

COMMITTEE REPORT  
HOUSE

(11)

FURTHER:

3/30/84

Date:

4-27-84

The Committee on FINANCE has had HB 663

"An Act relating to the Alaska Housing Finance Corporation; and providing for an effective date."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 663 (Fin)  same title  
 new title
- and recommends Individual Recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Carl H. Fritz

Walt Furnace

[Signature]

[Signature]

MILLO H FRITZ

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

T.H. M... - No Rec.

[Signature] No Rec.

Paul P. [Signature] (Rural Funding??)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Carl H. Fritz

CHAIRMAN

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date

**REQUEST**

Bill/Resolution No: CSHB 663 (Fin)  
 Title: Relating to Alaska Housing Finance Corporation  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Revenue  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected:  
Alaska Housing Finance Corporation

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>			
<b>CAPITAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>			

**POSITIONS:**

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** Attach a separate page for analysis.

Prepared By: Michael S. Lynch  
 Division: Alaska Housing Finance Corporation

Phone: 276-5599  
 Date: 2/7/84

Approved by Commissioner: Robt. Abbott  
 Agency: D&R

Date: 2/7/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 663 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain state housing loan pro-  
7 grams; and providing for an effective date."

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

9 \* Section 1. AS 18.56.050 is amended to read:

10 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall  
11 manage the assets and business of the corporation and may prescribe,  
12 amend and repeal bylaws and regulations governing the manner in which  
13 the business of the corporation is conducted and the manner in which  
14 its powers are exercised. The board shall delegate supervision of the  
15 administration of the corporation to the executive director, appointed  
16 in accordance with AS 18.56.052. Among other duties that the board  
17 may delegate to the executive director, the board may delegate to the  
18 executive director the authority to sell an issue of bonds or notes of  
19 the corporation, providing that the board establish by resolution a  
20 maximum acceptable true interest cost on the bonds or notes to be sold  
21 under the delegation.

22 \* Sec. 2. AS 18.56.091 is amended to read:

23 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
24 corporation shall implement a home ownership assistance program [THERE  
25 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
26 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
27 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
28 to purchase homes financed under the special mortgage loan purchase  
29 program by providing a subsidy to the persons in an amount not greater

1 than the difference between

2 (1) the amount annually required to pay interest and prin-  
3 cipal on that person's loan and real property taxes and insurance for  
4 the home purchased with the loan; and

5 (2) 25 percent of that person's annual gross income.

6 \* Sec. 3. AS 18.56.096 is amended to read:

7 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
8 LOANS. (a) The corporation may not make, participate in the making  
9 of, purchase, or participate in the purchase of

10 (1) a first mortgage loan under this chapter for a duplex,  
11 triplex, or four-plex that exceeds the limitations on first mortgage  
12 loans for similar housing purchased by the Federal National Mortgage  
13 Association as to principal amount and loan-to-value ratio;

14 (2) a second mortgage loan for a duplex, triplex, or four-  
15 plex the amount of which, when combined with the principal balance of  
16 a first mortgage loan on the property, exceeds the limitation on the  
17 amount set out in (1) of this subsection [SECTION] or that has a  
18 loan-to-value ratio, when considered with the principal balance of the  
19 first mortgage loan, that exceeds 90 percent;

20 (3) a mortgage loan to finance the purchase of new housing  
21 or for the improvement or rehabilitation of existing housing, unless  
22 the construction, improvement, or rehabilitation work has been per-  
23 formed by a contractor who is registered to work as a contractor under  
24 AS 08.18; this paragraph does not apply if the construction, improve-  
25 ment, or rehabilitation work

26 (A) has been totally or substantially performed by the  
27 borrower;

28 (B) has been performed by a borrower who acts as the  
29 contractor for the construction, improvement, or rehabilitation

1 work; or

2 (C) has been performed in an area designated by the  
3 corporation as exempt from the requirements of this paragraph  
4 because of the unavailability of registered contractors in that  
5 area;

6 (4) a first mortgage loan for a single-family residence  
7 that exceeds the limitations on first mortgage loans for similar  
8 housing purchased by the Federal National Mortgage Association as to  
9 principal amount by more than 10 percent, or has a loan-to-value ratio  
10 that exceeds 95 percent, or a second mortgage loan for a single-family  
11 residence, the amount of which, when combined with the principal  
12 balance of a first mortgage loan on the property, exceeds the limita-  
13 tions on loans for similar housing purchased by the Federal National  
14 Mortgage Association as to principal amount by more than 10 percent,  
15 or has a loan-to-value ratio, when considered with the principal  
16 balance of the first mortgage loan, that exceeds 90 percent; [OR]

17 (5) a first or second mortgage loan for rental housing  
18 unless the borrower agrees not to discriminate against tenants or  
19 prospective tenants because of sex, marital status, changes in marital  
20 status, pregnancy, parenthood, race, religion, color, national origin,  
21 or status as a student; or

22 (6) a first mortgage loan if the borrower has an outstand-  
23 ing first mortgage housing loan under this chapter or an outstanding  
24 first mortgage loan for owner-occupied housing under AS 44.47.

25 (b) The loan-to-value limitation established in (a)(4) of this  
26 section does not apply to a qualified loan that is federally insured  
27 or guaranteed.

28 \* Sec. 4. AS 18.56.098(g) is amended to read:

29 (g) The corporation shall establish the interest rate on a first

1 mortgage loan purchased under (a) of this section in accordance with  
2 the following:

3 (1) The interest rate on the first \$90,000 of a mortgage  
4 loan purchased with the proceeds of an issue of taxable bonds of the  
5 corporation is three percent less than the cost of funds of that  
6 issue, except that

7 (A) if the cost of funds of that issue is less than 10  
8 percent, the interest rate is equal to the cost of funds; and

9 (B) if the cost of funds of that issue is more than 10  
10 percent, the interest rate may not be less than 10 percent.

11 (2) [Repealed

12 (3) An interest rate determined under this subsection on  
13 the first \$90,000 of a mortgage loan that is not purchased from the  
14 proceeds of bonds that are qualified veterans' mortgage bonds under  
15 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as  
16 amended, shall be reduced by one percentage point if the loan is made  
17 to an eligible veteran under AS 18.56.101.

18 (3) [(4)] The interest rate for the amount of a mortgage  
19 loan purchased under (a) of this section that exceeds \$90,000 is equal  
20 to the cost of funds to the corporation attributable to that part of  
21 the loan.

22 (4) [(5)] The interest rate on the first \$90,000 of a  
23 mortgage loan purchased with moneys that is not the proceeds of either  
24 taxable or tax-exempt bonds is the rate the corporation determines is  
25 appropriate by application of the provision of (1) of this subsection.

26 (5) [(6)] The interest rate on the first \$90,000 of a  
27 mortgage loan purchased from the proceeds of bonds that are exempt  
28 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26  
29 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified

1 veterans' bonds under (i) of this section, is equal to the interest  
2 rate determined under (1) and (2) of this subsection on a loan pur-  
3 chased under (a) of this section from the proceeds of the most recent  
4 applicable issue of taxable bonds sold by the corporation [10 PERCENT  
5 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower  
6 interest rate shall be established on the entire loan amount if re-  
7 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-  
8 GAGE SUBSIDY BOND TAX ACT].

9 (6) [(7)] In this subsection

10 (A) "cost of funds" means the true interest cost  
11 expressed as a rate on bonds of the corporation plus an addi-  
12 tional percentage as determined by the corporation to represent  
13 the allocable expenses of operation, costs of issuance, and  
14 mortgage servicing;

15 (B) "taxable bonds" means bonds bearing interest that  
16 is taxable under the provisions of the Mortgage Subsidy Bond Tax  
17 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of  
18 first mortgage loans.

19 \* Sec. 5. AS 18.56.170(a) is amended to read:

20 (a) Obligations issued under the provisions of this chapter  
21 other than state guaranteed bonds do not constitute a debt, liability  
22 or obligation of the state or of any political subdivision of the  
23 state or a pledge of the faith and credit of the state or of any such  
24 political subdivision but are payable solely from the revenues or  
25 assets of the corporation. Each obligation issued under this chapter  
26 other than a state guaranteed bond shall contain on its face a state-  
27 ment that the corporation is not obligated to pay it nor the interest  
28 on it except from the revenues or assets of the corporation [PLEDGED  
29 FOR IT] and that neither the faith and credit nor the taxing power of

1 the state or of any political subdivision of the state is pledged to  
2 the payment of the principal of or the interest on the obligation.

3 \* Sec. 6. AS 44.47.560(5) is repealed and reenacted to read:

4 (5) "rural" means

5 (A) a community with a population of 4,500 or less in  
6 the first or second judicial district of the state;

7 (B) a community with a population of 4,500 or less in  
8 the third judicial district of the state that is more than 100  
9 nautical miles from the conforming boundary of jurisdiction of  
10 the Municipality of Anchorage; or

11 (C) a community with a population of 4,500 or less in  
12 the fourth judicial district of the state that is more than 35  
13 nautical miles from the conforming boundary of jurisdiction of  
14 the City of Fairbanks;

15 \* Sec. 7. The Alaska Housing Finance Corporation may issue bonds in the  
16 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
17 1985.

18 \* Sec. 8. This Act takes effect July 1, 1984.  
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BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

Letter of Transmittal  
& Fiscal notes

February 13, 1984

The Honorable Joe Hayes  
Alaska House of Representatives  
Pouch V  
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting four bills which relate to the Alaska Housing Finance Corporation (AS 18.56).

The first bill includes several substantive proposals. Section 1 enables the Board of Directors to delegate to the executive director the authority to sell an issue of bonds, if the Board establishes the maximum true interest cost for the issue. This proposal will enable the corporation to respond more rapidly to the capital markets. Section 2, in conjunction with the related appropriation provision in an accompanying bill, is intended to clarify the statutory basis for the home ownership assistance program and to repeal the current separate fund for the program. (AS 18.56.091) Section 3 precludes the corporation from purchasing a loan if the borrower has an outstanding housing loan under a state loan program. Section 3 also amends AS 18.56.096 to specify, in accordance with the present practice of the corporation, that the loan-to-value limitation does not apply to a qualified loan which is federally insured or guaranteed. Section 4 amends AS 18.56.098(g)(6) to provide that the interest rate on the first \$90,000 of a qualified mortgage loan will be the same for all borrowers, regardless of whether the loan is purchased with proceeds from a taxable or tax-exempt bond issue. Section 5 makes a technical modification to a financial provision, and sec. 6 authorizes the corporation to issue \$1.5 billion in bonds during FY 85.

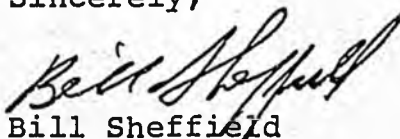
To remove any possible legal concerns, the second bill appropriates to the corporation unrestricted interest repayments as well as certain program receipts which may accrue to the corporation during the next fiscal year. In addition, sec. 2 of the bill transfers the assets of the home ownership fund (AS 18.56.091) to the Alaska Housing Finance revolving fund. (AS 18.56.082.) As proposed in the companion bill, the home ownership fund is abolished. The transfer of assets to the revolving fund, subject to bondholder agreements, will provide the requisite flexibility for the corporation to continue to implement the home ownership assistance program.

The third bill proposes the presentation to the voters of the question of whether to authorize the issuance of \$700,000,000 in state-guaranteed veterans' bonds. Since state-guaranteed veterans' bonds are tax-exempt, the corporation is able to provide benefits to veterans at a substantial savings to the state.

The fourth bill proposes a \$100,000,000 increase in the corporation's bond issuance authorization limit for this fiscal year (FY 84). When the current debt authority limit of \$980,000,000 was established, the purchase of mobile home loans was financed exclusively with state appropriations. The corporation has now designed a program under which the purchase of qualified mobile home loans may be financed through bond proceeds, and the proposed increase in the debt authorization level is necessary to implement this program.

These four bills present a balanced approach to the operations of the corporation. I therefore urge you to consider the legislation relating to the corporation as an integrated package. I add, also, that prompt legislative review and approval is important. In particular, please note that pending federal legislation may restrict, if not preclude, the issuance of tax-exempt veterans' bonds. Legislative approval before any Congressional action may thus allow the state to realize a substantial savings in providing benefits to qualified veterans.

Sincerely,

  
Bill Sheffield  
Governor

ALASKA HOUSING FINANCE CORPORATION  
HB 663

HB 663, introduced by the Governor, corrects drafting errors contained in the 1983 Legislation, incorporates clarifying amendments to AHFC statutes recommended by the Attorney General's Office, and amendments recommended by members of the Board and Staff which would allow the Corporation to maximize savings to the State and homebuyers and to respond to the anticipated funding level of mortgage demand for FY 1985.

Section 1

- Establishes the authority for the Executive Director to sell bonds within certain parameters established by the Board. The intent is to allow the Corporation the flexibility of selling bonds within a set time frame rather than a specific date and time. That could mean a potential savings for both the State and homebuyers as the Corporation could react to quickly changing market conditions much more rapidly.

Section 2

- Clarifies the statutory basis for the Home Ownership Assistance Program.

Section 3

- Clarifies the statute allowing one first mortgage loan per person from State loan programs. Present statutes (AS 18.56.098(f)(4)) requires that a residence for which the Corporation purchases a loan must be owner-occupied. Allowing only one State loan at a time to a person would more clearly state what is implied.

100-10-  
state  
100%

- Corrects statutory language to allow 100 percent financing for loans which are federally insured or guaranteed. 1983 Legislation unintentionally excluded federally insured loans and 95 percent financing for mobile homes. AHFC has always allowed both and it is felt they were excluded due to a drafting error.

Section 4

- Sets the rate on the first \$90,000 for the tax-exempt First Time Homebuyer's program at the same rate as the taxable program. The tax-exempt rate on the first \$90,000 remains at 10 percent unless the cost of funds falls below 10 percent. The intent of this legislation is for the rates on the Veterans Mortgage Program, the Taxable Program, and the Tax-Exempt Program to be set so they are the same for the first \$90,000, the amount of the loan subsidized by the State.

Section 5

- Clarifies the ability of the Corporation to incur a general obligation.

Alaska Housing Finance Corporation  
HB 663  
Page 2

Section 6

Raises AHFC's 12-month bonding authority from \$980 million to \$1.5 billion. AHFC is estimating for FY 1985 budget purposes that mortgage demand will be \$1.316 billion of which \$1.150 billion will need to be funded by bond proceeds. The present twelve-month bond authorization level is \$980 million. A level of \$1.5 billion would cover all contingencies.

A breakdown of the bonding levels anticipated for each program is attached.

Revised 2-22-84

ALASKA HOUSING FINANCE CORPORATION  
 SPECIAL MORTGAGE LOAN PURCHASE PROGRAM  
 SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS  
 Fiscal Year 1985

(In Millions)

	Estimated Carry-Over From FY '84	Program Repayments And Earnings	Bond Proceeds	Sales Costs	Subsidy Subsidy	Subsidy Allocation	Estimated Carry-Over To FY '86	Estimated FY '85 Mortgage Demand
Taxable First Mortgage Program - State Assisted Mortgage Bonds - Single-Family and Duplex Triplex and Four-plex	\$ 5	\$ 44 25	\$ 575	\$(11)	\$ 149	\$ 15	\$ 100 5	\$ 672 25
First Mortgage Veterans' Program - State Guaranteed Veterans' Bonds	(27)		575	(12)	86		75	547
Mobile Home Loan Bond Program	84						14	70
Taxable Second Mortgage Program - Second Mortgage Bonds	12						10	2
Reserve to Complete Open Series	—	—	—	—	15	(15)	—	—
<b>TOTAL</b>	<u>\$ 74</u>	<u>\$ 69</u>	<u>\$1,150</u>	<u>\$(23)</u>	<u>\$ 250</u>	<u>\$ —</u>	<u>\$ 204</u>	<u>\$1,316</u>

# Alaska State Legislature

POUCH V  
JUNEAU, ALASKA 99811  
(907)465-4821



REPRESENTATIVE RICK UEHLING  
CHAIRMAN  
REPRESENTATIVE WALT FURNACE  
REPRESENTATIVE NIILLO KOPONEN  
REPRESENTATIVE JERRY WARD  
REPRESENTATIVE RON WENDTE

## House Special Committee on State Loans

### M E M O R A N D U M

DATE: March 15, 1984  
TO: Members, House Special Committee on State Loans  
FROM: Representative Rick Uehling *RUEHLING*  
Subject: HB 663

I have requested staff prepare the following analysis of HB 663. The first of a series of four bills introduced by the Governor for the Alaska Housing Finance Corporation.

HB 663 is the longest and most complicated of the four bills to be introduced. It consists of 7 sections, two of which, the committee should examine more thoroughly.

Sec. 1) Would give the executive director the right to sell an issue of bonds within the frame work set by the board of directors of AHFC.

Sec. 6) Would raise AHFC's yearly bond issuance ceiling to 1.5 billion in bonds from a previous ceiling of 980 million. This would be an increase of 520 million dollars in bonds yearly.

Sections 2,3,4,5 contain technical changes and changes in drafting errors in already existing statutes. These changes create reorganization of the structure and the mechanics of AHFC. The effects of these changes and the details of how they would be carried out are not clearly delineated in the wording of the bill.

Section 7 provides and effective date of July 1, 1984.

A more detailed analysis will follow this brief overview.

Sec. 1) Would give the Executive Director of the AHFC the authority to sell bonds within a time framework set by the board of directors.

Q) Why is this change necessary?

Sec. 2) Restructures the organization of AHFC by eliminating the statutes that establish the Home Ownership Fund. AHFC would be required to implement a Home Ownership Assistance Program. In its companion bill, HB 664 all assets of the Home Ownership Fund are transferred to the Alaska Finance Revolving Fund. The Alaska Housing Finance Revolving Fund is then required to implement the Housing Ownership Assistance Program to assist persons of moderate and lower incomes. It is not clear how this change will effect AHFC's existing Home Ownership Fund program or in what manner the mobile home program is to continue.

Q) Why is not the existence of the Mobile Home Program clarified in the proposed changes to the statutes?

Sec. 3) Removes the owner occupied clause and limits the the borrower to one state subsidized housing loan, with one exception, (non owner occupied housing under AS 44.47.520). The question has arisen whether the change in wording is clear.

This section also would remove the AHFC loan-to-value limitation on loans that are federally insured or guaranteed. This has always been allowed with AHFC in the past, however due to a drafting error in the language used in the 1983 bill, these programs were excluded from 100% financing.

Sec. 4) This section would equalize the interest rate on the first \$90,000. in three programs under the Alaska Housing Finance Corporation. The three programs are the Taxable Program, The First Time Home Buyers Tax-Exempt Program and the Veterans Mortgage Program. It would appear that AHFC could generate revenue from this arrangement due to the spread of interest rates.

Q) AHFC should provide to the committee the current interest rates for the 3 programs on the first \$90,000. and what those rates would be changed to under this section.

Sec. 5) Clarifies and limits the AHFC bond obligations to the revenues and assets of the corporation.

Q) Why is this change necessary? Doesn't this limitation currently apply?

Sec. 6) Would raise AHFC's annual bonding authority from \$980 million to \$1.5 billion. This is an increase of \$520 million of bonded indebtedness per year.

Q) Would a yearly limit of 1.3 billion be sufficient and if not, why?

Sec. 7) Provides an effective date of July 1, 1984.

**Sec. 18.56.045. Minutes of meetings.** The board shall keep minutes of each meeting and send a certified copy to the governor and to the Legislative Budget and Audit Committee. (§ 1 ch 107 SLA 1971; am § 2 ch 115 SLA 1981)

**Effect of amendments.** — The 1981 amendment added "and to the Legislative Budget and Audit Committee" following "copy to the governor."

**Sec. 18.56.050. Administration of affairs.** The board shall manage the assets and business of the corporation and may prescribe, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with AS 18.56.052. (§ 1 ch 107 SLA 1971; am § 2 ch 167 SLA 1978; am § 15 ch 106 SLA 1980)

**Effect of amendments.** — The 1978 amendment, substituted "shall manage" for "may manage," inserted "may" preceding "prescribe," and deleted "rules" preceding "and regulations," all in the first sentence, deleted the former second sentence, which read "The board may delegate to one or more of its directors, officers, agents or employees those powers and duties it considers proper," and substituted "shall delegate" for "may delegate" and the language beginning "the executive director" for "an executive officer" in the present second sentence.  
The 1980 amendment deleted "and may delegate to him other duties it considers proper" at the end of the section.

*Retained*  
✓  
✓

**Sec. 18.56.052. Executive director.** The corporation shall employ an executive director, who may not be a member of the board. The executive director shall be appointed by the board of directors and serves at the pleasure of the board. (§ 2 ch 167 SLA 1978)

**Sec. 18.56.055. Legal advisor.** The attorney general is the legal counsel for the corporation. He shall advise the corporation in legal matters and represent it in suits. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.060. Employment of personnel.** The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and, subject to the approval of the board, engage professional and technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director. (§ 1 ch 107 SLA 1971; am § 4 ch 167 SLA 1978; am § 16 ch 106 SLA 1980)

**Effect of amendments.** — The 1978 amendment rewrote this section. The 1980 amendment added "including the executive director" at the end of the section.

Chapter 101

Chapter 102

AN ACT

Relating to state housing loan and state alternative technology loan programs; and providing for an effective date.

\* Section 1. AS 18.55.996(a) is amended by adding a new paragraph to read:

(14) Sitka Community Association (Baranof Island)

18.55.996(a)(14)

\* Sec. 2. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The Alaska housing finance revolving fund is established in the corporation. The revolving fund consists of appropriations made to the revolving fund by the legislature, money or other assets transferred to the revolving fund by the corporation and unrestricted repayments of principal on loans made or purchased by the corporation. Amounts deposited in the revolving fund shall be expended for the purposes of the corporation, set out in this chapter.

18.56.082

\* Sec. 3. AS 18.56.089 is amended to read:

Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07). To further ensure effective budgetary decision making by the legislature, the corporation shall present a complete accounting of all assets of the corporation, including assets of the Alaska housing finance revolving fund, to the legislature by January 10 of each year. The accounting shall be audited by an independent outside auditor and

18.56.089

SCS CSHB 302(R1c)

*Retained*

ARD DATA DECLARED TO  
recording, evalua-  
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necessary to the  
state.  
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oring geology, and  
hout the state are  
safe and cost-  
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state.

HB 379

housing insurance account, a rural housing hazard insurance fund and a rural housing title insurance fund.

graph (1) which concerned the power to make or participate in the making of construction loans.

The 1981 amendment repealed para-

*Change Proposed*

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

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

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

**Sec. 18.56.092. Veterans' loans for residential housing.**

Repealed by § 77 ch 106 SLA 1980.

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

*retained*

**Sec. 18.56.093. Insurance.** (a) There is established in the corporation the housing insurance fund, the rural housing hazard insurance fund, and the rural housing title insurance fund. The funds shall be completely segregated from all other funds of the corporation, and are trust funds for the uses and purposes of this section. The corporation may adopt regulations under AS 18.56.088 and enter into agreements with respect to the exercise of any power relating to the funds under this section, including, without limitation, agreements as to the use of the money in the funds, agreements with respect to the terms and conditions upon which payments from the funds must be made to the corporation with respect to mortgage loans insured under this section, agreements as to accounts or subaccounts in the funds for different categories of loans, and agreements regarding the payment of and security for bonds of the corporation. The corporation may pledge, assign, or grant other interests in the funds as may be necessary or appropriate in connection with the insurance of mortgage loans and to provide for the payment of and security for bonds of the corporation.

(b) In addition to any other fees and charges which the corporation may charge on mortgage loans, the corporation may collect, or cause to be collected, insurance commitment fees and insurance premiums on mortgage loans insured by a fund under this section.

(c) A mortgage loan purchased by the corporation as part of its special mortgage loan purchase program may be insured by the housing

been or may, after the date of determination of actuarial soundness, be appropriated pursuant to (f) of this section, including, without limitation, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the mortgage insurance fund, and any other appropriate factors. (§ 8 ch 151 SLA 1975; am §§ 23 — 26, 77 ch 106 SLA 1980)

**Effect of amendments.** — The 1980 amendment deleted "including a state veterans' loan" following "A mortgage loan" near the beginning of subsection (d), deleted the former second sentence in subsection (d), which read, "In addition, a state veterans' loan may be insured if the loan-to-value ratio does not exceed 90 percent," deleted "including state veterans' loans" following "or mortgage loans" near the beginning of paragraph (1) in subsection (e), inserted "and economic development" following "commissioner of commerce" near the end of paragraph (1)

in subsection (e), inserted "and economic development" preceding "shall determine" near the beginning of subsection (f), inserted "of commerce and economic development" following "the commissioner" near the beginning of the second sentence and near the beginning of the third sentence in subsection (f), inserted "and economic development" following "commissioner of commerce" near the end of paragraph (4) of subsection (h), and repealed the following: paragraph (2) of subsection (e); subsection (g); and paragraph (5) of subsection (h).

**Sec. 18.56.096. Limitation on power to make or purchase mortgage loans.** The corporation may not make, participate in the making of, purchase, or participate in the purchase of

(1) a first mortgage loan under this chapter that exceeds the limitations on first mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio; or

(2) a second mortgage loan the amount of which, when combined with the principal balance of a first mortgage loan on the property, exceeds the limitation on the amount set out in (1) of this section or that has a loan-to-value ratio, when considered with the principal balance of the first mortgage loan, that exceeds 90 percent. (§ 27 ch 106 SLA 1980; am § 3 ch 115 SLA 1981)

**Effect of amendments.** — The 1981 amendment designated part of the former section as paragraph (1) and added paragraph (2). In paragraph (1), the amend-

ment added "first" preceding "mortgage" twice, substituted "that" for "which" preceding "exceeds the limitations" and added "or" following "loan-to-value ratio."

**Sec. 18.56.097. Collateral for loans.** Under procedures established by regulations of the corporation adopted in accordance with AS 18.56.088 a person may pledge as security for the repayment of a loan made, purchased or insured by the corporation under this chapter a

(G)<sup>cont.</sup> (5) The interest rate on a mortgage loan purchased from money appropriated to the corporation is the rate the corporation determines is appropriate by application of the provisions of (1) — (4) of this subsection. The rate may be based on an estimate of the cost of funds of a proposed issue or issues of bonds.

(6) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) is 10 percent or the cost of the funds, whichever is less. A higher or lower interest rate shall be established on the entire loan amount if required under the Mortgage Subsidy Bond Tax Act.

(7) In this subsection

(A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under the provisions of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of first mortgage loans.

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section. (§ 27 ch 106 SLA 1980; am §§ 4 — 7, 51 ch 115 SLA 1981)

**Effect of amendments.** — The 1981 amendment added "first or second" preceding "mortgage loans," added "improvement, or rehabilitation" preceding "of residences," deleted paragraph designation (1) preceding "for the purchase" and deleted "or (2) for the refinancing of a mortgage loan on a residence if the purpose of the refinancing is to provide money for the improvement or rehabilitation of the residence" in subsection (a). In subsection (c), the amendment added the language beginning "and may expend amounts" and ending "equal the rates specified in this section" near the end of the subsection. In subsection (e), the amendment substituted "the" for "in order to discourage the speculative use of mortgage credit under the special mortgage loan purchase program for purposes other than home ownership, the" at the

beginning of the second sentence, substituted "restricting" for "otherwise setting conditions on" preceding "the right to assume," added "or the right to provide for the payment of" preceding "mortgage loans purchased" and added "by a person other than the mortgagor" following "of this section" at the end of the second sentence and added the present third and fourth sentences of the subsection. The amendment also added subsections (g) and (h) and repealed subsection (d) concerning interest rates charged on mortgage loans purchased under subsection (a) and repealed subsection (f) (3) which defined "mortgage program cost."

**Editor's notes.** — For 1980 priorities in the purchase of mortgage loans by the Alaska Housing Finance Corporation, see § 11, ch. 106, SLA 1980, in the 1980 Temporary and Special Acts and Resolves.

(16) to provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all the bonds, notes or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

(17) to vest in a trustee or trustees within or outside the state such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes, and to limit or abrogate the right of the holders of any bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;

(18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the corporation with the holders of its bonds or notes;

(19) to agree with any corporate trustee which may be any trust company or bank having the powers of a trust company within or outside the state as to the pledging or assigning of revenues or funds to which or in which the corporation has any rights or interest; the agreement may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;

(20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or such other fiduciaries as the resolution may provide within or outside the state;

(21) to limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes;

(22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the corporation, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section.

(g) Notwithstanding AS 18.56.090(12) and (a) of this section, the corporation may not issue bonds, other than refunding bonds, in any 12-month period beginning after June 30, 1982, in an amount that exceeds the amount of bonds authorized to be issued during the preceding period, unless a different amount is authorized by the legislature. (§ 1 ch 107 SLA 1971; am § 11 ch 115 SLA 1981)

of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.170. Credit of state not pledged.** (a) Obligations issued under the provisions of this chapter 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 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 the 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)

**Sec. 18.56.180. Officers not liable.** No member or other officer of the corporation is subject to personal liability or accountability by reason of his execution of any obligations or the issuance of them. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.190. Tax exemption.** (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for their well-being and prosperity and for the improvement of their social and economic conditions, and the corporation is not required to pay a tax or assessment on any property owned by the corporation under the provisions of this chapter or upon the income from it, except taxes on real property of which the corporation is fee owner.

(b) All obligations issued under this chapter are hereby declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenues, income and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from taxation except for transfer, inheritance and estate taxes. (§ 1 ch 107 SLA 1971)

**Sec. 18.56.200. Annual report.** (a) The corporation shall prepare and transmit annually a report accounting to the governor and the legislature for the efficient discharge of all responsibility assigned by law or by directive to the corporation.

(b) By January 10 of each year, the board shall publish a report of the corporation for distribution to the governor, legislature, and the

Offered: 3/30/84  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE  
2 CS FOR HOUSE BILL NO. 663 (Loans)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-  
7 ration; and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 18.56.050 is amended to read:  
10 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall  
11 manage the assets and business of the corporation and may prescribe,  
12 amend and repeal bylaws and regulations governing the manner in which  
13 the business of the corporation is conducted and the manner in which  
14 its powers are exercised. The board shall delegate supervision of the  
15 administration of the corporation to the executive director, appointed  
16 in accordance with AS 18.56.052. Among other duties that the board  
17 may delegate to the executive director, the board may delegate to the  
18 executive director the authority to sell an issue of bonds or notes of  
19 the corporation, providing that the board establish by resolution a  
20 maximum acceptable true interest cost on the bonds or notes to be sold  
21 under the delegation.  
22 \* Sec. 2. AS 18.56.091 is amended to read:  
23 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
24 corporation shall implement a home ownership assistance program [THERE  
25 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
26 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
27 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
28 to purchase homes financed under the special mortgage loan purchase  
29 program by providing a subsidy to the persons in an amount not greater

1 than the difference between

2 (1) the amount annually required to pay interest and prin-  
3 cipal on that person's loan and real property taxes and insurance for  
4 the home purchased with the loan; and

5 (2) 25 percent of that person's annual gross income.

6 \* Sec. 3. AS 18.56.096 is amended to read:

7 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
8 LOANS. (a) The corporation may not make, participate in the making  
9 of, purchase, or participate in the purchase of

10 (1) a first mortgage loan under this chapter for a duplex,  
11 triplex, or four-plex that exceeds the limitations on first mortgage  
12 loans for similar housing purchased by the Federal National Mortgage  
13 Association as to principal amount and loan-to-value ratio;

14 (2) a second mortgage loan for a duplex, triplex, or four-  
15 plex the amount of which, when combined with the principal balance of  
16 a first mortgage loan on the property, exceeds the limitation on the  
17 amount set out in (1) of this subsection [SECTION] or that has a  
18 loan-to-value ratio, when considered with the principal balance of the  
19 first mortgage loan, that exceeds 90 percent;

20 (3) a mortgage loan to finance the purchase of new housing  
21 or for the improvement or rehabilitation of existing housing, unless  
22 the construction, improvement, or rehabilitation work has been per-  
23 formed by a contractor who is registered to work as a contractor under  
24 AS 08.18; this paragraph does not apply if the construction, improve-  
25 ment, or rehabilitation work

26 (A) has been totally or substantially performed by the  
27 borrower;

28 (B) has been performed by a borrower who acts as the  
29 contractor for the construction, improvement, or rehabilitation

1 work; or

2 (C) has been performed in an area designated by the  
3 corporation as exempt from the requirements of this paragraph  
4 because of the unavailability of registered contractors in that  
5 area;

6 (4) a first mortgage loan for a single-family residence  
7 that exceeds the limitations on first mortgage loans for similar  
8 housing purchased by the Federal National Mortgage Association as to  
9 principal amount by more than 10 percent, or has a loan-to-value ratio  
10 that exceeds 95 percent, or a second mortgage loan for a single-family  
11 residence, the amount of which, when combined with the principal  
12 balance of a first mortgage loan on the property, exceeds the limita-  
13 tions on loans for similar housing purchased by the Federal National  
14 Mortgage Association as to principal amount by more than 10 percent,  
15 or has a loan-to-value ratio, when considered with the principal  
16 balance of the first mortgage loan, that exceeds 90 percent; [OR]

17 (5) a first or second mortgage loan for rental housing  
18 unless the borrower agrees not to discriminate against tenants or  
19 prospective tenants because of sex, marital status, changes in marital  
20 status, pregnancy, parenthood, race, religion, color, national origin,  
21 or status as a student; or

22 (6) a first mortgage loan if the borrower has an outstand-  
23 ing first mortgage housing loan under a state loan program, other than  
24 a loan for nonowner-occupied housing under AS 44.47.520.

25 (b) The loan-to-value limitation established in (a)(4) of this  
26 section does not apply to a qualified loan that is federally insured  
27 or guaranteed.

28 \* Sec. 4. AS 18.56.098(g) is amended to read:

29 (g) The corporation shall establish the interest rate on a first

1 mortgage loan purchased under (a) of this section in accordance with  
2 the following:

3 (1) The interest rate on the first \$90,000 of a mortgage  
4 loan purchased with the proceeds of an issue of taxable bonds of the  
5 corporation is three percent less than the cost of funds of that  
6 issue, except that

7 (A) if the cost of funds of that issue is less than 10  
8 percent, the interest rate is equal to the cost of funds; and

9 (B) if the cost of funds of that issue is more than 10  
10 percent, the interest rate may not be less than 10 percent.

11 (2) [Repealed

12 (3)] An interest rate determined under this subsection on  
13 the first \$90,000 of a mortgage loan that is not purchased from the  
14 proceeds of bonds that are qualified veterans' mortgage bonds under  
15 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as  
16 amended, shall be reduced by one percentage point if the loan is made  
17 to an eligible veteran under AS 18.56.101.

18 (3) [(4)] The interest rate for the amount of a mortgage  
19 loan purchased under (a) of this section that exceeds \$90,000 is equal  
20 to the cost of funds to the corporation attributable to that part of  
21 the loan.

22 (4) [(5)] The interest rate on the first \$90,000 of a  
23 mortgage loan purchased with money that is not the proceeds of either  
24 taxable or tax-exempt bonds is the rate the corporation determines is  
25 appropriate by application of the provision of (1) of this subsection.

26 (5) [(6)] The interest rate on the first \$90,000 of a  
27 mortgage loan purchased from the proceeds of bonds that are exempt  
28 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26  
29 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified

1 veterans' bonds under (i) of this section, is equal to the interest  
2 rate determined under (1) - (3) of this subsection on a loan purchased  
3 under (a) of this section from the proceeds of the most recent appli-  
4 cable issue of taxable bonds sold by the corporation [10 PERCENT OR  
5 THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower interest  
6 rate shall be established on the entire loan amount if required to  
7 insure the tax-exempt status of the bonds [UNDER THE MORTGAGE SUBSIDY  
8 BOND TAX ACT].

9 (6) [(7)] In this subsection

10 (A) "cost of funds" means the true interest cost  
11 expressed as a rate on bonds of the corporation plus an addi-  
12 tional percentage as determined by the corporation to represent  
13 the allocable expenses of operation, costs of issuance, and  
14 mortgage servicing;

15 (B) "taxable bonds" means bonds bearing interest that  
16 is taxable under the provisions of the Mortgage Subsidy Bond Tax  
17 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of  
18 first mortgage loans.

19 \* Sec. 5. AS 18.56.170(a) is amended to read:

20 (a) Obligations issued under the provisions of this chapter  
21 other than state guaranteed bonds do not constitute a debt, liability  
22 or obligation of the state or of any political subdivision of the  
23 state or a pledge of the faith and credit of the state or of any such  
24 political subdivision but are payable solely from the revenues or  
25 assets of the corporation. Each obligation issued under this chapter  
26 other than a state guaranteed bond shall contain on its face a state-  
27 ment that the corporation is not obligated to pay it nor the interest  
28 on it except from the revenues or assets of the corporation [PLEGDED  
29 FOR IT] and that neither the faith and credit nor the taxing power of

1 the state or of any political subdivision of the state is pledged to  
2 the payment of the principal of or the interest on the obligation.

3 \* Sec. 6. The Alaska Housing Finance Corporation may issue bonds in the  
4 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
5 1985.

6 \* Sec. 7. This Act takes effect July 1, 1984.

Introduced: 2/13/84  
Referred: House Special Committee  
on State Loans and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 663

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-  
7 ration; and providing for an effective date."

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

9 \* Section 1. AS 18.56.050 is amended to read:

10 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall  
11 manage the assets and business of the corporation and may prescribe,  
12 amend and repeal bylaws and regulations governing the manner in which  
13 the business of the corporation is conducted and the manner in which  
14 its powers are exercised. The board shall delegate supervision of the  
15 administration of the corporation to the executive director, appointed  
16 in accordance with AS 18.56.052. Among other duties which the board  
17 may delegate to the executive director, the board may delegate to the  
18 executive director the authority to sell an issue of bonds or notes of  
19 the corporation, providing that the board establish by resolution a  
20 maximum acceptable true interest cost on the bonds or notes to be sold  
21 under the delegation.

22 \* Sec. 2. AS 18.56.091 is amended to read:

23 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The  
24 corporation shall implement a home ownership assistance program [THERE  
25 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING  
26 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND  
27 SHALL BE USED SOLELY] to assist persons of lower and moderate income  
28 to purchase homes financed under the special mortgage loan purchase  
29 program by providing a subsidy to the persons in an amount not greater

1 than the difference between

2 (1) the amount annually required to pay interest and prin-  
3 cipal on that person's loan and real property taxes and insurance for  
4 the home purchased with the loan; and

5 (2) 25 percent of that person's annual gross income.

6 \* Sec. 3. AS 18.56.096 is amended to read:

7 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE  
8 LOANS. (a) The corporation may not make, participate in the making  
9 of, purchase, or participate in the purchase of

10 (1) a first mortgage loan under this chapter for a duplex,  
11 triplex, or four-plex that exceeds the limitations on first mortgage  
12 loans for similar housing purchased by the Federal National Mortgage  
13 Association as to principal amount and loan-to-value ratio;

14 (2) a second mortgage loan for a duplex, triplex, or four-  
15 plex the amount of which, when combined with the principal balance of  
16 a first mortgage loan on the property, exceeds the limitation on the  
17 amount set out in (1) of this subsection [SECTION] or that has a  
18 loan-to-value ratio, when considered with the principal balance of the  
19 first mortgage loan, that exceeds 90 percent;

20 (3) a mortgage loan to finance the purchase of new housing  
21 or for the improvement or rehabilitation of existing housing, unless  
22 the construction, improvement, or rehabilitation work has been per-  
23 formed by a contractor who is registered to work as a contractor under  
24 AS 08.18; this paragraph does not apply if the construction, improve-  
25 ment, or rehabilitation work

26 (A) has been totally or substantially performed by the  
27 borrower;

28 (B) has been performed by a borrower who acts as the  
29 contractor for the construction, improvement, or rehabilitation

1 work; or

2 (C) has been performed in an area designated by the  
3 corporation as exempt from the requirements of this paragraph  
4 because of the unavailability of registered contractors in that  
5 area;

6 (4) a first mortgage loan for a single-family residence  
7 that exceeds the limitations on first mortgage loans for similar  
8 housing purchased by the Federal National Mortgage Association as to  
9 principal amount by more than 10 percent, or has a loan-to-value ratio  
10 that exceeds 95 percent, or a second mortgage loan for a single-family  
11 residence, the amount of which, when combined with the principal  
12 balance of a first mortgage loan on the property, exceeds the limita-  
13 tions on loans for similar housing purchased by the Federal National  
14 Mortgage Association as to principal amount by more than 10 percent,  
15 or has a loan-to-value ratio, when considered with the principal  
16 balance of the first mortgage loan, that exceeds 90 percent; [OR]

17 (5) a first or second mortgage loan for rental housing  
18 unless the borrower agrees not to discriminate against tenants or  
19 prospective tenants because of sex, marital status, changes in marital  
20 status, pregnancy, parenthood, race, religion, color, national origin,  
21 or status as a student; or

22 (6) a first mortgage loan if the borrower has an outstand-  
23 ing first mortgage housing loan under a state loan program, other than  
24 a loan for nonowner-occupied housing under AS 44.47.520.

25 (b) The loan-to-value limitation established in (a)(4) of this  
26 section does not apply to a qualified loan which is federally insured  
27 or guaranteed.

28 \* Sec. 4. AS 18.56.098(g)(6) is amended to read:

29 (6) the interest rate on the first \$90,000 of a mortgage

1 loan purchased from the proceeds of bonds that are exempt from taxa-  
2 tion under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A),  
3 as amended, other than bonds that constitute qualified veterans' bonds  
4 under (i) of this section, is equal to the interest rate determined  
5 under (1) -- (4) of this subsection on a loan purchased under (a) of  
6 this section from the proceeds of the most recent applicable issue of  
7 taxable bonds sold by the corporation [10 PERCENT OR THE COST OF THE  
8 FUNDS, WHICHEVER IS LESS]. A higher or lower interest rate shall be  
9 established on the entire loan amount if required under the Mortgage  
10 Subsidy Bond Tax Act.

11 \* Sec. 5. AS 18.56.170(a) is amended to read:

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13 other than state guaranteed bonds do not constitute a debt, liability  
14 or obligation of the state or of any political subdivision of the  
15 state or a pledge of the faith and credit of the state or of any such  
16 political subdivision but are payable solely from the revenues or  
17 assets of the corporation. Each obligation issued under this chapter  
18 other than a state guaranteed bond shall contain on its face a state-  
19 ment that the corporation is not obligated to pay it nor the interest  
20 on it except from the revenues or assets of the corporation [PLEGGED  
21 FOR IT] and that neither the faith and credit nor the taxing power of  
22 the state or of any political subdivision of the state is pledged to  
23 the payment of the principal of or the interest on the obligation.

24 \* Sec. 6. The Alaska Housing Finance Corporation may issue bonds in the  
25 principal amount of \$1,500,000,000 during the fiscal year ending June 30,  
26 1985.

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