

HOUSE

COMMITTEE REPORT

(11)

Date referred: 4/16/86

FURTHER REFERRALS:

DATE: 5-6-86

The FINANCE Committee has considered SB 263

"An Act relating to disqualifications for certain state loan programs for failure to pay child support."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with HCS SB 263 (HCS) same title
- new title

and recommends DO PASS

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note 5/5/86 ~~e~~
New

SIGNING DO PASS:

[Handwritten signatures]

SIGNING OTHER RECOMMENDATIONS:

[Handwritten signature]
Chairman

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : H CS SB 263 (HESS)
 Title : No loan unless nav child support

Sponsor : Senator Faiks
 Requestor : House Finance Committee
 Date of Request : 5/5/86

FISCAL DETAIL

Agency Affected : All with Loan Programs
 BRU : _____

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL		-0-	-0-	-0-	-0-	-0-
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REVENUE		-0-	-0-	-0-	-0-	-0-
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FUNDING : (Thousands of Dollars)

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

POSITIONS :

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

ANALYSIS : Attach a separate page if necessary

Any costs can be absorbed within existing budgets.

APA

Prepared by : Representative Adams - Chairman
 Division : House Finance Committee

Phone : 465-3757
 Date : 5/5/86

Approved by Commissioner : _____
 Agency : _____

Date : _____

Distribution (by Agency preparing fiscal note) :

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

Alaska State Legislature

CO-CHAIRMAN
FINANCE COMMITTEE

907-465-3740

IAN FAIKS
POUCH V
CAPITOL BUILDING
UNREAU, ALASKA 99511

Senate

April 11, 1985

MEMORANDUM

TO: Senator Bettye Fahrenkamp, Chairman

FROM: Senator Jan Faiks *Jan Faiks*

SUBJECT: Background on Senate Bill 263, an Act relating to disqualification for certain state loan programs for failure to pay child support.

This bill will disqualify persons who have an overdue child support obligation from participating in certain state loan programs. Persons who are delinquent in their payments to the Child Support Enforcement Division of the Department of Revenue (CSED) will be prevented from receiving loans from any of the following programs:

<u>Section of Bill</u>	<u>Loan Program</u>
Section 1	Agricultural Loan Program
Sections 2 & 3	Alaska Student Loan Program
Section 4	Commercial Fishing Loan Program
Section 5	Alaska Housing Finance Corporation
Section 6	Veteran's Loan Assumption

Background Memo

Section 7	Mining Loan Program
Section 8	Housing Assistance Loan Program
Section 9	Alternative Technology and Energy Loan Program
Section 10	Residential Energy Conservation Loan Program

Delinquent child support is a monumental problem in Alaska. As of April 2 of this year, CSED has 7198 cases having a total arrearage balance of over \$30,000,000. The Division is now determining what portion of this debt is owed by loan recipients. Once this information is available, I will forward it to the committee.

The Division's files are computerized, and it can share information with loan agencies in three ways. Upon receiving a call from an agency, CSED can respond within minutes with a status report on a particular loan applicant. The Division can match computer tapes with any agency which has a system which is compatible with its IBM equipment. Finally, CSED sends a monthly statement to all absent parents which verifies their current obligation status. The parents can provide a copy of this statement to the lending agency when they file their loan applications, or upon request, CSED can verify their obligations in writing.

Support payments are a debt that is owed to the children of Alaska. When payments are not made, our public assistance programs must often pick up the cost of maintaining our children's health, safety, and comfort. To alleviate hardship and reduce our public welfare costs, I ask you to act favorably on this bill.

Alaska State Legislature



CO-CHAIRMAN
FINANCE COMMITTEE

907-465-3740

JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

Senate

March 10, 1986

MEMORANDUM

TO: Representative Niilo Koponen, Co-Chairman
Representative Max Gruenberg, Co-Chairman
House Health, Education, and Social Services
Committee

FROM: Senator Jan Faiks

SUBJECT: Additional Background Information on Senate Bill
263, an Act relating to disqualification for
certain loan programs for failure to pay child
support.

Last October, the Child Support Enforcement Commission published a report to the Governor. Through statistics, this report identifies the scope of the child support enforcement problem.

For example, it appears that only 59% of the people who are entitled to receive support actually have a court order that establishes this obligation. Of these people, only half receive full payment, while 28% receive no support at all from the non-custodial parent.

There has never been doubt that the nonpayment of support adds to the public cost of social welfare programs. The CSEC report estimates insufficient child support is the reason that 80% of the cases in the Aid to Families with Dependent Children program qualify for this type of welfare.

Also during the interim, the Alaska Housing Finance Corporation adopted the principles of Senate Bill 263 in its loan application procedure.

OUT OF SESSION

The Corporation has begun requiring loan applicants to disclose any unsatisfied child support obligations and to allow verification of their statements with the Child Support Enforcement Agency. CSEA then cross-checks a list of all AHFC applicants against its delinquency records. Any applicant who is overdue in his child support payments is denied a loan.

Although it is too early to quantify the results, it appears that this system is working. CSEA has found that approximately 5% of loan applicants have overdue support obligations. According to the agency director, most these persons readily pay up their debt so that they can qualify for the housing loans. In some instances, this has resulted in payments of up to \$10,000 going directly to their dependents.

I congratulate AHFC for taking this initiative. Its experience shows that SB 263 can be implemented without placing an undue administrative burden on the agencies even when they must manually cross-check their records. Since the other loan programs have computerized record systems which are compatible with those of the CSEA, verification of their applicants will involve even less effort.

The interaction between the loan agencies and CSEA will have another benefit. It is often difficult for CSEA to locate property of certain debtors in order to satisfy judgments against them. Through contact with the agencies, CSEA can learn about loan collateral which can be attached if a borrower later becomes delinquent in his support obligation.

The results of the new AHFC policy are an exciting preview of what Senate Bill 263 can achieve when it is applied across the board to all state loan programs. It shows that this Act will be an effective tool for securing the financial support of our dependent children.

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. CSB 263 (New) No. 1
 Title: Disqualification for certain loans for failure to pay child support
 Sponsor: Faiks
 Requestor: HESS
 Date of Request: 3/13/86

FISCAL DETAIL

Agency Affected: Revenue
 BRU: Child Support Enforcement Division
 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
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REVENUE	2.5	2.5	2.5	2.5	2.5	2.5
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FUNDING : (Thousands of Dollars)

GENERAL FUND	.75	.75	.8	.8	.85	.85
FEDERAL FUNDS	1.75	1.75	1.7	1.7	1.65	1.65
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

This figure represents one notice per year for each case currently in arrears which includes postage, paper goods, computer time, and photocopy costs.

Prepared by: Holli Ploog
 Division: Child Support Enforcement Division
 Approved by Commissioner: [Signature]
 Agency: Revenue

Phone: 276-3441
 Date: _____
 Date: 3/13/86

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/14/86

REQUEST

Bill Resolution No. : SB 263 No. 2
 Title : Disqualification...State loan programs...Child Support
 Sponsor : Faiks
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affairs : Commerce & Econ. Devel.
 BRU : Division of Investments
 Components : Economic Development

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		3.3				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	3.3	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING : (Thousands of Dollars)

GENERAL FUND		3.3				
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	3.3	-0-	-0-	-0-	-0-

POSITIONS :

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

\$3,300 is requested to revise and reprint existing loan application packets for the loan programs affected by this bill. A new credit authorization form will be sent to the Division of Child Support Enforcement, Department of Revenue, prior to application processing.

Prepared by: Paul B. Arnoldt, Director

Phone: 465-2510

Division: Investments

Date: 3/14/86

Approved by Commissioner: Loren H. Lounsbury

Date: _____

Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : _____

REQUEST

Bill Resolution No. SB 263 (New) No. 3
 Title: An acting relating to
disqualification for certain loan
programs.
 Sponsor: Faiks, Halford, et al
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 BRU: Alaska Housing Finance Corporation

 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

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

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

SB 263 would not have a fiscal impact on AHFC. The Corporation would require that any loan application must contain verification that there is not a past due child support obligation.

Prepared by: Ron Lehr Phone: 276-5599
 Division: Alaska Housing Finance Corporation Date: _____
 Approved by Commissioner: William H. Steudale Date: 3/13/86
 Agency: Revenue

Distribution (by Agency preparing fiscal note):

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

Offered: 3/17/86
Referred: House Special Committee on
State Loans and Finance

Original sponsors: Faiks, Halford,
Eliason, and Sturgulewski

1 IN THE SENATE
2 HOUSE CS FOR SENATE BILL NO. 263 (HESS)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to disqualification for certain
7 state loan programs for failure to pay child sup-
8 port."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 03.10.030 is amended by adding a new subsection to
11 read:
12 (i) A person is not eligible for a loan under this chapter if
13 the person has a past due child support obligation established by
14 court order or by the child support enforcement division under AS 47.-
15 23.160 - 47.23.220 at the time of application.
16 * Sec. 2. AS 14.43.125(a) is amended to read:
17 (a) A person may apply for and obtain a scholarship loan if the
18 person
19 (1) is
20 (A) enrolled as a full-time student in a career
21 education, associate, baccalaureate, or graduate degree program;
22 or
23 (B) a graduate of a high school or the equivalent, or
24 scheduled for graduation from a high school within six months,
25 with sufficient credits to be admitted to a career education
26 program or to an accredited college or university;
27 (2) is not delinquent or in default on a previously awarded
28 scholarship loan; and
29 (3) is a resident of the state at the time of application

1 for the loan; for purposes of this section, a person qualifies as a
2 resident of the state if at the time of application for the loan the
3 person

4 (A) has been physically present in the state for at
5 least two years immediately before the time of application for
6 the loan;

7 (B) is dependent on a parent or guardian for care, the
8 parent or guardian has been present in the state for at least two
9 years immediately before the time of application for the loan and
10 the person has been present in the state for at least one year of
11 the immediately preceding five years except that the commission
12 may by a two-thirds vote, acting upon a written appeal by the
13 person, grant an exemption to the requirement that the person has
14 been present in the state for one year of the immediately preced-
15 ing five years;

16 (C) has been physically present in the state, or is a
17 dependent of a parent or guardian who has been physically present
18 in the state, for at least two years immediately before the
19 applicant was absent from the state and the absence is due solely
20 to

21 (i) serving an initial period of up to six years
22 on active duty as a member of the armed forces of the United
23 States;

24 (ii) serving, for up to three years, as a full-
25 -time volunteer under the Peace Corps Act;

26 (iii) serving, for up to three years, as a full-
27 time volunteer under the Domestic Volunteer Service Act of
28 1973;

29 (iv) required medical care for the applicant or

1 the applicant's immediate family;

2 (v) being a person who otherwise qualifies as a
3 resident and is accompanying a spouse who qualifies as a
4 resident under (i) - (iv) of this paragraph; or

5 (D) has been physically present in the state, or is a
6 dependent of a parent or guardian who has been physically present
7 in the state, for at least two years immediately before the
8 applicant or the parent or guardian was absent from the state and
9 the absence is due solely to

10 (i) participating in a foreign exchange student
11 program recognized by the commission;

12 (ii) attending a school as a full-time student;

13 (iii) full-time employment by the state;

14 (iv) being a member of or employed full-time by
15 the state's congressional delegation;

16 (v) being a person who otherwise qualifies as a
17 resident and is accompanying a spouse who qualifies as a
18 resident under (i) - (iv) of this paragraph; and

19 (4) does not have a past due child support obligation
20 established by court order or by the child support enforcement divi-
21 sion under AS 47.23.160 - 47.23.220 at the time of application.

22 * Sec. 3. AS 14.43.650(a) is amended to read:

23 (a) To be eligible for a teacher scholarship loan, a student
24 must

25 (1) be a graduate of a public or private high school in the
26 state, with sufficient credits to be admitted to an accredited college
27 or university;

28 (2) be enrolled in or show evidence of intent to enroll in
29 a degree program directed at a teaching career at the elementary or

1 secondary school level;

2 (3) meet the conditions set by the student's local school
3 board with respect to the district's requirements for teachers in
4 particular subject areas; [AND]

5 (4) submit to the local school board an application pro-
6 vided by the student financial aid committee under AS 14.43.630(a)(3);
7 an application may be submitted six months before graduation from high
8 school; and

9 (5) not have a past due child support obligation establi-
10 shed by court order or by the child support enforcement division under
11 AS 47.23.160 - 47.23.220 at the time of application.

12 * Sec. 4. AS 16.10.320(a) is amended to read:

13 (a) Except as permitted in (h) of this section, a loan under
14 AS 16.10.300 - 16.10.370

15 (1) may not exceed a term of 15 years, except for exten-
16 sions under AS 16.10.310(a)(4);

17 (2) may not bear interest exceeding 10 1/2 percent;

18 (3) must be secured by a first priority lien and appropri-
19 ate security agreement; [AND]

20 (4) may not exceed 90 percent of the appraised value of
21 the collateral used to secure the loan; and

22 (5) may not be made to a person who has a past due child
23 support obligation established by court order or by the child support
24 enforcement division under AS 47.23.160 - 47.23.220 at the time of
25 application.

26 * Sec. 5. AS 18.56.096(a) is amended to read:

27 (a) The corporation may not make, participate in the making of,
28 purchase, or participate in the purchase of

29 (1) a first mortgage loan under this chapter for a duplex,

1 triplex, or four-plex that exceeds the limitations on first mortgage
2 loans for similar housing purchased by the Federal National Mortgage
3 Association as to principal amount and loan-to-value ratio;

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

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

16 (A) has been totally or substantially performed by the
17 borrower;

18 (B) has been performed by a borrower who acts as the
19 contractor for the construction, improvement, or rehabilitation
20 work; or

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

25 (4) a first mortgage loan for a single-family residence
26 that exceeds the limitations on first mortgage loans for similar
27 housing purchased by the Federal National Mortgage Association as to
28 principal amount by more than 10 percent, or has a loan-to-value ratio
29 that exceeds 95 percent, or a second mortgage loan for a single-family

1 residence, the amount of which, when combined with the principal
2 balance of a first mortgage loan on the property, exceeds the limi-
3 tations on loans for similar housing purchased by the Federal National
4 Mortgage Association as to principal amount by more than 10 percent,
5 or has a loan-to-value ratio, when considered with the principal
6 balance of the first mortgage loan, that exceeds 90 percent; or

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

12 (6) a first mortgage loan, if the borrower has an outstand-
13 ing first mortgage housing loan under this chapter or an outstanding
14 first mortgage loan for owner-occupied housing under AS 44.47; or

15 (7) a loan to a person who has a past due child support
16 obligation established by court order or by the child support enforce-
17 ment division under AS 47.23.160 - 47.23.220 at the time of applica-
18 tion.

19 * Sec. 6. AS 26.15.130 is amended by adding a new subsection to read:

20 (c) A person who has a past due child support obligation estab-
21 lished by court order or by the child support enforcement division
22 under AS 47.23.160 - 47.23.220, at the time of application is not
23 eligible for a loan under this chapter.

24 * Sec. 7. AS 27.09.020 is amended by adding a new subsection to read:

25 (b) A person who has a past due child support obligation estab-
26 lished by court order or by the child support enforcement division
27 under AS 47.23.160 - 47.23.220 at the time of application is not
28 eligible for a loan under this chapter.

29 * Sec. 8. AS 44.47.390 is amended to read:

1 Sec. 44.47.390. LIMITATIONS ON USE OF HOUSING ASSISTANCE LOAN
2 FUND. The director may not use the money in the housing assistance
3 loan fund to

4 (1) originate a direct loan or purchase or participate in
5 the purchase of a nonconforming or rural housing mortgage loan that
6 exceeds the limitations on mortgage loans purchased by the Federal
7 National Mortgage Association as to principal amount or loan-to-value
8 ratio;

9 (2) originate a direct loan or purchase or participate in
10 the purchase of a loan made for building materials for nonconforming
11 or rural housing

12 (A) that exceeds \$45,000 or exceeds

13 (i) 80 percent of the appraised value of the work
14 completed on the nonconforming or rural housing for which
15 the loan is made if the nonconforming or rural housing is
16 pledged as collateral for the loan; or

17 (ii) 90 percent of the value of other property
18 that is pledged as security for the loan and that is satis-
19 factory to the director as collateral;

20 (B) unless the terms of the loan agreement require
21 inspections and certifications, as required by regulations of the
22 director, at the expense of the borrower; and

23 (C) unless the period of time allowed for repayment of
24 the loan is equal to or less than 15 years;

25 (3) originate direct loans or purchase or participate in
26 the purchase of a nonconforming or rural housing mortgage loan that is
27 secured by real property the marketable title to which is shown in
28 accordance with AS 44.47.420(b)(2) if the total amount of outstanding
29 nonconforming and rural housing mortgage loans held by the division

1 exceeds 10 times the amount of money in the restricted title loss
2 reserve account (AS 44.47.430);

3 (4) originate a direct loan for nonconforming or rural
4 housing or purchase or participate in the purchase of a nonconforming
5 or rural housing mortgage loan, other than a loan for the repair,
6 remodeling, rehabilitation, or expansion of an existing owner- occu-
7 pied residence, if the borrower has an outstanding housing loan made
8 under a state loan program, other than a loan for nonowner-occupied
9 housing under AS 44.47.520, that bears interest at a rate that was
10 less than the prevailing market interest rate for similar housing
11 loans at the time the loan was made;

12 (5) originate a direct mortgage loan or purchase or partic-
13 ipate in the purchase of a mortgage loan for rental housing unless the
14 borrower agrees not to discriminate against tenants or prospective
15 tenants because of sex, marital status, changes in marital status,
16 pregnancy, parenthood, race, religion, color, national origin, or
17 status as a student;

18 (6) originate, purchase, or participate in a loan to a
19 person who has a past due child support obligation established by
20 court order or by the child support enforcement division under AS 47.-
21 23.160 - 47.23.220 at the time of application.

22 * Sec. 9. AS 45.88.020 is amended by adding a new subsection to read:

23 (c) The department may not make a loan under this chapter to a
24 person who has a past due child support obligation established by
25 court order or by the child support enforcement division under
26 AS 47.23.160 - 47.23.220 at the time of application.

27 * Sec. 10. AS 45.89.030 is amended by adding a new subsection to read:

28 (k) The department may not make a loan under this chapter to a
29 person who has a past due child support obligation established by

- 1 court order or by the child support enforcement division under AS 47.-
- 2 23.160 - 47.23.220 at the time of application.

Introduced: 3/29/85
Referred: Health, Education and
Social Services and
Finance

BY FAIKS, HALFORD,
ELIASON AND STURGULEWSKI

1 IN THE SENATE

2

SENATE BILL NO. 263

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to disqualification for certain

7

state loan programs for failure to pay child sup-

8

port."

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

10 * Section 1. AS 03.10.030 is amended by adding a new subsection to
11 read:

12 (i) A person is not eligible for a loan under this chapter if
13 the person has a past due child support obligation at the time of
14 application.

15 * Sec. 2. AS 14.43.125(a) is amended to read:

16 (a) A person may apply for and obtain a scholarship loan if the
17 person

18 (1) is a resident of the state at the time of application
19 for a scholarship loan;

20 (2) meets the requirements of (b) of this section; [AND]

21 (3) is

22 (A) enrolled as a full-time student in a career educa-
23 tion or associate or baccalaureate or graduate degree program; or

24 (B) a graduate of a high school, or scheduled for
25 graduation from a high school within six months, with sufficient
26 credits to be admitted to a career education program or to an
27 accredited college or university; and

28 (4) does not have a past due child support obligation at
29 the time of application.

1 * Sec. 3. AS 14.43.650(a) is amended to read:

2 (a) To be eligible for a teacher scholarship loan, a student
3 must

4 (1) be a graduate of a public or private high school in the
5 state, with sufficient credits to be admitted to an accredited college
6 or university;

7 (2) be enrolled in or show evidence of intent to enroll in
8 a degree program directed at a teaching career at the elementary or
9 secondary school level;

10 (3) meet the conditions set by the student's local school
11 board with respect to the district's requirements for teachers in
12 particular subject areas; [AND]

13 (4) submit to the local school board an application pro-
14 vided by the student financial aid committee under AS 14.43.630(a)(3);
15 an application may be submitted six months before graduation from high
16 school; and

17 (5) not have a past due child support obligation at the
18 time of application.

19 * Sec. 4. AS 16.10.320(a) is amended to read:

20 (a) A loan under AS 16.10.310 - 16.10.370

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

22 (2) may not bear interest exceeding 10-1/2 percent;

23 (3) shall be secured by a first priority lien and appropri-
24 ate security agreement; [AND]

25 (4) may not exceed 90 percent of the appraised value of the
26 collateral used to secure the loan, except that a loan granted under
27 AS 16.10.333 for the purchase of an Alaska limited entry permit may
28 not exceed an amount determined in accordance with (f) or (h) of this
29 section; and

1 (5) may not be made to a person who has a past due child
2 support obligation at the time of application.

3 * Sec. 5. AS 18.56.096(a) is amended to read:

4 (a) The corporation may not make, participate in the making of,
5 purchase, or participate in the purchase of

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

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

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

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

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

27 (C) has been performed in an area designated by the
28 corporation as exempt from the requirements of this paragraph
29 because of the unavailability of registered contractors in that

1 area;

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

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

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

21 (7) a loan to a person who has a past due child support
22 obligation at the time of application.

23 * Sec. 6. AS 26.15.130 is amended by adding a new subsection to read:

24 (c) A person who has a past due child support obligation at the
25 time of application is not eligible for a loan under this chapter.

26 * Sec. 7. AS 27.09.020 is amended by adding a new subsection to read:

27 (b) A person who has a past due child support obligation at the
28 time of application is not eligible for a loan under this chapter.

29 * Sec. 8. AS 44.47.390 is amended to read:

1 Sec. 44.47.390. LIMITATIONS ON USE OF HOUSING ASSISTANCE LOAN
2 FUND. The director may not use the money in the housing assistance
3 loan fund to

4 (1) originate a direct loan or purchase or participate in
5 the purchase of a nonconforming or rural housing mortgage loan that
6 exceeds the limitations on mortgage loans purchased by the Federal
7 National Mortgage Association as to principal amount or loan-to-value
8 ratio;

9 (2) originate a direct loan or purchase or participate in
10 the purchase of a loan made for building materials for nonconforming
11 or rural housing

12 (A) that exceeds \$45,000 or exceeds

13 (i) 80 percent of the appraised value of the work
14 completed on the nonconforming or rural housing for which
15 the loan is made if the nonconforming or rural housing is
16 pledged as collateral for the loan; or

17 (ii) 90 percent of the value of other property
18 that is pledged as security for the loan and that is satis-
19 factory to the director as collateral;

20 (B) unless the terms of the loan agreement require
21 inspections and certifications, as required by regulations of the
22 director, at the expense of the borrower; and

23 (C) unless the period of time allowed for repayment of
24 the loan is equal to or less than 15 years;

25 (3) originate direct loans or purchase or participate in
26 the purchase of a nonconforming or rural housing mortgage loan that is
27 secured by real property the marketable title to which is shown in
28 accordance with AS 44.47.420(b)(2) if the total amount of outstanding
29 nonconforming and rural housing mortgage loans held by the division

1 exceeds 10 times the amount of money in the restricted title loss
2 reserve account (AS 44.47.430);

3 (4) originate a direct loan for nonconforming or rural
4 housing or purchase or participate in the purchase of a nonconforming
5 or rural housing mortgage loan, other than a loan for the repair,
6 remodeling, rehabilitation, or expansion of an existing owner-
7 occupied residence, if the borrower has an outstanding housing loan
8 made under a state loan program, other than a loan for nonowner-
9 occupied housing under AS 44.47.520, that bears interest at a rate
10 that was less than the prevailing market interest rate for similar
11 housing loans at the time the loan was made;

12 (5) originate a direct mortgage loan or purchase or partic-
13 ipate in the purchase of a mortgage loan for rental housing unless the
14 borrower agrees not to discriminate against tenants or prospective
15 tenants because of sex, marital status, changes in marital status,
16 pregnancy, parenthood, race, religion, color, national origin, or
17 status as a student;

18 (6) originate, purchase, or participate in a loan to a
19 person who has a past due child support obligation at the time of
20 application.

21 * Sec. 9. AS 45.88.020 is amended by adding a new subsection to read:

22 (c) The department may not make a loan under this chapter to a
23 person who has a past due child support obligation at the time of
24 application.

25 * Sec. 10. AS 45.89.030 is amended by adding a new subsection to read:

26 (k) The department may not make a loan under this chapter to a
27 person who has a past due child support obligation at the time of
28 application.