

COMMITTEE REPORT
SENATE

FURTHER:

6/15/83

Date: 6/16/83

Mr. President:

The Committee on FINANCE has had CSRB 385 (Loans)

Issuance of tax-exempt, state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; eff. date.

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bob Brundage

[Signature]

CHAIRMAN

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HE 385

April 28, 1983

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which relates to the sale of state-guaranteed bonds for the veterans mortgage program.

In the 1982 general election, the voters authorized the sale of \$400,000,000 in state-guaranteed revenue bonds by the Alaska Housing Finance Corporation for the veterans mortgage program under AS 18.56. The program has proven to be more popular than expected, and, as a consequence, the current \$400,000,000 authorization will be exhausted approximately 10 months before the next general election (November 1984). Without authority to sell additional amounts of state-guaranteed revenue bonds, it will cost the corporation substantially more, an approximate seven-fold increase, to offer eligible veterans the benefits available under the veterans mortgage program. This bill provides for a special election on October 4, 1983 to present to the voters the question of whether to authorize the sale of an additional \$500,000,000 in state-guaranteed revenue bonds. If voter approval is obtained, the corporation will have sufficient bonding authority to implement the veterans mortgage program in the most cost-efficient fashion until the general election in November 1984.

Sincerely,

Bill Sheffield
Bill Sheffield
Governor

I. **REQUEST** Page 1 of 4
 Bill/Resolution No: HB 385
 Title: AHFC bonds for Vet home loans.
 Sponsor: Governor
 Requestor: _____

II. **FISCAL DETAIL**
 Agency Affected: Office of the Governor
 Program Category Affected: Exec. Operation
 BRU, Program of Subprogram(s) Affected: Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	265.2	-	-	-	-
200 TRAVEL	-	87.2	-	-	-	-
300 CONTRACTUAL	-	716.5	-	-	-	-
400 COMMODITIES	-	12.6	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	1081.5	-	-	-	-

CAPITAL	-	-	-	-	-	-
----------------	---	---	---	---	---	---

REVENUE	-	-	-	-	-	-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
Interagency Receipts from						
AHFC Program Receipts	-	1081.5	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	7	-	-	-	-
TEMPORARY	-	30	-	-	-	-
	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The cost will be funded from AHFC program receipts rather than the general fund. If the bill passes, AHFC would enter into a Reimbursable Services Agreement (RSA) with the Division of Elections. If the bond proposition passes, the expense could be included as a cost of issuance for the bonds. If the proposition were to fail, the expense would have to be borne by AHFC.

IV. ANALYSIS: Attach a separate page for any Analysis.

Dana C. Coffman, Deputy Director, Div. of Elections

Prepared By: Denna Cline, Special Assistant

Phone: 276-5599

Division: Alaska Housing Finance Corporation

Date: 4/11/83

Approved by Commissioner: Kate O'Leary

Date: 4/11/83

Department: HOVHAE

Distribution:

Original to Legislative Finance

Copy to Office of Management and Budget (for Legislature introduced bills)

Copy to Department (for Governor introduced bills)

Copy to Sponsor

Copy to Requestor (if different from Sponsor)

FISCAL NOTE ANALYSIS

"An Act relating to the issuance of tax-exempt, State-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans under AS 18.56; and providing for an effective date."

Assumptions:

1. Fiscal note is based on the assumption that the election will be held on November 8, 1983, rather than October 4, 1983.
2. Efforts to hold this election on the same day as a municipal election will result in problems as each municipality operates under different procedures, resulting in the need to have two election boards at each of those polling places conducting a municipal election.
3. Holding the election on the same day as the municipal elections will not result in an appreciable savings to the state.
4. This election will be conducted in accordance with the procedures specified in AS 15, requiring the same expenditures as those incurred during a statewide primary or general election.
5. In comparison, the actual and estimated costs of various elections follow:

\$1,398.8	1982 Primary	(actual cost)
\$1,682.5	1982 General	(actual cost)
\$1,200.0	Special Election - Susitna Project	(estimated cost)
*\$1,047.6	Presidential Preference Primary	(estimated cost)

* The estimation of the cost of this election is slightly lower since some of the election related costs are also included in the estimated costs of the 1984 Primary and General Election.

Brief Analysis on the Fiscal Note
for
HB 385
AHFC Special Election

(Page 3 of 4)

(100) Personal Services

265.2

This election will require the addition of 30 temporary employees including the absentee ballot staff. It also requires that seven PPT employees switch to PFT for the months prior to the election. The requested sum also allows for the overtime necessary to effectively plan and conduct this election on such short notice.

(200) Travel

87.2

Any statewide election requires that election board training be conducted throughout the state at the precinct level. Other travel considerations allow for the trooper escorted transportation of voted ballots and travel associated with the programming of the statewide vote counting system.

Travel costs are derived from FY 83 costs and a 6% inflation figure. An additional \$10.0 is included to cover the transportation of ballots, and programmer related travel.

(300) Contractual Services

716.5

The largest anticipated cost in this category is for the payment of the thousands of election board members who are involved statewide on election day (\$279.6). The division must also pay the various counting teams, review boards, and election night personnel (\$45.3).

The division's advertising costs (96.8) are the second largest expense. Public notice of the election is published at least twice in every newspaper in the state. Ads giving polling place locations, absentee balloting information, and voter assistance are printed statewide.

Data processing services (82.5) include programming costs, testing, and data processing charge backs.

Printing costs (79.1) includes the cost of ballot printing and election forms.

Communication expenses (55.8) include long distance phone calls, the installation of data base lines for election night zenith numbers, and postage.

Equipment lease/rentals (34.8) include lease of 11 card readers, 7 telecopiers, polling place equipment, and the lease for the use of the Municipal Utilities System computer in Fairbanks.

Other expenses are the rental of polling places, (20.0) and freight (22.6).

(400) Commodities 12.6

The only commodities considered in the fiscal note are those supplies provided to 447 polling places.

TOTAL 1081.5

Alaska

HOUSING



FINANCE CORPORATION

HB 385

FILE COPY

May 17, 1983

The Honorable Rick Uehling
Chairman, House Special
Committee on Loans
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Rick:

The Corporation estimates that the \$400 million general obligation bond authorization for the Veterans Mortgage Program (the "Program") will be exhausted by the end of February 1984. Without legislation authorizing a special election to be held in 1983 approving additional bonding, the Corporation would be unable to operate the Program from March 1984 until January 1985 (additional authorization at a November 1984 general election would allow a subsequent January 1985 bond sale).

If you assume that the Veterans Mortgage Program is not demand expansive, but rather represents a re-allocation of funding sources for residences from the Corporation's Taxable First Mortgage Program to the Veterans Mortgage Program, the potential gap from March 1984 to January 1985 could mean a substantial increase in the actual subsidy costs associated with the Corporation's financing activities during this period. The Corporation's FY 84 capital budget request reflects a subsidy cost for the Taxable First Mortgage Program of approximately \$25 million per \$100 million of mortgages financed. The estimates for the Veterans Mortgage Program are \$11 million per \$100 million of mortgages financed. This represents a savings of \$14 million per \$100 million of mortgage activity diverted to the lower cost tax exempt financed program. The Corporation is requesting legislation for additional bond authorization in the amount of \$500 million. If this entire amount is utilized, assuming a non-expansive program, the subsidy reduction would approximate \$70 million during the gap period.

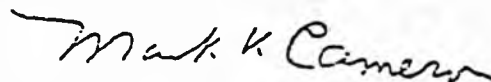
The Corporation's FY 84 capital budget request assumes \$200 million in Veterans Mortgage Program Bonds. Due to increased mortgage demand over that anticipated for the Program, of the \$400 million current authorization only \$150 million will be available during FY 84. The \$50 million shortfall will result in an approximate FY 84 subsidy increase of \$7.0 million.

The Honorable Rick Uehling
May 17, 1983
Page 2

The FY 84 capital budget request assumes approximately 20 percent of the mortgage loan activity will occur in the Veterans Mortgage Program (a historical percentage for state veterans qualifying for the 1 percent rate reduction). The \$500 million additional authorization request assumes, however, a continuation of recent percentages for applications by "qualified veterans" under the general obligation Veterans Mortgage Program which has averaged approximately 34 percent.

Attached is a more detailed numerical analysis of the effect of HB 385 on the subsidy requirements of the Special Mortgage Loan Purchase Program.

Sincerely,



Mark K. Cameron
Finance Director

MRC/de

ALASKA HOUSING FINANCE CORPORATION

Additional Veterans GO Bond Authorization
(in Millions)

Effect on FY 84 Capital Budget for Special Mortgage Loan Purchase Program

As presented Capital Budget Supporting Documents (April 28, 1983 version)(1)

Anticipated Veterans Bonding	\$200
Available Authorization without HB 385	<u>150</u>
	50
Difference in Subsidy Ratios (25% - 11%)*	x <u>.14%</u>
	<u>\$7.0</u>

Assuming No Decrease in Veterans Activity

Anticipated Veterans Bonding	\$400
Available Authorization without HB 385	<u>150</u>
	250
Differenece in Subsidy Ratios. (25% - 11%)*	x <u>.14%</u>
	<u>\$35.0</u>

Effect on Actual Subsidy Costs (FY 84 and FY 85 combined)
At Varying Activity Levels(1)

Total Demand (1/84 to 1/85)	Subsidy Differential (25% Taxable - 11% Vets GO)*	Incremental Subsidy Cost		
		Total	FY 84	FY 85
\$500	14%	\$70	\$30	\$40
\$400	14%	\$56	\$24	\$32
\$300	14%	\$42	\$18	\$24

(1) Assumes exhaustion of Veterans GO Bond authorization would not result in a reduction of total demand but rather a reallocation of funding sources from the lower cost to tax exempt Veterans bonds to the taxable program.

(2) Subsidy ratios as reflected in the Capital Budget Supporting Documents (April 28, 1983 version).

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF FINANCING REQUIREMENTS
State Guaranteed Veterans Bonds

Funds Available for Commitment (4/01/83)	\$(11,526,002)
Projected Activity through 12/31/83 *(40 wks.)	(339,103,925)
Projected Activity from 1/1/84 through 12/31/84* (52 wks.)	<u>\$(440,835,103)</u>
Mortgage Demand Necessary to be Funded through 12/31/84	<u><u>\$(791,465,030)</u></u>
Remaining Bond Authorization	\$ 350,000,000
Required Additional Authorization	447,590,030
Less Estimated Discount on Bonds (1.75%)	<u>(6,125,000)</u>
	<u><u>\$ 791,465,030</u></u>

* Projection based upon average 3/07/83 through 4/01/83 four week activity at 95% acceptance level (\$8,477,598 per week)

January to December 1982 Approved Commitments
Average \$60,876,283 March \$43,585,950 (72%)

January to December 1981 Approved Commitments
Average \$73,848,125 March \$64,754,050 (88%)

State Guaranteed Veterans Applications for Week Ending:

	<u>Number</u>	<u>Dollar</u>
1/31/83 - 2/04/83	12	\$1,333,350
2/07/83 - 2/11/83	49	5,325,050
2/14/83 - 2/18/83	73	7,772,550
2/21/83 - 2/25/83	56	6,027,300
2/28/83 - 3/04/83	77	8,414,300
3/07/83 - 3/11/83	75	8,753,200
3/14/83 - 3/18/83	82	9,333,300
3/21/83 - 3/25/83	89	9,626,450
3/28/83 - 4/01/83	73	7,982,200

Prior 4 weeks applications:

All First Mortgage Programs	100%	\$105,022,050
State Guaranteed Veterans	33.99%	\$ 35,695,150

Veterans Mortgage Program

Alaska
HOUSING
FINANCE
CORPORATION

To apply under this program, federal regulations require that individuals must be veterans as defined by the United States code.

Features

Maximum Loan Amount

Single-Family Residence	\$160,500
Duplex	205,200
Triplex	247,650
Four-Plex	307,950

Minimum Down Payment

Single-Family and Duplexes Residences	5%
Triplexes and Four-Plexes Residences	10%

Eligible Properties

Owner-occupied single-family dwellings (including condominiums and units in a PUD) and multi-family dwellings up to and including four-plexes. If the residence is a multi-family dwelling, then all units must have been occupied as such for at least 5 years. For example, if the dwelling is a four-plex, it must have been occupied as a four-plex for 5 years.

VA guaranteed loans are allowed. However, down payments and maximum loan amounts will vary. Check with your lender for details.

Type of Loan

The ABE mortgage structure applies to the Veterans Program. Under this type of mortgage, the interest rate is fixed, however, there are moderate increases to the mortgage payment in years four through nine. These increases are applied to the principal balance on the loan. Therefore, the loan is repaid in approximately 18 years. A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying a Home in the Future?"

Other Criteria

In November of 1982, the voters passed a constitutional amendment and a



bond proposition that allowed AHFC to issue tax-exempt bonds for the purpose of financing homes for qualified veterans. Since this program is regulated by the U.S. Department of Treasury, IRS, the borrower(s) must meet certain criteria to qualify.

1. The borrower(s) must be a qualified veteran. Temporary regulations of the IRS have implemented the meaning of "veteran" as defined in 38 U.S.C. 101(2). In order to apply under this program, the borrower(s) must submit documentation that they are a veteran under the federal definition.

A Certificate of Eligibility or a letter from the Federal Veterans Administration will be accepted as evidence of meeting this requirement. In some instances, it may take thirty (30) to sixty (60) days to obtain the Certificate of Eligibility. Therefore, if you are planning on applying under this program, you may want to start the process beforehand, as AHFC will not process any applications without the appropriate documentation.

2. Not more than 15% of the dwelling may be used for business or trade

(other than for renting one of the units, if the residence is a multi-family dwelling) and no portion of the property may be specifically designed for commercial use.

3. The borrower must occupy the residence or one unit of the residence as their primary dwelling. In addition, the loan must be paid in full, if you cease to occupy the residence or sell or transfer your ownership interest in the property.

4. Refinancing is prohibited under the Program. The proceeds of the loan must be used for new financing.

5. Excess land may not be financed. The real estate upon which the residence is located must be reasonably required to maintain the basic livability of the residence.

Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. **INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE.** Consult your lender for the current AHFC rate on the Veterans Program.

Special Mortgage Loan Purchase Program Conventional Loan



The largest and most commonly utilized program is AHFC's Conventional or Regular Program.

Features

Maximum Loan Amount

Single-Family Residence \$160,500

Two-Family Residence . \$205,200

Minimum Down Payment 5%

Eligible Property

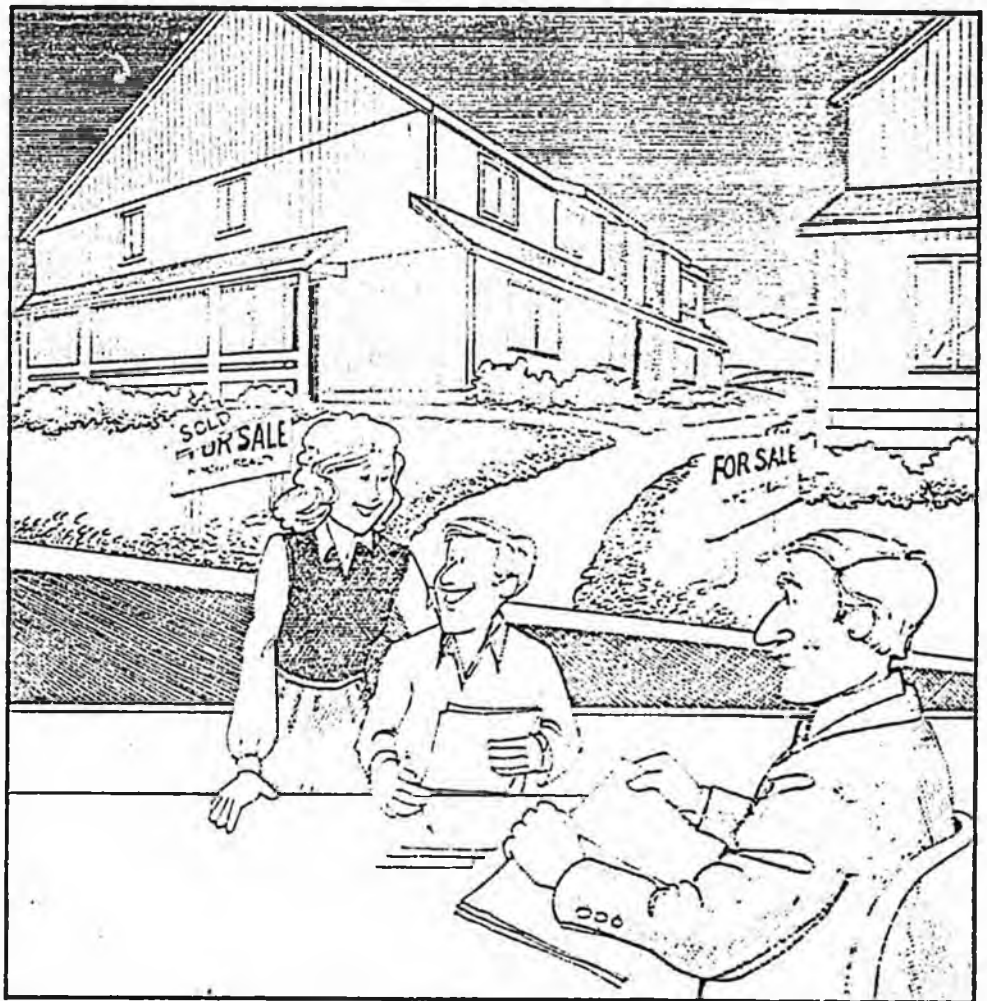
Owner-occupied single-family or duplex dwelling, including owner-occupied condominium units or units in a planned unit development (PUD).

VA guaranteed loans are allowed; however, down payments and maximum loan amounts will vary. The current maximum loan amount is \$135,000. Check with your lender for details.

Type of Loan

Alaska Housing Finance Corporation utilizes a mortgage loan referred to as the Alaska Building Equity (ABE) Mortgage. There are many positive features to the ABE mortgage. The interest rate remains fixed for the entire life of the mortgage. Although there are moderate increases to the mortgage payment during the years four through nine, the borrower knows exactly what the monthly payments will be for the entire life of the mortgage. Since the interest rate remains fixed, all increases are applied to the principal balance, thus increasing the borrower's equity as he repays the loan within approximately sixteen years.

A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying A Home In The Future?"



Interest Rates

Interest rates charged by AHFC have been established by the Legislature and these rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first \$90,000 of the mortgage loan. For any portion above \$90,000, the borrower

is required to pay the cost AHFC pays to obtain its funds. Since AHFC interest rates are directly tied to the cost the Corporation must pay to obtain the funds, interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.

P.O. Box 1020, Anchorage, Alaska 99510

TO: Michael S. Lynch
Executive Director

DATE: April 5, 1983

FROM: Mark K. Cameron
Finance Director

SUBJECT: ANALYSIS OF STATE GUARANTEED VETERANS MORTGAGE LOAN DEMAND AND ASSOCIATED BONDING REQUIREMENTS

During the previous Legislative Session CCSSB 593 was approved and signed into law authorizing a \$400 million bond proposition to be placed on the ballot for the November 1982 general election. The Bond proposition was approved by the voters with 118,874 yes votes (63.90%) and 67,168 no votes (36.10%).

The \$400 million submitted for approval by the voters was a low side estimate based upon a total available mortgage pool of \$450 million providing funds for a two year period. With a total projected annual demand for all first mortgage programs of \$900 million, with 25% of such activity qualifying under the State Veterans program, this level of bond authorization would have been sufficient. Several unanticipated factors have influenced the actual demand experienced to date under the program and an October 1983 special election is recommended for approval of a \$500 million State Guaranteed Bonds Veterans Mortgage Program bond authorization. The additional \$500 million is estimated to be sufficient to meet program demand through December 31, 1984. The bond authorization for calendar years 1985 and 1986 will be presented to the voters in the November 1984 general election subsequent to 1984 Legislative approval.

As indicated in the attached Summary of Financing Requirements, both the total first mortgage activity and the percentage of such activity occurring in the Veterans program has been in excess of that originally projected. The shortfall of bond authorization for the calendar years 1983 and 1984 as presented aggregates \$447,590,030.

This projection is based upon activity experienced during the four week period from March 7, 1983, to April 1, 1983. March 1982 activity was 72 percent of the average for that calendar year while March 1981 activity was 88 percent of the average for the calendar year 1981. Based upon the brief history of the Special Mortgage Loan Purchase Program the projected shortfall should be on the low side since the four week activity used in the analysis was not "annualized". There is no clear consensus as to whether the demand experienced during recent months will subside or increase in the following months resulting in July through September being the "peak" demand periods as has generally been the case. It is also uncertain whether the current percentage of application under the Veterans Program represents a surge in demand

Michael S. Lynch
April 5, 1983
Page 2

resulting from its recent implementation or can be assumed to be maintained in long term forecasts. Prior to implementation of the program, the Corporation estimated that 30 percent to 35 percent of the first mortgage activity would be submitted through the Veterans program. The 33.99 percent experienced during the previous four weeks is consistent with the estimates and there is little reason to believe that it should settle in below 30 percent on an ongoing basis.

I recommend the amount of the requested additional bond authorization be \$500 million to cover any slight potential increase over estimated activity based upon March 1983 applications.

de

Offered: 5/20/83
Referred: Finance

Original sponsor: Rules/Governor

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 385 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the issuance of tax-exempt,
7 state-guaranteed revenue bonds by the Alaska Housing
8 Finance Corporation to finance mortgages for qualify-
9 ing veterans under AS 18.56; and providing for an
10 effective date."

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

12 * Section 1. For the purpose of assisting the Alaska Housing Finance
13 Corporation to provide money for the purchase of mortgages made for resi-
14 dences for qualifying veterans under AS 18.56, tax-exempt revenue bonds of
15 the Alaska Housing Finance Corporation are unconditionally guaranteed as to
16 principal and interest by the state in the principal amount of not more
17 than \$500,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general
20 obligation of the State of Alaska. A statement of this pledge must be
21 printed on the face of the bonds and must be signed in manual or facsimile
22 form by the governor. The provisions of AS 37.15 do not apply to the
23 bonds. The bonds shall be sold by the Alaska Housing Finance Corporation
24 under AS 18.56 at public sale in amounts and at times approved by the state
25 bond committee. The guarantee authorized by this section is in addition to
26 the guarantee authorized by sec. 5, ch. 35, SLA 1982.

27 * Sec. 2. If the question set out in sec. 4 of this Act is approved by
28 the qualified voters of the state who vote on the question, the Alaska
29 Housing Finance Corporation may issue not more than the principal amount of

1 \$500,000,000 of its revenue bonds that are unconditionally guaranteed as to
2 principal and interest by the state, the proceeds of which are to be ex-
3 pended by the Alaska Housing Finance Corporation to provide money for the
4 purchase of mortgages made for residences for qualifying veterans under
5 AS 18.56. The authorization in this section to issue bonds is in addition
6 to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA
7 1982.

8 * Sec. 3. As used in this Act, a qualifying veteran is a person who is
9 a "qualified veteran" as that term is defined or may be subsequently de-
10 fined under 26 U.S.C. 103(A) (Mortgage Subsidy Bond Tax Act of 1980).

11 * Sec. 4. The question of whether the state guaranty of bonds referred
12 to in this Act shall be made shall be submitted to the qualified voters of
13 the state at a special election to be held on November 8, 1983, and shall
14 read substantially as follows:

15 PROPOSITION

16 State Guaranteed Veterans Residential

17 Mortgage Bonds \$500,000,000

18 Shall the State of Alaska unconditionally guarantee
19 as a general obligation of the state, the payment
20 of principal of and interest on revenue bonds of
21 the Alaska Housing Finance Corporation issued in the
22 principal amount of not more than \$500,000,000 for
23 the purpose of purchasing mortgages made for resi-
24 dences for qualifying veterans, as defined by law?

25 Bonds Yes []

26 Bonds No []

27 * Sec. 5. The director of the division of elections shall conduct a
28 special election on November 8, 1983, to present to the voters the question
29 described in sec. 4 of this Act. The director shall conduct the special

1 election in accordance with the procedures generally applicable to general
2 elections under AS 15.

3 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

Offered: 5/20/83
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 385 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the issuance of tax-exempt,
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17 than \$500,000,000. The full faith, credit, and resources of the state are
18 pledged to the payment of the principal of and interest on these bonds, and
19 the principal of and interest on the bonds are secured by the general
20 obligation of the State of Alaska. A statement of this pledge must be
21 printed on the face of the bonds and must be signed in manual or facsimile
22 form by the governor. The provisions of AS 37.15 do not apply to the
23 bonds. The bonds shall be sold by the Alaska Housing Finance Corporation
24 under AS 18.56 at public sale in amounts and at times approved by the state
25 bond committee. The guarantee authorized by this section is in addition to
26 the guarantee authorized by sec. 5, ch. 35, SLA 1982.

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28 the qualified voters of the state who vote on the question, the Alaska
29 Housing Finance Corporation may issue not more than the principal amount of

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3 pended by the Alaska Housing Finance Corporation to provide money for the
4 purchase of mortgages made for residences for qualifying veterans under
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6 to the authorization to issue bonds that appears in sec. 6, ch. 35, SLA
7 1982.

8 * Sec. 3. As used in this Act, a qualifying veteran is a person who is
9 a "qualified veteran" as that term is defined or may be subsequently de-
10 fined under 26 U.S.C. 103(A) (Mortgage Subsidy Bond Tax Act of 1980).

11 * Sec. 4. The question of whether the state guaranty of bonds referred
12 to in this Act shall be made shall be submitted to the qualified voters of
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14 read substantially as follows:

15 PROPOSITION

16 State Guaranteed Veterans Residential

17 Mortgage Bonds \$500,000,000

18 Shall the State of Alaska unconditionally guarantee
19 as a general obligation of the state, the payment
20 of principal of and interest on revenue bonds of
21 the Alaska Housing Finance Corporation issued in the
22 principal amount of not more than \$500,000,000 for
23 the purpose of purchasing mortgages made for res-
24 dences for qualifying veterans, as defined by law?

25 Bonds Yes []

26 Bonds No []

27 * Sec. 5. The director of the division of elections shall conduct a
28 special election on November 8, 1983, to present to the voters the question
29 described in sec. 4 of this Act. The director shall conduct the special

1 election in accordance with the procedures generally applicable to general
2 elections under AS 15.

3 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).