplementary district regulations for additional setback requirements.

H. Maximum lot coverage by all buildings: 30%.

I. Maximum height of structures: unrestricted, except that structures shall not interfere with Federal Aviation Administration Regulations on airport approaches.

J. Signs. Signs may be allowed in connection with any permitted use, subject to the provisions of the supplementary district regulations.

K. Parking. Adequate off street parking shall be provided in connection with any permitted use, the minimum for each use to be:

1. residential uses: one vehicular parking space for each dwelling unit;
2. all other permitted uses, as provided in the supplementary district regulations.

L. Loading. Where applicable, off street loading facilities shall be provided in accordance with the provisions of the supplementary district regulations. (Adapted from GAAB 21.05.050F).