

S

B

253

Multi-Family  
Housing Loan  
Fund/AIDA  
(use for low  
income)

SENATE BILL NO. 253, by Senators Josephson and V. Fischer.  
Would amend laws governing the Multifamily Housing Loans  
Security Fund in the Alaska Industrial Development Authority  
to allow use of assets in the fund to establish capital reserve  
funds to secure bonds issued in connection with the financing  
of multifamily housing projects. Provides that a capital reserve  
fund established to secure such bonds is not subject to the current  
statutory limit of \$10 million under AS 44.88.105(a).

The Fund was established in AIDA last session to set up a temporary  
program to finance new multi-family housing projects in the state.  
(See Sec. 69, Ch. 113, SLA 1982.)

Amends Sec. 69(f), Ch. 113, SLA 1982 establishing the Multifamily  
Housing Loan Account. Currently, money in the account may only be  
used to purchase loans for multifamily housing projects. The bill  
would allow use of funds in the account to originate as well as  
purchase loans. Adds: "The authority may not use proceeds from  
the sale of bonds of the authority to finance secondary loans for  
multifamily housing." Eliminates current provision which prohibits  
AIDA from depositing proceeds of bond sales into the Multifamily  
Housing Loan Account.

Provides for an immediate effective date.

Introduced April 14 and referred to Labor & Commerce and Finance.

AK Indust.  
Development  
Authority  
(interest  
rates)

SENATE BILL NO. 254, by Senators Josephson and V. Fischer.  
Changes interest rates on loans made by the Alaska Industrial  
Development Authority (A.I.D.A.) from the Small Enterprise  
Loan Account that are guaranteed by the federal government  
(such as S.B.A., the National Marine Fisheries Service, and  
the Farmer's Home Administration).

Currently the rate on loans purchased by A.I.D.A. with money in the  
Small Enterprise Loan Account that is not from the proceeds of a  
bond sale is equal to the most recent index of Aa Corporate bond  
yield averages as published by Moody's Investors Service. Under  
the bill, rates on these loans would be equal to "the lesser

(2) AS 16.10.310(a)(1)(B) or (C) if the total of the loans received by the borrower under AS 16.10.650 - 16.10.720 and AS 16.10.310(a)(1)(B) or (C) does not exceed \$100,000.

\* Sec. 65. A borrower who receives a loan under AS 16.10.310 before the effective date of this Act may receive a loan under

(1) AS 16.10.310(a)(1)(B) or (C) after the effective date of this Act if the total of the loans received by the borrower under AS 16.10.310 before the effective date of this Act and AS 16.10.310(a)(1)(B) or (C) after the effective date of this Act does not exceed \$100,000;

(2) AS 16.10.310(a)(1)(A) after the effective date of this Act if the total of the loans received under AS 16.10.310 before the effective date of this Act and AS 16.10.310(a)(1)(A) after the effective date of this Act does not exceed \$300,000.

\* Sec. 66. Notwithstanding AS 16.10.320(1) and secs. 64 and 65 of this Act the total of all loans that a borrower receives under (1) AS 16.10.650 - 16.10.720; (2) AS 16.10.310 before the effective date of this Act; and (3) AS 16.10.310 after the effective date of this Act, may not exceed \$300,000.

\* Sec. 67. In secs. 64 - 66 of this Act a loan to an associate of a borrower is considered to be a loan to the borrower. In this section "associate of a borrower" has the same meaning set out under AS 16.10.320(1).

\* Sec. 68. If a newly constructed owner-occupied triplex or four-plex is completed between the effective date of this Act and October 1, 1984, and a triplex or four-plex is eligible for financing under the provisions of the special mortgage loan purchase program of the Alaska Housing Finance Corporation (AS 18.56.093), the interest rate determined under AS 18.56.098(2)(4) and (6) shall apply to the first \$105,000 of a mortgage loan for a triplex and to the first \$140,000 of a mortgage loan for a four-plex. In this section "newly constructed owner-occupied triplex or four-plex" means an owner-occupied triplex or four-plex that is not occupied before the effective date

SLA '82

of this Act and for which a mortgage loan has not been previously purchased by the Alaska Housing Finance Corporation.

\* Sec. 69. MULTIFAMILY HOUSING PROJECTS. (a) In addition to the findings and declarations in AS 44.88.010, the legislature finds, determines, and declares that

(1) there exists in the state a serious shortage of decent, safe, and sanitary multifamily housing units, and that this shortage is inimical to the safety, health, welfare, and prosperity of the residents of the state and to the sound growth of communities in the state; and

(2) it is necessary to give the Alaska Industrial Development Authority the power to provide a means for financing additional multifamily housing projects in the state.

(b) In addition to the purposes specified in AS 44.88.070, the purpose of the authority is to promote, develop, and maintain an adequate supply of decent, safe, and sanitary multifamily housing projects during times of shortage of such projects in the state, by providing various means of financing and facilitating the financing of multifamily housing projects in the state.

(c) In addition to the powers conferred on the authority under AS 44.88.080 and its other powers, the authority has the following powers:

(1) to make loans and to participate in the making of loans in conjunction with other lenders, the Alaska State Housing Authority, or a municipality of the state to assist in the financing of multifamily housing projects;

(2) to own a multifamily housing project with sponsors, developers, lenders, or other persons or to own a multifamily housing project alone, for the purpose of maintaining a security interest in that multifamily housing project;

(3) to borrow money, to issue its bonds, and to provide security

## Chapter 113

For bonds it issues in connection with the financing of multifamily housing projects, except that the authority may not issue bonds for the construction financing for a multifamily housing project unless the bonds are, in the opinion of the authority, adequately secured by a letter of credit or equivalent security:

(4) to make loans and to participate in the making of loans from the proceeds of tax-exempt bonds for a multifamily housing project at interest rates determined or agreed to by the authority;

(5) to acquire, sell, or otherwise dispose of an interest in a multifamily housing project as necessary or appropriate to provide financing for the housing project;

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

(7) to assist private lenders, the Alaska State Housing Authority, and municipalities of the state to make loans to finance the costs of multifamily housing projects;

(8) to use the multifamily housing loans security fund to provide a loan loss reserve for loans purchased by the multifamily housing loan account of the enterprise development fund.

(d) With respect to the issuance of bonds to finance one or more multifamily housing projects, in order to facilitate the financing of a multifamily housing project the authority may waive or modify, as it considers appropriate and prudent, the requirements of AS 44.88.090(e), 44.88.155(d), and 44.88.105(f) do not apply to capital reserve funds established to secure bonds issued to finance one or more multifamily housing projects.

(e) The provisions of AS 44.88.105(f) do not apply to capital reserve funds established to secure bonds issued to finance one or more multifamily housing projects.

(f) A multifamily housing loan account is established in the enterprise development fund of the authority (AS 44.88.155), consisting of money and other assets of the enterprise development fund that the authority deposits

into it. However, the authority may not deposit proceeds from the sale of bonds of the authority into the multifamily housing loan account. The multifamily housing loan account shall be used only to purchase loans for multifamily housing projects. Notwithstanding the provisions of AS 44.88.155(d), a loan purchased by the authority for the multifamily housing loan account

(1) may not be for a term longer than 30 years from the date the loan is made;

(2) shall be secured by a mortgage or other security instrument in the manner the authority determines is feasible to assure timely repayment. In a loan agreement entered into with the borrower, the mortgage or other security instrument constituted a first lien against the multifamily housing project, except that it may be subordinated by the authority to a loan made directly or indirectly with the proceeds of a sale of bonds by the authority, the Alaska State Housing Authority, or a municipality of the state during the term when the loan from those proceeds is outstanding, and may be subordinated to a loan that refinances the original loan, if the authority considers it appropriate to do so;

(3) shall provide for a schedule of payments of principal and interest that is satisfactory to the authority, and that may include, without limitation, deferrals or reductions of payments, variable payments, balloon payments, sharing in equity appreciation, and other arrangements;

(4) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, fund reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens, and other matters as the authority prescribes.

(5) The interest rate on a loan for one or more multifamily housing projects financed from the proceeds of tax-exempt bonds or expected by the authority to be financed from the proceeds of tax-exempt bonds may be at a higher or lower rate, as the authority considers appropriate, than the cost

of funds as defined in AS 44.88.159(a), with respect to that loan.

(h) The multifamily housing loans security fund is established in the authority. The multifamily housing loans security fund consists of money and assets appropriated or transferred to it, the income produced from its investments and holdings, and deposits that the authority may make from repayments of multifamily housing loans purchased by the multifamily housing loan account of the enterprise development fund. The purpose of the multifamily housing loans security fund is to provide a loan loss reserve for the enterprise development fund for multifamily housing loans made by the authority from the multifamily housing loan account of the enterprise development fund. The multifamily housing loans security fund is not a general asset of the authority and may not be pledged or committed in any way except to provide a loan loss reserve for the enterprise development fund for multifamily housing loans made by the authority from the multifamily housing loan account of the enterprise development fund. The authority may

(1) establish separate accounts in the multifamily housing loans security fund for multifamily housing loans, as it finds appropriate, and establish other accounts that it considers appropriate;

(2) hold and invest money and other assets of the multifamily housing loans security fund at competitive national market rates in the type of investments described in AS 37.10.070(a).

(i) If a multifamily housing loan from the multifamily housing loan account of the enterprise development fund of the authority is not fully repaid, including accrued interest, and is not fully satisfied after the enforcement of any security that the authority has acquired under (f)(2) of this section, the executive director of the authority shall certify the fact regarding the loan in writing. Upon the certification an amount equal to the unpaid balance, accrued interest, and costs attributable to that loan shall be paid from the multifamily housing loans security fund to the enterprise

development fund of the authority, or if the balance in the multifamily housing loans security fund is less than the amount of the unpaid balance, accrued interest, and costs attributable to the loan, the remaining balance of the multifamily housing loans security fund shall be paid to the enterprise development fund of the authority. The authority shall consider a loan fully repaid for purposes of (j) of this section upon payment from the multifamily housing loans security fund to the enterprise development fund under this subsection.

(j) Not later than 60 days after all multifamily housing loans that have been made from the multifamily housing loan account of the enterprise development fund of the authority have been discharged, or considered to be discharged under (i) of this section, any balance remaining in the multifamily housing loans security fund shall be transferred by the authority to the state general fund.

(k) In this section,

(1) "authority" means the Alaska Industrial Development Authority;

(2) "multifamily housing project" means a specific building, site, work, or improvement of five or more dwelling units, or a group of buildings, structures, works, or improvements, the primary purpose of which is to provide rental dwelling accommodations and which qualifies for exempt financing under sec. 103 of the Internal Revenue Code of 1954, as amended (26 U.S.C. sec. 103), or sec. 11(b) of the National Housing Act of 1937, as amended, and which is originally financed before January 1, 1986; "multifamily housing project" includes the acquisition, construction, or allocation of land, buildings, and improvements for rental dwellings, site preparation, and other facilities that may be incidental or appurtenant to the dwelling accommodations.

(l) Notwithstanding AS 44.47.410 as amended by sec. 41 of this act, effective December 31, 1987, the interest rate on a loan under AS 44.47.410

Chapter 111

160 - 44,47,560 for (1) rural housing that is not nonconforming; housing is  
161 eight and three-quarters percent; and (2) nonconforming; housing is equal to  
162 the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a  
163 mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most  
164 recent applicable issue of taxable bonds before the origination or purchase  
165 of the mortgage loan for the nonconforming housing. The division of housing  
166 assistance in the Department of Community and Regional Affairs may not issue  
167 a commitment for a loan under this section after September 1, 1982.

168 \* Sec. 71. Notwithstanding AS 44.47.520(b) as enacted in sec. 49 of this  
169 Act, until January 1, 1987, the interest rate on a loan for non-owner  
170 occupied housing under AS 44.47.520 is nine and one-half percent. The  
171 division of housing assistance in the Department of Community and Regional  
172 Affairs may not issue a commitment for a loan under this section after  
173 September 1, 1982.

174 \* Sec. 72. The following laws are repealed: AS 03.10.030(b) and (d);  
175 AS 16.10.320(c) and (g); 16.10.337(c); 16.10.342(b); 16.10.650 - 16.10.770;  
176 AS 18.54.010 - 18.54.070; AS 18.55.360; AS 18.56.100(e) - (k); AS 27.07.  
177 AS 27.09.040(e); AS 37.11.100; AS 44.25.030 - 44.25.038; AS 44.33.320 -  
178 44.33.380; AS 44.47.320 - 44.47.350.

179 \* Sec. 73. Section 69 of this Act is repealed.

180 \* Sec. 74. The repeal of AS 18.56.100(e) - (k) in sec. 72 of this Act  
181 does not invalidate housing development fund notes issued under AS 18.56.  
182 (e) - (k) before the effective date of this Act.

183 \* Sec. 75. Section 73 of this Act takes effect on the day after the  
184 transfer of funds by the Alaska Industrial Development Authority to the  
185 general fund is made under sec. 69(j) of this Act, or, if there are no funds  
186 available to make the transfer, on the 61st day after all multifamily housing  
187 loans that have been made from the multifamily housing loan account of the  
188 general development fund of the Alaska Industrial Development Authority.

Chapter 111

189 be discharged or are considered to be discharged under sec. 69(i) of this  
190 Act.

191 \* Sec. 76. Sections 21 - 23 and 28 - 30 of this Act take effect on the  
192 date of approval by the voters of the state of a constitutional amendment to  
193 art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state  
194 to contract debt for housing loans for veterans.

195 \* Sec. 77. Section 31 of this Act takes effect January 1, 1983.

196 \* Sec. 78. Sections 1 - 20, 24 - 27, 32 - 72, and 74 of this Act take  
197 effect immediately in accordance with AS 01.10.070(c).

SB 253 TITLE & SPONSOR SUMMARY

16:21 6/04/84 PAGE 1 OF 2

PROPOSED TITLE:

AN ACT RELATING TO THE MULTIFAMILY HOUSING LOAN PROGRAM  
OF THE ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY,  
AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: JOSEPHSON.

CO-SPONSORS: FISCHER, V.

CURRENT STATUS: 6/03/83 IN (S) FINANCE

SB 253 SENATE ACTION

16:21 6/04/84 PAGE 2 OF 2

LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
4/14/83	01	0697	FIRST READING -- COMMITTEE REPORTS
5/03/83	02	1124	LAC -- DP03 FINANCE RULES

\*\*\*\* \*\* \*\* \* \*\* \*\* \*





SB 253: An Act relating to loans made or purchased by the Alaska Industrial Development Authority.

This bill makes technical amendments to CH 113, SLA 1982, which established a multi-family housing program in the Alaska Industrial Development Authority. The current statute provides a "sunset" date of January 1, 1984 for the Authority's involvement in multi-family housing. SB-253 does away with this "sunset" provision and allows the Authority to continue to be involved in multi-family housing as long as the U.S. Treasury rules permit. In essence, as long as multi-family projects can be financed tax exempt, the Authority may continue to do so.

Additionally, the bill makes other changes which, among other things, allow the use of the multi-family housing loan security fund for capital reserve fund uses; remove the \$10 million ceiling on multi-family housing projects and make clear that the fund may be used as a loan loss reserve.

Based upon CH 113 the Authority has implemented a multi-family program. The original legislation is in need of "technical" or "clean-up" amendments to make it work. Without the passage of this bill the program will cease on January 1, 1984. A sectional analysis is attached.

The board of directors of the Alaska Industrial Development Authority and the Administration recommend approval of this measure as drafted.



Richard A. Lyon, Commissioner

Date: 5/23/83

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: S.B. 253  
 Title: Alaska Industrial Developmt. Authority  
 Sponsor: Josephson/Fischer  
 Requestor: \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected: Commerce & Economic Developmt  
 Program Category Affected: Development  
 BRU, Program of Subprogram(s) Affected:  
Alaska Industrial Development Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		0	0	0	0	0
CAPITAL		0	0	0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY			NONE			

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

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Bertram L. Wagon, Executive Director *BW* Phone: 274-1651  
 Division: Alaska Industrial Development Authority Date: 4/19/83  
 Approved by Commissioner: Richard A. Lyon *RL* Date: 5/26/83  
 Department: Commerce and Economic Development

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- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

## Sectional Analysis of Multi-Family Legislation

Section 1: This additional language will enable the Authority to use the multi-family housing loan security fund for capital reserve fund purposes. Capital reserve funds are normally equal to one years average annual debt service.

Section 2: This revised language removes the \$10 million limit on capital reserve funds for multi-family housing projects. The original \$10 million limit was based upon the same limit being imposed by the federal tax code.

Section 103(b)(6) of the federal tax code is the "small issue exemption" that allows the Authority to issue tax free industrial development bonds for business financing, up to a limit of \$10 million per project.

Most of the Authority's activities are based on this portion of the tax code. The multi-family program, however, is based on Section 103(b)(4) of the tax code, and no \$10 million limit is applied in this case. Hence, this modification would allow the Authority the opportunity of taking advantage of the greater flexibility of this section of the federal tax code.

Section 3(f): This makes technical corrections to allow the Authority to utilize the reserve fund for bond issues and also prohibits bond proceeds to be used for secondary debt.

Section 4(h): This once again restates that the multi-family housing loan security fund may be used to provide funds for capital reserve purposes and also used for a loan loss reserve.

Section 5(2): This removes the January 1, 1984 sunset provision and allows the multi-family housing to be an ongoing program.

SB 254: An Act relating to the interest rate purchased by the Alaska Industrial Development Authority

Senate Bill 254 proposes amendments to AS 44.88.159(c) which deals with the setting of interest rates for the purchase of SBA loans by the Authority. The current law mandates that this rate be equal to Moody's Aa corporate bond yield. The necessity for a change is due to the fact that the SBA places an interest rate cap based upon the prime rate and, with the dramatic fall in the prime rate over the past six months, we are approaching the ceiling.

The Moody's rate is what is referred to as a "mellow" rate in that it does not move either up or down as fast as prime. For example, when prime was at 20%, Moody's was at 15.5%. However, as prime fell Moody's, being a "mellow" rate, did not fall as fast and currently stands at 11.8% while prime is at 10.5%.

This legislation is intended to give the Authority a limited flexibility in setting the interest rate and at the same time preserving the integrity of the program by setting the rate at the lesser of prime or Moody's Aa with a 10% floor.

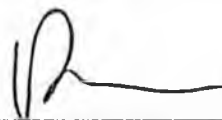
The bill, as drafted, has a technical flaw in that it may be construed to mean that, if prime falls below 10%, no loans could be made. This is not the intent and a suggested amendment is attached making it clear that if prime falls below 10% the loan rate will be 10%.

\*Sec. 2. AS 44.88.195(c) is amended to read:

(c) The interest rate on a loan purchased by the authority with money in the small enterprise loan account that is not from the proceeds of the sale of a series of bonds is the lesser of (1) the prevailing prime rate adopted by the United States Small Business Administration, or (2) [EQUAL TO] the most recent index of Aa corporate bond yield averages as published by Moody's Investors Service. However, if the interest rate established in accordance with this subsection would be less than 10 percent, the interest rate on the loan is 10 percent.

Our reason for suggesting such an amendment is that it is possible that someone might construe the existing language to be interpreted to mean that once the lesser of 1 or 2 fell below 10% no loans could be made. Our suggested alternative would hopefully clarify any such ambiguity.

The board of directors of the Alaska Industrial Development Authority and the Administration recommend approval of this measure with the suggested amendment.



Richard A. Lyon, Commissioner

Date: 5/26/83



## Sectional Analysis of SBA Bill

Section 1: This section deletes the reference to a project, as defined in AS 44.88.220. This deletion is requested to ensure that there is no difficulty with the Authority purchasing the SBA guaranteed portion of working capital and inventory loans. Presently, it could possibly be interpreted that the Authority is prohibited from buying these loans because of the project description of AS 44.88.220(6).

Section 2: This section is an effort to resolve the difficulty of differential rates being applied to the same loan program. Presently the maximum rate allowed by the U.S. Small Business Administration (SBA) on loans guaranteed by them is the prevailing prime rate plus: 2-1/4% if the loan is less than seven years; or 2-3/4% if the loan is longer than seven years. The present AIDA "buy rate" for the SBA guaranteed portion is Moody's Aa corporate index - in essence, AIDA is loaning funds to the banks at this rate. The bank may then add 1-1/2% to this rate for loans under \$100,000, or 1% to this rate for loans over \$100,000. Generally, there has not been a problem, but with two different rates, particularly one being a "short term" rate (SBA/Prime) and one being a "long term" rate (AIDA/Moody's Aa) the potential exists for the rates to be such that AIDA effectively cannot buy these loans. For instance, the present (mid-March) rates are: Prime = 10.5%; Moody's Aa = 12.4%. For a loan of less than 7 years, the SBA ceiling is 12.75% (10.50% + 2.25%). AIDA will "buy" this loan (i.e. provide funds to the bank) at 12.4%, and allow the bank to charge 1 to 1-1/2% in excess of the 12.4%. Since the SBA ceiling is lower, it will be the effective rate. So the bank would loan funds to the borrower at 12.75%, and get funds from AIDA at 12.4%. This spread is inadequate to induce the bank to sell SBA loans to AIDA. This does not mean that a bank will not make an SBA loan based upon other source of funds, however it does significantly lessen the possibility that a bank will make an SBA loan (the SBA estimates that AIDA purchases 70% of all new SBA guaranteed loans in Alaska).

A simple way to eliminate this problem would be to tie the AIDA rates to prime. However this could create a situation where a borrower was confronted with rates in excess of 20% (prime exceeded 20% during 1980 and 1981, and peaked at 17% during 1982). Section 2 represents a compromise. It sets the AIDA buy rate at the lesser of prime, or Moody's Aa, with a 10% floor. This should allow AIDA to "stay in the SBA business" even if Moody's Aa exceeds prime, as in the example, but still protects the borrower from the egregious rates that could result from being strictly tied to prime. The rationale for the 10% floor is that if rates drop below 10%, AIDA assistance should not be needed.

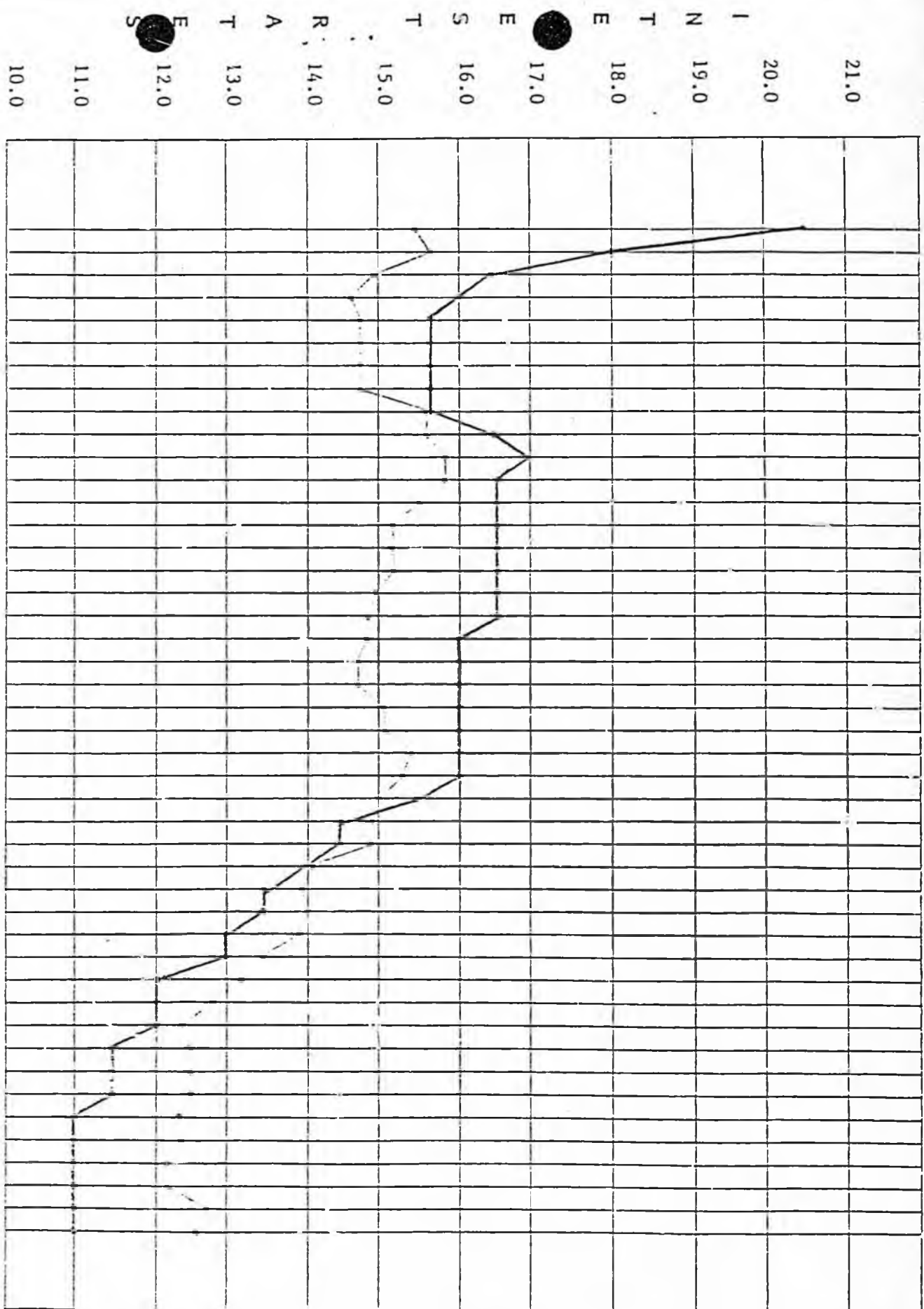
Suggested amendment for S.B. 254 is: (see attached page)

\*Sec. 2. AS 44.88.159(c) is amended to read:

(c) The interest rate on a loan purchased by the authority with money in the small enterprise loan account that is not from the proceeds of the sale of a series of bonds is the lesser of (1) the prevailing prime rate adopted by the United States Small Business Administration, or (2) [EQUAL TO] the most recent index of Aa corporate bond yield averages as published by Moody's Investors Service. However, if the interest rate established in accordance with this subsection would be less than 10 percent, the interest rate on the loan is 10 percent.

Our reason for suggesting such an amendment is that it is possible that someone might construe the existing language to be interpreted to mean that once the lesser of 1 or 2 fell below 10% no loans could be made. Our suggested alternative would hopefully clarify any such ambiguity.

Rate Comparison Chart  
September 1981 - February 1983



Key  
Moody's (red)  
Prime (blue)

DATE  
9/15/81  
10/15/81  
11/15/81  
11/23/81  
12/14/81  
12/21/81  
12/28/81  
1/04/82  
1/11/82  
2/01/82  
2/15/82  
2/22/82  
3/01/82  
3/08/82  
3/15/82  
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4/19/82  
4/26/82  
5/03/82  
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S E T A R T S E T N I



ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY

[RECEIVED]

APR 25 1983

Josephson,

April 19, 1983

The Honorable Joe Josephson  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator Josephson:

We recently received a copy of Senate Bill No. 253 which among other things would extend the life of our multi-family program. The Authority supports this legislation and would appreciate the opportunity to testify on its behalf at the appropriate committee hearing.

We have also received a copy of Senate Bill No. 254 which deals with interest rates of the Authority. We support the intent of this bill, but would like to offer a technical amendment which would read as follows:

\*Sec. 2. AS 44.88.159(c) is amended to read:

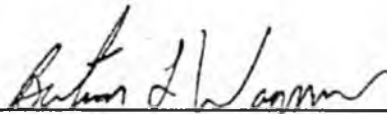
(c) The interest rate on a loan purchased by the authority with money in the small enterprise loan account that is not from the proceeds of the sale of a series of bonds is the lesser of (1) the prevailing prime rate adopted by the United States Small Business Administration, or (2) [EQUAL TO] the most recent index of Aa corporate bond yield averages as published by Moody's Investors Service. However, if the interest rate established in accordance with this subsection would be less than 10 percent, the interest rate on the loan is 10 percent.

Our reason for suggesting such an amendment is that it is possible that someone might construe the existing language to be interpreted to mean that once the lessor of 1 or 2 fell below 10% no loans could be made. Our suggested alternative would hopefully clarify any such ambiguity.

Senate Bill No. 252 which would transfer \$15,000,000 from the Authority's "Multi-Family Housing Loan Security Fund" to the "Low Cost and Low Income Multiple Family Housing Development Fund" in the Department of Community & Regional Affairs is an interesting piece of legislation which we are reviewing.

The Honorable Joe Josephson  
April 19, 1983  
Page 2

Sincerely,



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Bertram L. Wagon  
Executive Director

BLW:mkr

cc: Commissioner Richard Lyon, Dept. of Commerce  
John Rubini, Assistant Attorney General, Dept. of Law

Henry

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY  
 MULTI-FAMILY HOUSING CASH POSITION  
 February 28, 1983

TYPE	REFERENCE #	ISSUER	INT YIELD	PURCHASE DATE	MATURITY DATE	INVESTMENT AMOUNT	UNINVESTED FUNDS		TOTAL
							INCOME CASH	PRINCIPAL	
Open Note	692992MLO	FIDM	7.875	02/28/83	Open	\$ 3,300,000.00	\$ 484.65		\$ 3,300,484.65
CD	2953	AUC	6.250	06/01/71	06/01/83	200,000.00			200,000.00
CD	2958	AUC	6.250	06/01/71	06/01/83	494,000.00			494,000.00
CD	A1-4	AUB	6.250	06/01/71	06/01/83	336,000.00			336,000.00
CD	H1003	AHUF	6.250	06/01/71	06/01/83	393,000.00			393,000.00
CD	2211	ASB	6.250	06/01/71	06/01/83	200,000.00			200,000.00
CD	2205	ASB	6.250	06/01/71	06/01/83	530,000.00			530,000.00
CD	6060	FHMA	6.250	06/01/71	06/01/83	1,396,000.00			1,396,000.00
CD	2469	FUK	6.250	06/01/71	06/01/83	139,000.00			139,000.00
CD	H-4	HUA	6.250	06/01/71	06/01/83	1,670,000.00			1,670,000.00
CD	199	FUT	6.250	06/01/71	06/01/83	100,000.00			100,000.00
CD	1722	UUA	10.250	11/15/79	11/15/83	1,550,000.00			1,550,000.00
CD	2957	AUC	6.250	06/01/71	06/01/84	200,000.00			200,000.00
CD	2959	AUC	6.250	06/01/71	06/01/84	494,000.00			494,000.00
CD	A1-5	AUB	6.250	06/01/71	06/01/84	336,000.00			336,000.00
CD	H1002	AHUF	6.250	06/01/71	06/01/84	393,000.00			393,000.00
CD	2210	ASB	6.250	06/01/71	06/01/84	200,000.00			200,000.00
CD	2204	ASB	6.250	06/01/71	06/01/84	530,000.00			530,000.00
CD	6061	FHMA	6.250	06/01/71	06/01/84	1,396,000.00			1,396,000.00
CD	2470	FUK	6.250	06/01/71	06/01/84	139,000.00			139,000.00
CD	H-3	HUA	6.250	06/01/71	06/01/84	1,670,000.00			1,670,000.00
CD	12193	Pan S&L	10.250	11/15/79	11/15/84	100,000.00			100,000.00
CD	2951	AUC	6.250	06/01/71	06/01/85	200,000.00			200,000.00
CD	2960	AUC	6.250	06/01/71	06/01/85	494,000.00			494,000.00
CD	A1-6	AUB	6.250	06/01/71	06/01/85	336,000.00			336,000.00
CD	H1001	AHUF	6.250	06/01/71	06/01/85	393,000.00			393,000.00
CD	2209	ASB	6.250	06/01/71	06/01/85	200,000.00			200,000.00
CD	2203	ASB	6.250	06/01/71	06/01/85	530,000.00			530,000.00
CD	6062	FHMA	6.250	06/01/71	06/01/85	1,396,000.00			1,396,000.00
CD	2471	FUK	6.250	06/01/71	06/01/85	139,000.00			139,000.00
CD	H-2	HUA	6.250	06/01/71	06/01/85	1,670,000.00			1,670,000.00
CD	1-01-001134.0	W S&L	10.250	11/15/79	11/15/87	350,000.00			350,000.00
CD	44920030-1	MS&L	10.250	11/15/79	11/15/87	100,000.00			100,000.00
TOTAL Multi-Family Funds						\$21,654,000.00	\$ 484.65		\$21,654,484.65

Bill Fact Sheet

Date Received 4/14/83

Bill Number SB253 Title Multifamily loans

Fiscal Note - Date Requested 4/19/83 Date Received \_\_\_\_\_

- Of Whom Katy Wallen

Dept. Position Paper - Date Requested 4/19 Date Received \_\_\_\_\_

- Of Whom Katy Wallen

Resource People

Back-up requested - Josephson - 4/19/83

Richard Rainery DC+RA Leg. Coordinator 5-27-83

Initial Hearing - Date 6-2-83

People Contacted

DC+RA Rich Rainery Leg. Coordinator 5-27-83

DC+RA Barbara Morse Quinn

AHFC (Judy DeSpain for Dennis Cline)

Sen. Josephson

AIDA

LEED

Follow-up Hearing - Date \_\_\_\_\_

Final Action \_\_\_\_\_ Date \_\_\_\_\_