

HJR

72

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Dept. of Commerce and
Title: Regarding residential real estate BRU: Economic Development
market
Sponsor: House Members of the Joint Committee on Economic Recovery
Requester: House Labor & Commerce Committee

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
----------------	------------	------------	------------	------------	------------	------------

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
----------------	------------	------------	------------	------------	------------	------------

FUNDING: (Thousands of dollars)

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

POSITIONS:

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: John D. Williams, Deputy Commissioner
Division: Dept. of Commerce & Economic Development Phone: 465-2500
Date: April 12, 1988
Approved by Commissioner: J. Anthony Smith, Commissioner Date: 4/2/88
Agency: Dept. of Commerce & Economic Development

Distribution (by preparer):

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

BY THE RULES COMMITTEE BY
REQUEST OF THE HOUSE MEMBERS
OF THE JOINT COMMITTEE ON
ECONOMIC RECOVERY

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 72

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Relating to the residential real estate

6

market.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS some areas of the state are experiencing a severe economic
9 crisis as evidenced by bankruptcies, foreclosures, business failures, and
10 the loss of homes and property values; and

11 WHEREAS the state is experiencing a difficult economic period, espe-
12 cially in the residential real estate market, and many persons are finding
13 it difficult to meet their financial obligations during these times; and

14 WHEREAS keeping people in their homes and facilitating the purchase
15 and sale of homes serves an important public purpose and is financially
16 beneficial to both the borrower and the lender; and

17 WHEREAS borrowers are anxious to continue to meet their financial
18 obligations, but there is a significant number of individuals who are under
19 severe risk of being unable to do so; and

20 WHEREAS many borrowers would be able to meet their financial obliga-
21 tions if various forms of debt restructuring were made possible; and

22 WHEREAS debt restructuring requires the cooperation of the various
23 parties to each real estate loan, including the borrower, the loan origina-
24 tor, the Alaska Housing Finance Corporation or other loan packager, the
25 secondary purchasers of the loans, and the various loan insurers; and

26 WHEREAS the state's economy would be greatly helped if the financial
27 institutions of the state would adjust their lending and collection pol-
28 icies to the present needs and abilities of their customers by using more
29 flexible approaches to stabilize and improve the economy of the state; and

1 WHEREAS present financing packages available to residential real
2 estate borrowers do not provide adequate market liquidity or ability to
3 buy, sell, or trade properties in today's economic circumstances in which
4 debt balances on the properties are nearly equal to or greater than the
5 values of the property; and

6 WHEREAS, in order for residents of the state to meet their financial
7 obligations, the parties to residential loans in the state must be willing
8 to negotiate more creative financing terms and conditions for the benefit
9 of all concerned; and

10 WHEREAS to some extent state agencies and the financial institutions
11 in the state have not yet developed a coherent policy that addresses the
12 current economic crises; and

13 WHEREAS the likelihood of loss or default is lessened if a market is
14 made more liquid, something that will benefit all participants in real
15 estate loans; and

16 WHEREAS the ability to buy, sell, and trade properties in a market
17 that has very high loan-to-value ratios can only be accomplished through
18 innovation and cooperation of the various parties to a real estate loan;
19 and

20 WHEREAS the Alaska Housing Finance Corporation is presently working
21 with the legislature, lending institutions, federal governmental agencies,
22 and private mortgage insurers to find creative ways of refinancing existing
23 mortgages and managing recent acquisitions in the residential real estate
24 market;

25 BE IT RESOLVED by the Alaska State Legislature that the various finan-
26 cial participants in the Alaska real estate market, including the Alaska
27 Housing Finance Corporation, the Department of Commerce and Economic Devel-
28 opment, the Department of Community and Regional Affairs, the Department of
29 Revenue, the Alaska Permanent Fund Corporation, and the various loan

1 servicers, guarantors, and insurers are urged to cooperate in developing
2 innovative ways to restructure debt and to buy, sell, and trade properties
3 for their collective benefit; and be it

4 FURTHER RESOLVED that economic stabilization of the residential real
5 estate market be accomplished with the joint cooperation of the Alaska
6 Housing Finance Corporation, the Department of Commerce and Economic Devel-
7 opment, the Department of Community and Regional Affairs, the Department of
8 Revenue, and the Alaska Permanent Fund Corporation and other agencies of
9 the state and of lending institutions in the state as well as the Federal
10 Housing Administration, the U.S. Department of Housing and Urban Develop-
11 ment, the Veterans Administration, the Federal National Mortgage Asso-
12 ciation, the Government National Mortgage Association, the Federal Home
13 Loan Mortgage Corporation, and private mortgage insurers; and be it

14 FURTHER RESOLVED that the legislature fully supports efforts on the
15 part of the Alaska Housing Finance Corporation, the Department of Commerce
16 and Economic Development, the Department of Community and Regional Affairs,
17 the Department of Revenue, and the Alaska Permanent Fund Corporation to
18 hold foreclosed-upon residential properties off the market in instances
19 where such action makes long-term economic sense.

20 COPIES of this resolution shall be sent to the Honorable Steve Cowper,
21 Governor; the Honorable J. Anthony Smith, commissioner of commerce and
22 economic development; the Honorable David Hoffman, commissioner of com-
23 munity and regional affairs; the Honorable Hugh Malone, commissioner of
24 revenue; Ron Lehr, executive director, Alaska Housing Finance Corporation;
25 Dave Rose, executive director, Alaska Permanent Fund Corporation; the
26 Federal Housing Administration; the U.S. Department of Housing and Urban
27 Development; the Veterans Administration; the Federal National Mortgage
28 Administration; the Government National Mortgage Association; the Federal
29 Home Loan Mortgage Corporation; and to the Honorable Ted Stevens and the

- 1 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
- 2 Representative, members of the Alaska delegation in Congress.