

COMMITTEE REPORT

SENATE

FURTHER:

5/7/84

Date 5/25/84

Mr. President

The Committee on FINANCE considered CSHB 663(Fin) and certain state housing loan programs; and.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for CSHB 663(Fin)
- new title
- same title and recommends Do Pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation *2/27/84
accomplished
will into committee*
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Handwritten signatures]

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Handwritten signature]

[Handwritten signature]

Chairman

Chairman recommendation



Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

Friday, May 25 1984

Letter of Intent to accompany SCSCSHB-663 (Fin.):

The Legislature is concerned about the number of trailer parks being sold or closed, and the increased risk this causes to portions of AHFC's mobile home loan portfolio and to certain borrowers under this program.

It is the intent of the Legislature that AHFC act immediately to make changes in its mobile home financing program through the adoption of emergency regulations as provided by AS 18.56.088(e). The emergency regulations will require that all mobile homes for which new mobile home loans are made be located on property owned by the borrower, property leased to the borrower for a period of time that exceeds the term of the loan, or if located on rented property, then the owner of the property must guarantee to allow the mobile home to remain on the property for a time period equal at least 75% of the loan term. As used here, the term "new mobile home loan" means a loan secured by collateral which is not already securing an existing AHFC mobile home loan.

AHFC shall continue to allow assumptions of existing mobile home loans, and shall use the flexibility authorized by section 1 of this bill to minimize undue hardship for owners of mobile homes under this program.

Additionally, as part of its annual trailer park approval process, AHFC shall require owners of approved trailer parks to provide at least one years eviction notice to their tenants prior to implementing a change in the land use of the property.

It is further the intent of the legislature that during the period the emergency regulations are in effect, the House and Senate Finance Committees, and the House Special Committee on State loans, in conjunction with the Commissioner of the Department of Revenue, and the Board and Executive Director of the Alaska Housing Finance Corporation, will develop proposed regulations for AHFC to consider regarding permanent changes to its mobile home loan financing program. In developing these proposed regulations, public hearings and other means will be utilized to gather input from all parties affected by the AHFC mobile home loan financing program.

Signed:

A handwritten signature in cursive script that reads "John C. Sackett".

JOHN C. SACKETT
Co-Chairman, SFC



Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

Friday, May 25, 1984

Letter of Intent to accompany SCSCSHB.663.(Fin)

In effecting Sec. 8 of the subject bill, the committee acknowledges that neighborhood groups have suggested the possibility of low-income, owner-occupied, housing on the former S & S Apartment site within the Municipality of Anchorage.

It is the intent of the committee that insofar as prior statutory language would appear to prohibit grants for an owner-occupied program, the prohibition is to be removed as to this site so that owner-occupied housing will be eligible, if otherwise feasible. (Nothing in this amendment shall prohibit the use of appropriated moneys for low-rent housing on the site.)

SENATE AMENDMENT

By Senator Ferguson

To: _____ SENATE BILL No. _____

To: _____ HOUSE BILL No. SCS CSHB 663 (Fin)

PAGE: 6 LINE: 15

Add a new section 8 to read as follows, and renumber last section accordingly:

* Sec. 8. AS 18.55.996(a) is amended to read:

(a) The following associations are given the authority specified in (b) of this section:

- (1) Arctic Slope Native Associations (Barrow and Point Hope)
- (2) Bering Straits Association (Seward Peninsula, Unalakleet, St. Lawrence Island)
- (3) Northwest Inupiat Housing Authority (ALASKA NATIVE ASSOCIATION) (Kotzebue)
- (4) Association of Village Council Presidents (southwest coast of Alaska including all villages in the Bethel area and all villages on the Lower Yukon River and Lower Kuskokwim River)
- (5) Tanana Chiefs Conference (Koyukuk, the middle and upper Yukon River villages and the upper Kuskokwim and Tanana River villages)
- (6) Cook Inlet Tribal Council (ASSOCIATION) (Kenai, Tyonek, Eklutna and Seldovia (ILIAMNA)
- (7) Bristol Bay Native Association (Dillingham, Upper Alaska Peninsula)
- (8) Aleut League (Aleutian Islands, Pribilof Islands and that part of the Alaska Peninsula which is in the Aleut League)
- (9) North Pacific Rim Native Corp. (Cordova, Tatitlek, Port Graham, English Bay, Valdez, Seward, Eyak and Chenega)
- (10) Tlingit-Haida Central Council or Alaska Native Brotherhood (Southeastern Alaska including Metlakatla)
- (11) Kodiak Area Native Association (all villages on and around Kodiak Island)
- (12) Copper River Native Association (Copper Center, Glennallen, Chitina and Mentasta)
- (13) Alaska Federation of Natives, Inc.
- (14) Sitka Community Association (Baranof Island).

*Note -
In final
version of
SCS(Fin),
This amendment
became
New Sec. 1*

54-
005

A M E N D M E N T

Offered in the SENATE FINANCE COMMITTEE

By Josephson & Fischer

TO: COMMITTEE SUBSTITUTE FOR HOUSE BILL 663 (Fin) am

Page 6, between lines 1 and 2:

Insert the following new material to read:

*Sec. ~~26~~. AS 44.47.630 is amended to read:

Sec 44.47.630. DECLARATION OF PURPOSE. There exists in the state a serious shortage of low cost multiple family residential rental housing (AVAILABLE AT LOW RENTALS), and, in the case of property acquired or to be acquired by the Municipality of Anchorage which was formerly the site of S&S Apartments, owner-occupied housing. There also exists in the state organizations whose purposes are to provide the housing needed to alleviate this shortage. Development work to provide this housing involves substantial expense that is often beyond the resources of the organizations.

Renumber remaining sections accordingly.

Asper
5/22/84 P.M.

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR 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 18.56.088 is amended by adding a new subsection to
10 read:

11 (i) The board may adopt regulations under (a) - (f) of this
12 section that establish conditions and terms for mobile home loans that
13 are not in accordance with the provisions of this chapter, including
14 conditions and terms relating to owner-occupancy, the number of loans
15 that may be made to a single borrower, and borrower eligibility re-
16 quirements, if the board first determines that the regulations are
17 necessary to ensure the continued security of the mobile home loan
18 portfolio.

19 * Sec. 2. AS 18.56.091 is amended to read:

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

28 (1) the amount annually required to pay interest and prin-
29 cipal on that person's loan and real property taxes and insurance for

1 the home purchased with the loan; and

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

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

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

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

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

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

23 (A) has been totally or substantially performed by the
24 borrower;

25 (B) has been performed by a borrower who acts as the
26 contractor for the construction, improvement, or rehabilitation
27 work; or

28 (C) has been performed in an area designated by the
29 corporation as exempt from the requirements of this paragraph

1 because of the unavailability of registered contractors in that
2 area;

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

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

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

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

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

26 (g) The corporation shall establish the interest rate on a first
27 mortgage loan purchased under (a) of this section in accordance with
28 the following:

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

1 loan purchased with the proceeds of an issue of taxable bonds of the
2 corporation is three percent less than the cost of funds of that
3 issue, except that

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

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

8 (2) [Repealed

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

15 (3) [(4)] The interest rate for the amount of a mortgage
16 loan purchased under (a) of this section that exceeds \$90,000 is equal
17 to the cost of funds to the corporation attributable to that part of
18 the loan.

19 (4) [(5)] The interest rate on the first \$90,000 of a
20 mortgage loan purchased with money that is not the proceeds of either
21 taxable or tax-exempt bonds is the rate the corporation determines is
22 appropriate by application of the provision of (1) of this subsection.

23 (5) [(6)] The interest rate on the first \$90,000 of a
24 mortgage loan purchased from the proceeds of bonds that are exempt
25 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26
26 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified
27 veterans' bonds under (i) of this section, is equal to the interest
28 rate determined under (1) and (2) of this subsection on a loan pur-
29 chased under (a) of this section from the proceeds of the most recent

1 applicable issue of taxable bonds sold by the corporation [10 PERCENT
2 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower
3 interest rate shall be established on the entire loan amount if re-
4 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-
5 GAGE SUBSIDY BOND TAX ACT].

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

7 (A) "cost of funds" means the true interest cos
8 expressed as a rate on bonds of the corporation plus an addi-
9 tional percentage as determined by the corporation to represen
10 the allocable expenses of operation, costs of issuance, an
11 mortgage servicing;

12 (B) "taxable bonds" means bonds bearing interest tha
13 is taxable under the provisions of the Mortgage Subsidy Bond Ta
14 Act of 1980 (26 U.S.C. 103A) issued to finance the purchase o
15 first mortgage loans.

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

17 (a) Obligations issued under the provisions of this chapte
18 other than state guaranteed bonds do not constitute a debt, liabilit
19 or obligation of the state or of any political subdivision of th
20 state or a pledge of the faith and credit of the state or of any suc
21 political subdivision but are payable solely from the revenues o
22 assets of the corporation. Each obligation issued under this chapte
23 other than a state guaranteed bond shall contain on its face a state
24 ment that the corporation is not obligated to pay it nor the interest
25 on it except from the revenues or assets of the corporation [PLEDGE
26 FOR IT] and that neither the faith and credit nor the taxing power o
27 the state or of any political subdivision of the state is pledged
28 the payment of the principal of or the interest on the obligation.

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

1 (5) "rural" means

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

4 (B) a community with a population of 4,500 or less in
5 the third judicial district of the state that is more than 75
6 nautical miles from the conforming boundary of jurisdiction of
7 the Municipality of Anchorage; or

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

12 * Sec. 7. The Alaska Housing Finance Corporation may issue bonds in the
13 principal amount of \$1,500,000,000 during the fiscal year ending June 30,
14 1985.

15 * Sec. 8. This Act takes effect July 1, 1984:
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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: HB 663
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
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-0-	-0-	-0-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-0-	-0-	-0-	-	-	-

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: Phil Abbott
Agency: DOR

Date: 2/7/84

Distribution (by Agency preparing fiscal note):

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



Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Billy Berrier
Director - Legal Services

FROM: Max Gifford
Administrative Assistant

A handwritten signature in dark ink, appearing to be "M. Gifford", written over the typed name.

Subj: SCSCSHB-663 (Finance), An Act relating to certain state housing loan programs

This is clarify a technical error concerning the above referenced legislation and the actions taken by the Senate Finance Committee on May 25, 1984, when the CS was adopted.

The CS work draft laid on the finance committee table was dated 5/22/84 and had the notation "P.M." hand written adjacent to the draft date. That indicated that a change had been made in the 5/22/84 draft. The change was found in what was then Sec. 6 of the proposed CS, concerning the definition of rural. The draft contained a reference to "100 nautical miles.." and Senator Ferguson wished to have it changed to read.."75 nautical miles..." That change was made to the work draft by staff in the committee and Legal Services was notified of the change by telephone. When the change was made the notation "P.M." was added to the draft C.S. When the committee heard the bill, two more amendments were offered at the table. The amendments included two housing authority name changes (by Ferguson), which became the new Sec. 1 of the bill, and another by Senator Josephson concerning the S&S apartments in Anchorage, which became Sec. 8 of the CS. When the amendments were incorporated into the new CS in Legal Services, the correction from 100 to 75 nautical miles was overlooked.

I hope this explains the error made. The final version of SCSCSHB-663 (Finance) should include the housing authority names changes (Sec. 1), the rural definition containing the reference to "75 nautical miles" (Sec. 7), and the Josephson amendment concerning the S&S apartments, (Sec. 8).

Please contact me if you have any questions.

Offered: 4/30/84
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 663 (Finance) am
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 18.56.091 is amended to read:
10 Sec. 18.56.091. HOME OWNERSHIP ASSISTANCE PROGRAM [FUND]. The
11 corporation shall implement a home ownership assistance program [THERE
12 IS ESTABLISHED IN THE CORPORATION THE HOME OWNERSHIP FUND, CONSISTING
13 OF MONEY APPROPRIATED TO IT BY THE LEGISLATURE. MONEY IN THE FUND
14 SHALL BE USED SOLELY] to assist persons of lower and moderate income
15 to purchase homes financed under the special mortgage loan purchase
16 program by providing a subsidy to the persons in an amount not greater
17 than the difference between
18 (1) the amount annually required to pay interest and prin-
19 cipal on that person's loan and real property taxes and insurance for
20 the home purchased with the loan; and
21 (2) 25 percent of that person's annual gross income.
22 * Sec. 2. AS 18.56.096 is amended to read:
23 Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE
24 LOANS. (a) The corporation may not make, participate in the making
25 of, purchase, or participate in the purchase of
26 (1) a first mortgage loan under this chapter for a duplex,
27 triplex, or four-plex that exceeds the limitations on first mortgage
28 loans for similar housing purchased by the Federal National Mortgage
29 Association as to principal amount and loan-to-value ratio;

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

7 (3) a mortgage loan to finance the purchase of new housing
8 or for the improvement or rehabilitation of existing housing, unless
9 the construction, improvement, or rehabilitation work has been per-
10 formed by a contractor who is registered to work as a contractor under
11 AS 08.18; this paragraph does not apply if the construction, improve-
12 ment, or rehabilitation work

13 (A) has been totally or substantially performed by the
14 borrower;

15 (B) has been performed by a borrower who acts as the
16 contractor for the construction, improvement, or rehabilitation
17 work; or

18 (C) has been performed in an area designated by the
19 corporation as exempt from the requirements of this paragraph
20 because of the unavailability of registered contractors in that
21 area;

22 (4) a first mortgage loan for a single-family residence
23 that exceeds the limitations on first mortgage loans for similar
24 housing purchased by the Federal National Mortgage Association as to
25 principal amount by more than 10 percent, or has a loan-to-value ratio
26 that exceeds 95 percent, or a second mortgage loan for a single-family
27 residence, the amount of which, when combined with the principal
28 balance of a first mortgage loan on the property, exceeds the limita-
29 tions on loans for similar housing purchased by the Federal National

1 Mortgage Association as to principal amount by more than 10 percent,
2 or has a loan-to-value ratio, when considered with the principal
3 balance of the first mortgage loan, that exceeds 90 percent; [OR]

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

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

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

15 * Sec. 3. AS 18.56.098(g) is amended to read:

16 (g) The corporation shall establish the interest rate on a first
17 mortgage loan purchased under (a) of this section in accordance with
18 the following:

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

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

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

27 (2) [Repealed

28 (3)] An interest rate determined under this subsection on
29 the first \$90,000 of a mortgage loan that is not purchased from the

1 proceeds of bonds that are qualified veterans' mortgage bonds under
2 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A), as
3 amended, shall be reduced by one percentage point if the loan is made
4 to an eligible veteran under AS 18.56.101.

5 (3) [(4)] The interest rate for the amount of a mortgage
6 loan purchased under (a) of this section that exceeds \$90,000 is equal
7 to the cost of funds to the corporation attributable to that part of
8 the loan.

9 (4) [(5)] The interest rate on the first \$90,000 of a
10 mortgage loan purchased with money that is not the proceeds of either
11 taxable or tax-exempt bonds is the rate the corporation determines is
12 appropriate by application of the provision of (1) of this subsection.

13 (5) [(6)] The interest rate on the first \$90,000 of a
14 mortgage loan purchased from the proceeds of bonds that are exempt
15 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26
16 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified
17 veterans' bonds under (i) of this section, is equal to the interest
18 rate determined under (1) and (2) of this subsection on a loan pur-
19 chased under (a) of this section from the proceeds of the most recent
20 applicable issue of taxable bonds sold by the corporation [10 PERCENT
21 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower
22 interest rate shall be established on the entire loan amount if re-
23 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-
24 GAGE SUBSIDY BOND TAX ACT].

25 (6) [(7)] In this subsection

26 (A) "cost of funds" means the true interest cost
27 expressed as a rate on bonds of the corporation plus an addi-
28 tional percentage as determined by the corporation to represent
29 the allocable expenses of operation, costs of issuance, and

1 mortgage servicing;

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

6 * Sec. 4. AS 18.56.170(a) is amended to read:

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

19 * Sec. 5. AS 44.47.560(5) is repealed and reenacted to read:

20 (5) "rural" means

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

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

27 (C) a community with a population of 4,500 or less in
28 the fourth judicial district of the state that is more than 35
29 nautical miles from the conforming boundary of jurisdiction of

1 the City of Fairbanks;

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

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



Official Business

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Friday, May 25 1984

Letter of Intent to accompany SCSCSHB-663 (Fin.):

The Legislature is concerned about the number of trailer parks being sold or closed, and the increased risk this causes to portions of AHFC's mobile home loan portfolio and to certain borrowers under this program.

It is the intent of the Legislature that AHFC act immediately to make changes in its mobile home financing program through the adoption of emergency regulations as provided by AS 18.56.088(e). The emergency regulations will require that all mobile homes for which new mobile home loans are made be located on property owned by the borrower, property leased to the borrower for a period of time that exceeds the term of the loan, or if located on rented property, then the owner of the property must guarantee to allow the mobile home to remain on the property for a time period equal at least 75% of the loan term. As used here, the term "new mobile home loan" means a loan secured by collateral which is not already securing an existing AHFC mobile home loan.

AHFC shall continue to allow assumptions of existing mobile home loans, and shall use the flexibility authorized by section 1 of this bill to minimize undue hardship for owners of mobile homes under this program.

Additionally, as part of its annual trailer park approval process, AHFC shall require owners of approved trailer parks to provide at least one years eviction notice to their tenants prior to implementing a change in the land use of the property.

It is further the intent of the legislature that during the period the emergency regulations are in effect, the House and Senate Finance Committees, and the House Special Committee on State loans, in conjunction with the Commissioner of the Department of Revenue, and the Board and Executive Director of the Alaska Housing Finance Corporation, will develop proposed regulations for AHFC to consider regarding permanent changes to its mobile home loan financing program. In developing these proposed regulations, public hearings and other means will be utilized to gather input from all parties affected by the AHFC mobile home loan financing program.

Signed:

A handwritten signature in cursive script, reading "John C. Sackett".

JOHN C. SACKETT
Co-Chairman, SFC



Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

Friday, May 25, 1984

Letter of Intent to accompany SCSCSHB.663.(Fin)

In effecting Sec. 5 of the subject bill, the committee acknowledges that neighborhood groups have suggested the possibility of low-income, owner-occupied, housing on the former S & S Apartment site within the Municipality of Anchorage.

It is the intent of the committee that insofar as prior statutory language would appear to prohibit grants for an owner-occupied program, the prohibition is to be removed as to this site so that owner-occupied housing will be eligible, if otherwise feasible. (Nothing in this amendment shall prohibit the use of appropriated moneys for low-income housing on the site.)

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR 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 18.55.996(a) is amended to read:

10 (a) The following associations are given the authority specified
11 in (b) of this section:

12 (1) Arctic Slope Native Association (Barrow and Point Hope)

13 (2) Bering Straits Association (Seward Peninsula, Unala-
14 kleet, St. Lawrence Island)

15 (3) Northwest Inupiat Housing Authority [ALASKA NATIVE
16 ASSOCIATION] (Kotzebue)

17 (4) Association of Village Council Presidents (southwest
18 coast of Alaska including all villages in the Bethel area and all
19 villages on the Lower Yukon River and Lower Kuskokwim River)

20 (5) Tanana Chiefs Conference (Koyukuk, the middle and upper
21 Yukon River villages and the upper Kuskokwim and Tanana River
22 villages)

23 (6) Cook Inlet Tribal Council [ASSOCIATION] (Kenai, Tyonek,
24 Eklutna and Seldovia [ILIAMNA])

25 (7) Bristol Bay Native Association (Dillingham, Upper
26 Alaska Peninsula)

27 (8) Aleut League (Aleutian Islands, Pribilof Islands and
28 that part of the Alaska Peninsula which is in the Aleut League)

29 (9) North Pacific Rim Native Corp. (Cordova, Tatitlek, Port

1 Graham, English Bay, Valdez, Seward, Eyak and Chenega)

2 (10) Tlingit-Haida Central Council or Alaska Native Brother-
3 hood (Southeastern Alaska including Metlakatla)

4 (11) Kodiak Area Native Association (all villages on and
5 around Kodiak Island)

6 (12) Copper River Native Association (Copper Center,
7 Glennallen, Chitina and Mentasta)

8 (13) Alaska Federation of Natives, Inc.

9 (14) Sitka Community Association (Baranof Island).

10 * Sec. 2. AS 18.56.088 is amended by adding a new subsection to read:

11 (i) The board may adopt regulations under (a) - (f) of this
12 section that establish conditions and terms for mobile home loans that
13 are not in accordance with the provisions of this chapter, including
14 conditions and terms relating to owner-occupancy, the number of loans
15 that may be made to a single borrower, and borrower eligibility re-
16 quirements, if the board first determines that the regulations are
17 necessary to ensure the continued security of the mobile home loan
18 portfolio.

19 * Sec. 3. AS 18.56.091 is amended to read:

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

28 (1) the amount annually required to pay interest and prin-
29 cipal on that person's loan and real property taxes and insurance for

1 the home purchased with the loan; and

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

3 * Sec. 4. AS 18.56.096 is amended to read:

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

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

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

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

23 (A) has been totally or substantially performed by the
24 borrower;

25 (B) has been performed by a borrower who acts as the
26 contractor for the construction, improvement, or rehabilitation
27 work; or

28 (C) has been performed in an area designated by the
29 corporation as exempt from the requirements of this paragraph

1 because of the unavailability of registered contractors in that
2 area;

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

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

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

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

25 * Sec. 5. AS 18.56.098(g) is amended to read:

26 (g) The corporation shall establish the interest rate on a first
27 mortgage loan purchased under (a) of this section in accordance with
28 the following:

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

1 loan purchased with the proceeds of an issue of taxable bonds of the
2 corporation is three percent less than the cost of funds of that
3 issue, except that

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

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

8 (2) [Repealed

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

15 (3) [(4)] The interest rate for the amount of a mortgage
16 loan purchased under (a) of this section that exceeds \$90,000 is equal
17 to the cost of funds to the corporation attributable to that part of
18 the loan.

19 (4) [(5)] The interest rate on the first \$90,000 of a
20 mortgage loan purchased with money that is not the proceeds of either
21 taxable or tax-exempt bonds is the rate the corporation determines is
22 appropriate by application of the provision of (1) of this subsection.

23 (5) [(6)] The interest rate on the first \$90,000 of a
24 mortgage loan purchased from the proceeds of bonds that are exempt
25 from taxation [UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26
26 U.S.C. 103A), AS AMENDED,] other than bonds that constitute qualified
27 veterans' bonds under (i) of this section, is equal to the interest
28 rate determined under (1) and (2) of this subsection on a loan pur-
29 chased under (a) of this section from the proceeds of the most recent

1 applicable issue of taxable bonds sold by the corporation [10 PERCENT
2 OR THE COST OF THE FUNDS, WHICHEVER IS LESS]. A higher or lower
3 interest rate shall be established on the entire loan amount if re-
4 quired to ensure the tax-exempt status of the bonds [UNDER THE MORT-
5 GAGE SUBSIDY BOND TAX ACT].

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

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

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

16 * Sec. 6. AS 18.56.170(a) is amended to read:

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

29 * Sec. 7. AS 44.47.560(5) is repealed and reenacted to read:

1 (5) "rural" means

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

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

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

12 * Sec. 8. AS 44.47.630 is amended to read:

13 Sec. 44.47.630. DECLARATION OF PURPOSE. There exists in the
14 state a serious shortage of low cost multiple family residential
15 housing, and owner-occupied housing, in the case of property acquired
16 or to be acquired by the Municipality of Anchorage that was formerly
17 the site of the S&S Apartments [AVAILABLE AT LOW RENTALS]. There also
18 exist [EXISTS] in the state organizations whose purpose is [PURPOSES
19 ARE] to provide the housing needed to alleviate this shortage. De-
20 velopment work to provide this housing involves substantial expense
21 that is often beyond the resources of the organizations.

22 * Sec. 9. The Alaska Housing Finance Corporation may issue bonds in the
23 principal amount of \$1,500,000,000 during the fiscal year ending June 30,
24 1985.

25 * Sec. 10. This Act takes effect July 1, 1984.
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5/25/84
Josephson
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Neighborhood groups have suggested the possibility of low-income, owner-occupied, housing on the former S&S Apartment site within the Municipality of Anchorage.

It is the intent of the Committee that insofar as prior statutory language would appear to prohibit grants for an owner-occupied program, the prohibition is to be removed as to this site so that owner-occupied housing will be eligible, if otherwise feasible. (Nothing in this amendment shall prohibit the use of appropriated moneys for low-rent housing on the site.)



Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

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Wednesday, May 23, 1984

Letter of Intent to accompany SCSCSHB-663 (Fin.):

The Legislature is concerned about the number of trailer parks being sold or closed, and the increased risk this causes to portions of AHFC's mobile home loan portfolio and to certain borrowers under this program.

It is the intent of the Legislature that AHFC act immediately to make changes in its mobile home financing program through the adoption of emergency regulations as provided by AS 18.56.088(e). The emergency regulations will require that all mobile homes be located on land owned by the borrower, land leased to the borrower for a period that exceeds the term of the loan or if located on land on a short-term rental, then the owner of the land must guarantee to allow the mobile home to remain on the land for a time period equal to 75% of the loan term.

Additionally, as part of its annual trailer park approval process, AHFC shall require owners of approved trailer parks to provide at least one years eviction notice to their tenants prior to implementing a change in the land use of the property.

It is further the intent of the legislature that during the period the emergency regulations are in effect, the House and Senate Finance Committees, and the House Special Committee on State loans, in conjunction with the Commissioner of the Department of Revenue, and the Board and Executive Director of the Alaska Housing Finance Corporation, will develop proposed regulations for AHFC to consider regarding permanent changes to its mobile home loan financing program. In developing these proposed regulations, public hearings and other means will be utilized to gather input from all parties affected by the AHFC mobile home loan financing program.

Signed: _____

JOHN C. SACKETT
Co-Chairman, SFC

Alaska HOUSING FINANCE CORPORATION



May 22, 1984

The Honorable John Sackett
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator:

The following are the positions of AHFC on various items presently under consideration before the Senate Finance Committee:

Mobile Home Park Closures

The closure of mobile home parks and the impact of the closures on the security of AHFC's mobile home loan portfolio has been the subject of hearings. In addition to the hearings many short-term recommendations for reducing the risks of loss have been put forward in the following correspondence:

- a) a letter from AHFC to Commissioner Heath regarding Mobile Home Park Closures.
- b) a memorandum from Senator Pat Rodey regarding Mobile Home Park Closures.
- c) a memorandum prepared by House Finance Committee staff regarding suggested changes in Alaska Housing Finance Corporation's Mobile Home financing.

These recommendations should be consolidated to the following steps.

a) As part of AHFC's park approval process AHFC will require park owners to give tenants one years notice of eviction when the reason for eviction is closure of the park. This will give present park occupants increased notice (present requirement is 90 days) and failure by a park owner to agree to the extended notice, while not conclusive evidence of an intent to close the park, should at least alert tenants to the possibility. This change can be made to the program through regulation.

b) As part of AHFC's mobile home loan underwriting criteria AHFC will require that all mobile homes be located on land owned by the borrower, land leased to the borrower for a period that exceeds the term of the loan or if located on land on a short-term rental, then the owner of the land must guarantee to allow the mobile home to remain on the land for a time period equal to 75% of the loan term. This would not affect the assumability of existing loans on units in parks but would stop the increase of exposure to AHFC. This step could be accomplished by regulation.

Long term, if mobile homes are to remain as a low cost housing alternative, other solutions must be found. The steps recommended above may substantially reduce the number of mobile homes that will qualify for AHFC financing. These solutions should be developed by a task force composed of members drawn from the

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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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.

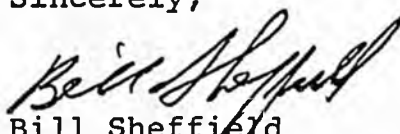
To remove any possible legal concerns, the second bill appropriates to the corporation unrestricted interest repayments as well as certain program receipts which may accrue to the corporation during the next fiscal year. In addition, sec. 2 of the bill transfers the assets of the home ownership fund (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