

HB

269.S

SENATE COMMITTEE REPORT

FURTHER

3/21/88

DATE TURNED INTO OFFICE 3/31/88

Mr. President:

Finance

Committee considered HB 269

eligibility for veterans' interest rates for housing mortgage loans

and recommended

replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous

zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Handwritten signatures]*  
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\_\_\_\_\_  
\_\_\_\_\_

*Rick Halford do pass*  
\_\_\_\_\_  
Chairman signature and recommendation

Committee Backup attached

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 269  
PUBLISH DATE: HOUSE 3/2/88

FISCAL NOTE

REQUEST:

Revision Date: 02/25/88  
Title: An Act relating to eligibility for veterans' interest rates for housing mortgage loans.  
Sponsor: Reps. Barnes and Furnace  
Requestor: House Finance

Agency Affected: Revenue  
BRU: Alaska Housing Finance Corporation  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

The cost of this legislation cannot be determined at this time.  
(Please see attached)

Prepared by: Margaret Nelson Phone: 276-5599  
Division: Alaska Housing Finance Corporation Date: 02/25/88  
Approved by Commissioner: Hugh Malone Date: 02/25/88  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

ALASKA HOUSING FINANCE CORPORATION  
Fiscal Note HB 269  
02/25/88

It is difficult to determine how much this measure would cost AHFC since it is difficult to estimate how many former and current Public Health Service (PHS) employees will take advantage of this program. Currently there are 250 PHS commissioned officers working in Anchorage. (Statewide figures were not immediately available.) If all took advantage of the program and qualified, at an average loan amount of \$110,000 a 1 percent subsidy would cost AHFC \$1.5 million.

If the bill was amended to extend the 1 percent preference interest rate to all active military with at least five years of service, again AHFC finds it difficult to determine just how much it would cost. However, the following is an estimate.

As of September 1986, there were 25,906 active military personnel - including Navy, Army, Air Force, Marines and Coast Guard - serving in Alaska. If one-third of those personnel, applied for, were qualified and received the subsidy, based on an average loan of \$116,000, the 1 percent subsidy would cost AHFC \$64 million.

It should be noted that the Fiscal Note columns all show zeros. The impact of this proposal would be on AHFC's Revolving Loan Fund.

Additional background and historical information is contained in the attached letter to the bill's sponsor, Representative Barnes.

1 IN THE HOUSE

BY BARNES AND FURNACE  
BY REQUEST

2

HOUSE BILL NO. 269

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to eligibility for veterans' inter-  
7 est rates for housing mortgage loans."

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

9 \* Section 1. AS 18.56.101 is amended to read:

10 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
11 following persons are eligible veterans for the purposes of AS 18.56.-  
12 098(g) and (h):

13 (1) a person who served in the armed forces of the United  
14 States for 90 days or more, or whose service was for less than 90 days  
15 because of injury or disability incurred in the line of duty, after  
16 April 6, 1917, whose discharge was under honorable conditions;

17 (2) the widow or widower of a member of the armed forces or  
18 an eligible veteran if the member or veteran served in the armed  
19 forces for at least 90 days after April 6, 1917, and the veteran's  
20 discharge was under honorable conditions;

21 (3) a person who has served for not less than five years in  
22 the Alaska Army National Guard, or the Alaska Air National Guard, or a  
23 reserve unit of the United States armed forces if the reserve unit  
24 required, as a minimum, one weekend each month of duty and 15 consecu-  
25 tive days of active duty training each year and whose discharge was  
26 under honorable conditions;

27 (4) a person who has served as a commissioned officer of  
28 the Regular or Reserve Corps of the Public Health Service whose dis-  
29 charge was under honorable conditions.

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 269  
PUBLISH DATE: HOUSE 2/10/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Act relating to eligibility for veterans' interest rates for housing  
Sponsor: mortgage loans  
Requestor: \_\_\_\_\_  
Sponsor: Barnes and Furnace

Agency Affected: Revenue  
BRU: Alaska Housing Finance Corporation  
Components: \_\_\_\_\_

106

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see Bill Analysis as previously prepared.

Prepared by: Dr. Ronald D. Lehr  
Division: Alaska Housing Finance Corporation

Phone: 907-276-5599  
Date: 2/8/88

Approved by Executive Director: Ronald D. Lehr

Date: 2/8/88

Agency: \_\_\_\_\_

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

It is difficult to determine how much this measure would cost AHFC since it is difficult to estimate how many former and current Public Health Service (PHS) employees will take advantage of this program. Currently there are 250 PHS commissioned officers working in Anchorage. (Statewide figures were not immediately available.) If all took advantage of the program and qualified, at an average loan amount of \$110,000, a 1 percent subsidy would cost AHFC \$1.5 million.

If the bill was amended to extend the 1 percent preference interest rate to all active military with at least five years of service, again AHFC finds it difficult to determine just how much it would cost. However, the following is an estimate.

As of September 1986, there were 25,906 active military personnel -including Navy, Army, Air Force, Marines and Coast Guard - serving in Alaska. If one-third of those personnel, applied for, were qualified and received the subsidy, based on an average loan of \$116,000, the 1 percent subsidy would cost AHFC \$64 million.

It should be noted that the Fiscal Note columns all show zeros. The impact of this proposal would be on AHFC's Revolving Loan Fund.

Additional background and historical information is contained in the attached letter to the bill's sponsor, Representative Barnes.



Official Business

# Alaska State Legislature

House of Representatives

REPRESENTATIVE  
RAMONA L. BARNES  
DISTRICT 14

ANCHORAGE  
2230 PAXSON  
ANCHORAGE, ALASKA 99504  
(907) 337-7904

BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3438

## M E M O R A N D U M

TO: Senate State Affairs Committee  
Senator Mitch Abood  
Senator Rick Uehling  
Senator Ken Fanning  
Senator Willie Hensley  
Senator Joe Josephson

FROM: Representative Ramona L. Barnes

DATE: March 15, 1988

SUBJ: HB 269 - Relating to eligibility for veterans' interest rates for housing mortgage loans.

The intent of HB 269 is to allow Public Health Service Officers to become eligible as veterans for the purpose of the Alaska Housing Finance Corp. State Veterans Interest Rate Preference program.

Public Health Service Officers are eligible for federal VA housing loans, and Alaska's Veteran Mortgage Program (VMP). They are eligible for most VA benefits under federal law, therefore, to exclude these "Veterans" from this interest preference program offered by the state is inconsistent with other aspects of veterans benefits.

The AHFC/Fed VA program can be combined with the State Veterans Interest Rate Preference program to produce an extremely attractive interest rate for those purchasing or refinancing a home. Under the current statute (AS.56.101), Public Health Service Officers are not eligible for this combination. It is the intent of this bill to add these "Veterans" to this statute.

The foreclosure rate of AHFC has increased significantly over the past year. It is the intent of this legislation that this group of veterans should be eligible for the benefit this preference provides. In Alaska's current poor economy, anything that will help people keep their homes or buy a home helps our state.

Public Health Service Officers currently number 250 in the Anchorage area. The number living outside of this area is not available at this time. It is difficult to say how many people will make use of this program, therefore, the cost is not known. (See fiscal note and letter).

Favorable consideration of this bill would be appreciated by its sponsors. The bill has been passed by the House without any amendments.

Thank you for your time.



Official Business

# Alaska State Legislature


House of Representatives

REPRESENTATIVE  
RAMONA L. BARNES  
DISTRICT 14

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## MEMORANDUM

TO: Representative Fran Ulmer, Chairperson House State  
Affairs Committee

FROM: Representative Ramona L. Barnes 

DATE: April 28, 1987

SUBJECT: HB 269

HB 269, "An Act relating to eligibility for veterans' interest rates for housing mortgage loans", would amend AS 18.56.101. by adding Public Health Service Officers to the current definition of veteran.

The addition of Public Health Service Officers to this definition would allow a large block of people to take advantage of the veterans interest rate offered by AHFC. It is my feeling that this may help many people refinance their homes at a favorable interest rate and avoid future housing problems.

Public Health Service officers are considered veterans under federal law and are eligible for federal Veterans Housing loans. Therefore, this amendment would bring the definition of veteran under AS.18.56.101 into line with the federal definition.

This bill is currently in your committee awaiting action. I would appreciate a scheduled hearing in the near future. If there are any questions I can answer for you please do not hesitate to contact me.

Thank you for your prompt consideration of this matter.

increased by the amount set forth in 38 U.S.C. 411(b) for each child.

(4) If the surviving spouse is determined to be in need of regular aid and attendance under the criteria in § 3.352 or is a patient in a nursing home, the total amount payable shall be increased by the amount set forth in 38 U.S.C. 411(c). If the surviving spouse does not qualify for the regular aid and attendance allowance but is housebound under the criteria in § 3.351(f), the total amount payable shall be increased by the amount set forth in 38 U.S.C. 411(d).

(29 FR 10396, July 25, 1964, as amended at 35 FR 18661, Dec. 9, 1970, 37 FR 6676, Apr. 1, 1972; 39 FR 34529, Sept. 26, 1974; 44 FR 22717, Apr. 17, 1979)

§ 3.6 Duty periods.

(a) "Active military, naval, and air service". This includes active duty, and period of active duty for training during which the individual concerned was disabled or died from a disease or injury incurred or aggravated in line of duty, and any period of inactive duty training during which the individual concerned was disabled or died from an injury incurred or aggravated in line of duty.

(b) "Active duty". This means:

(1) Full-time duty in the Armed Forces, other than active duty for training;

(2) Full-time duty (other than for training purposes) as a commissioned officer of the Regular or Reserve Corps of the Public Health Service:

(i) On or after July 29, 1945, or

(ii) Before that date under circumstances affording entitlement to "full military benefits," or

(iii) At any time, for the purposes of dependency and indemnity compensation.

(3) Full-time duty as a commissioned officer of the Coast and Geodetic Survey or of its successor agencies, the Environmental Science Services Administration and the National Oceanic and Atmospheric Administration:

(i) On or after July 29, 1945, or

(ii) Before that date;

(c) While on transfer to one of the Armed Forces, or

(b) While, in time of war or national emergency declared by the President, assigned to duty on a project for one of the Armed Forces in an area determined by the Secretary of Defense to be of immediate military hazard, or

(c) In the Philippine Islands on December 7, 1941, and continuously in such Islands thereafter, or

(iii) At any time, for the purposes of dependency and indemnity compensation.

(4) Service at any time as a cadet at the United States Military, Air Force, or Coast Guard Academy, or as a midshipman at the United States Naval Academy;

(5) Authorized travel to or from such duty or service; and

(6) A person discharged or released from a period of active duty, shall be deemed to have continued on active duty during the period of time immediately following the date of such discharge or release from such duty determined by the Secretary concerned to have been required for him or her to proceed to his or her home by the most direct route, and, in all instances, until midnight of the date of such discharge or release. (38 U.S.C. 106(c))

(i) January 1, 1957, for service-connected death benefits where the discharge or release occurred on or after that date.

(ii) January 1, 1959, for service-connected disability compensation where the discharge or release occurred on or after January 1, 1957.

(iii) July 21, 1961, for compensation or pension, where the discharge or release occurred prior to January 1, 1957.

(c) *Active duty for training.* (1) Full-time duty in the Armed Forces performed by Reserves for training purposes;

(2) Full-time duty for training purposes performed as a commissioned officer of the Reserve Corps of the Public Health Service:

(i) On or after July 29, 1945, or

(ii) Before that date under circumstances affording entitlement to "full military benefits," or

(iii) At any time, for the purposes of dependency and indemnity compensation;

(3) Full-time duty performed by members of the National Guard of any State, under 32 U.S.C. 316, 502, 503, 504, or 505, or the prior corresponding provisions of law or full-time duty by such members while participating in the reenactment of the Battle of First Manassas in July 1961;

(4) Duty performed by a member of a Senior Reserve Officers' Training Corps program when ordered to such duty for the purpose of field training or a practice cruise under chapter 103 of title 10, United States Code (this subparagraph is effective October 1, 1982, with respect to deaths and disabilities resulting from diseases or injuries incurred or aggravated after September 30, 1982, and it is effective October 1, 1983, with respect to deaths and disabilities resulting from diseases or injuries incurred or aggravated before October 1, 1982) (Pub. L. 97-306, as amended by sec. 210, Pub. L. 98-223); and

(5) Authorized travel to or from such duty.

The term does not include duty performed as a temporary member of the Coast Guard Reserve.

(d) *Inactive duty training.* This means: (1) Duty (other than full-time duty) prescribed for Reserves (including commissioned officers of the Reserve Corps of the Public Health Service) by the Secretary concerned under 37 U.S.C. 206 or any other provision of law;

(2) Special additional duties authorized for Reserves (including commissioned officers of the Reserve Corps of the Public Health Service) by an authority designated by the Secretary concerned and performed by them on a voluntary basis in connection with the prescribed training or maintenance activities of the units to which they are assigned; and

(3) Duty (other than full-time duty) performed by a member of the National Guard of any State, under 32 U.S.C. 316, 502, 503, 504, or 505, or the prior corresponding provisions of law. The term "inactive duty training" does not include:

(i) Work or study performed in connection with correspondence courses,

...incurred or aggravated, in line of duty in the active military, naval, or air service.

(17) The term "non-service-connected" means, with respect to disability or death, that such disability was not incurred or aggravated, or that the death did not result from a disability incurred or aggravated, in line of duty in the active military, naval, or air service.

(18) The term "discharge or release" includes (A) retirement from the active military, naval, or air service, and (B) the satisfactory completion of the period of active military, naval, or air service for which a person was obligated at the time of entry into such service in the case of a person who, due to enlistment or reenlistment, was not awarded a discharge or release from such period of service at the time of such completion thereof and who, at such time, would otherwise have been eligible for the award of a discharge or release under conditions other than dishonorable.

(19) The term "State home" means a home established by a State (other than a possession) for veterans disabled by age, disease, or otherwise who by reason of such disability are incapable of earning a living. Such term also includes such a home which furnishes nursing home care for veterans.

(20) The term "State" means each of the several States, Territories, and possessions of the United States, the District of Columbia, and the Commonwealth of Puerto Rico. For the purpose of section 903 and chapters 34 and 35 of this title, such term also includes the Canal Zone.

(21) The term "active duty" means—

(A) full-time duty in the Armed Forces, other than active duty for training;

(B) full-time duty (other than for training purposes) as a commissioned officer of the Regular or Reserve Corps of the Public Health Service (i) on or after July 29, 1945, or (ii) before that date under circumstances affording entitlement to "full military benefits" or (iii) at any time, for the purposes of chapter 13 of this title;

(C) full-time duty as a commissioned officer of the National Oceanic and Atmospheric Administration or its predecessor organization the Coast and Geodetic Survey (i) on or after July 29, 1945, or (ii) before that date (a) while on transfer to one of the Armed Forces, or (b) while, in time of war or national emergency declared by the President, assigned to duty on a project for one of the Armed Forces in an area determined by the Secretary of Defense to be of immediate military hazard, or (c) in the Philippine Islands on December 7, 1941, and continuously in such islands thereafter, or (iii) at any time, for the purposes of chapter 13 of this title;

(D) service as a cadet at the United States Military, Air Force, or Coast Guard Academy, or as a midshipman at the United States Naval Academy; and

(E) authorized travel to or from such duty or service.

(22) The term "active duty for training" means—

(A) full-time duty in the Armed Forces performed by Reserves for training purposes;

(B) full-time duty for training purposes performed as a commissioned officer of the Reserve Corps of the Public Health Service (i) on or after July 29, 1945, or (ii) before that date under circumstances affording entitlement to "full military benefits", or (iii) at any time, for the purposes of chapter 13 of this title;

(C) in the case of members of the National Guard or Air National Guard of any State, full-time duty under section 316, 502, 503, 504, or 505 of title 32, or the prior corresponding provisions of law; and

(D) authorized travel to or from such duty.

The term does not include duty performed as a temporary member of the Coast Guard Reserve.

(23) The term "inactive duty training" means—

(A) duty (other than full-time duty) prescribed for Reserves (including commissioned officers of the Reserve Corps of the Public Health Service) by the Secretary concerned under section 206 of title 37 or any other provision of law; and

(B) special additional duties authorized for Reserves (including commissioned officers of the Reserve Corps of the Public Health Service) by an authority designated by the Secretary concerned and performed by them on a voluntary basis in connection with the prescribed training or maintenance activities of the units to which they are assigned.

In the case of a member of the National Guard or Air National Guard of any State, such term means duty (other than full-time duty) under sections 316, 502, 503, 504, or 505 of title 32, or the prior corresponding provisions of law. Such term does not include (i) work or study performed in connection with correspondence courses, (ii) attendance at an educational institution in an inactive status, or (iii) duty performed as a temporary member of the Coast Guard Reserve.

(24) The term "active military, naval, or air service" includes active duty, any period of active duty for training during which the individual concerned was disabled or died from a disease or injury incurred or aggravated in line of duty, and any period of inactive duty training during which the individual concerned was disabled or died from an injury incurred or aggravated in line of duty.



Official Business

# Alaska State Legislature

House of Representatives

REPRESENTATIVE  
RAMONA L. BARNES  
DISTRICT 14

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## MEMORANDUM

1-15-88

TO: HESS COMMITTEE  
FROM: REPRESENTATIVE RAMONA BARNES  
RE. PUBLIC HEALTH SERVICE OFFICERS

Your attention is directed to 42 # 213 (d) which clarifies the status of commissioned officers of the Public Health Service with regard to veteran's status as covered under the Veteran's Administration.

Your attention is further drawn to page 160, the purpose paragraph wherein the intent of Congress is expressly stated. Please note that the rights herein granted are in no way diminished or impaired, thereby including but not limited to home loans, etc.,.

Active service deemed active military service with respect  
to Soldiers' and Sailors' Civil Relief Act of 1940

(e) Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all rights, privileges, immunities, and benefits now or hereafter provided under the Soldiers' and Sailors' Civil Relief Act of 1940.

(July 1, 1944, c. 373, Title II, § 212, 58 Stat. 689; July 15, 1954, c. 507, § 14(a), 68 Stat. 481; Aug. 1, 1956, c. 837, Title V, § 501(b)(1), 70 Stat. 881; Apr. 22, 1976, Pub.L. 94-278, Title XI, § 1101, 90 Stat. 415.)

#### Historical Note

**References in Text.** The Servicemen's Indemnity Act of 1951, referred to in subsec. (d), is Act Apr. 25, 1951, c. 39, Pt. I, 65 Stat. 33, which was classified generally to subchapter II (section 851 et seq.) of chapter 13 of former Title 38, Pensions, Bonuses, and Veterans' Relief, and was repealed by Act Aug. 1, 1956, c. 837, Title V, § 502(9), 70 Stat. 886.

The Soldiers' and Sailors' Civil Relief Act of 1940, referred to in subsec. (e), is Act Oct. 17, 1940, c. 888, 54 Stat. 1178, which is classified to section 501 et seq. of the Appendix to Title 50, War and National Defense. For complete classification of this Act to the Code, see section 501 of the Appendix to Title 50 and Tables volume.

**1976 Amendment.** Subsec. (e). Pub.L. 94-278 added subsec. (e).

**1956 Amendment.** Act Aug. 1, 1956 amended section generally to extend all rights, privileges, immunities, and benefits provided for commissioned officers of the Army or their surviving beneficiaries to commissioned officers of the Service, with the exception of retired pay and uniform allowances, when performing duty under certain circumstances, and to provide that active service of commissioned officers shall be deemed to be active military service in the Armed Forces for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 417 of this title.

**1954 Amendment.** Subsec. (a)(1). Act July 15, 1954 struck out "burial payments in the event of death," following "limited to."

**Change of Name.** The Department of War was designated the Department of the Army and the title of the Secretary of War was changed to Secretary of the Army by Act July 26, 1947, c. 343, Title II, § 205(a), 61 Stat. 501. Section 205(a) of Act July 26, 1947 was repealed by Act Aug. 10, 1956, c.

1041, § 53, 70A Stat. 641. Section 1 of Act Aug. 10, 1956 enacted "Title 10, Armed Forces", which in sections 3011 to 3013 continued the military Department of the Army under the administrative supervision of a Secretary of the Army.

**Effective Date of 1956 Amendment; Applicability.** Section 501(b)(2) of Act Aug. 1, 1956, provided that: "The amendment made by this subsection [to this section] shall apply only with respect to service performed on or after July 4, 1952, (B) shall not be construed to affect the entitlement of any person to benefits under the Veterans' Readjustment Assistance Act of 1952 [Act July 16, 1952, c. 875, 66 Stat. 663], (C) shall not be construed to authorize any payment under section 202 (i) of the Social Security Act [section 402(i) of this title], or under Veterans Regulation Numbered 9(a), for any death occurring prior to January 1, 1957, and (D) shall not be construed to authorize payment of any benefits for any period prior to January 1, 1957."

**Transfer of Functions.** All functions of Public Health Service, of the Surgeon General of the Public Health Service, and of all other officers and employees of the Public Health Service, and all functions of all agencies of or in the Public Health Service transferred to Secretary of Health, Education, and Welfare [now Secretary of Health and Human Services] by 1966 Reorg. Plan No. 3, 31 F.R. 8855, 80 Stat. 1610, effective June 25, 1966, set out under section 202 of this title.

For transfer of functions of other officers, employees, and agencies of the Department of the Treasury, with certain exceptions, to the Secretary of the Treasury with power to delegate, see Reorg. Plan No. 26 of 1950, §§ 1, 2, eff. July 31, 1950, 15 F.R. 4935, 64 Stat. 1280, 1281, set out in the Appendix to Title 5, Government Organization and Employees. Functions of the Coast Guard, and the Commandant of the Coast Guard, were excepted from transfer when the Coast Guard is oper-

Recomputation of Social Security Benefits Prior to January 1, 1957. Section 501(b)(2) of Act Aug. 1, 1956, as amended (Act Aug. 1, 1956, c. 837, Title V, § 501(b)(2), 70 Stat. 881; Act Apr. 22, 1976, Pub.L. 94-278, Title XI, § 1101, 90 Stat. 415) provided that:

"In the case of any individual (A) who performed active service in the Public Health Service at any time beginning July 4, 1952, and ending December 31, 1956, or who was an officer of the Coast Guard at any time during the period beginning July 4, 1952, and ending December 31, 1956, and (B) who became entitled to insurance benefits under the Social Security Act [section 402 of this title] prior to January 1, 1957, and whose widow, child, or dependent child is entitled to a monthly survivor's benefit under section 202 of such Act [section 402 of this title]; and

"(C) any part of whose primary benefit under the Social Security Act [section 402 of this title] was computed on the basis of his wages and salary for any period beginning July 4, 1952, and ending December 31, 1956, and (D) who died prior to January 1, 1957, and whose widow, child, or dependent child is entitled to a monthly survivor's benefit under section 202 of such Act [section 402 of this title]; and

"(E) any part of whose primary benefit under the Social Security Act [section 402 of this title] was computed on the basis of his wages and salary for any period beginning July 4, 1952, and ending December 31, 1956, and (F) who died prior to January 1, 1957, and whose widow, child, or dependent child is entitled to a monthly survivor's benefit under section 202 of such Act [section 402 of this title]; and

"(G) any part of whose primary benefit under the Social Security Act [section 402 of this title] was computed on the basis of his wages and salary for any period beginning July 4, 1952, and ending December 31, 1956, and (H) who died prior to January 1, 1957, and whose widow, child, or dependent child is entitled to a monthly survivor's benefit under section 202 of such Act [section 402 of this title]; and

service with respect  
of Act of 1940

of the Service shall be deemed  
forces of the United States for  
and benefits now or hereaf-  
Civil Relief Act of 1940.

July 15, 1954, c. 507, § 14(a), 68  
Stat. 381; Apr. 22, 1976,

70A Stat. 641. Section 1 of Act  
1956 enacted "Title 10, Armed  
Forces, in sections 3011 to 3013 con-  
taining the Department of the Army  
under administrative supervision of a Sec-  
retary of the Army.

Effective Date of 1956 Amendment: Appli-  
cation of Section 501(b)(2) of Act Aug. 1,  
1956, provided that: "The amendment made  
to section 202 of such Act [section 402(a) of  
this title] shall apply to service performed  
on or after July 4, 1952. (B) shall not be con-  
strued to affect the entitlement of any person  
under the Veterans' Readjustment  
Act of 1952 [Act July 16, 1952, c.  
487, § 663], (C) shall not be construed  
to affect any payment under section 202  
of such Act [section 402(a) of  
this title] or under Veterans Regulation  
16C(9)(a), for any death occurring prior  
to July 1, 1957, and (D) shall not be con-  
strued to authorize payment of any benefits  
under section 202 of such Act [section 402(a) of  
this title] prior to January 1, 1957."

Transfer of Functions. All functions of  
the Public Health Service, of the Surgeon General  
of the Public Health Service, and of all other  
functions of the Public Health  
Service, and all functions of all agencies of the  
Public Health Service transferred to  
the Department of Health, Education, and Welfare  
by Executive Order No. 11811, 31 F.R.  
1610, effective June 25, 1966,  
shall be performed under section 202 of this title.

Transfer of Functions of Other Officers.  
The functions of the officers of the  
Public Health Service, and of the officers of  
the Public Health Service, with certain exceptions, to the  
Department of the Treasury with power to dele-  
gate, by Executive Order No. 11811, 31 F.R.  
1610, effective June 25, 1966,  
shall be performed under section 202 of this title.  
The functions of the officers of the  
Public Health Service, and of the officers of  
the Public Health Service, with certain exceptions, to the  
Department of the Treasury with power to dele-  
gate, by Executive Order No. 11811, 31 F.R.  
1610, effective June 25, 1966,  
shall be performed under section 202 of this title.

being as part of the Navy under sections 1  
and 3 of Title 14 Coast Guard.

Recomputation of Social Security Benefits  
for Officers Entitled to Old-age Insurance  
Benefits Prior to January 1, 1957 or for Sur-  
vivors of Officers who Died Prior to January  
1, 1957. Section 501(b)(3) of Act Aug. 1,  
1956, as amended Oct. 17, 1979, Pub L.  
96-88, Title V, § 509(b), 93 Stat. 695, provid-  
ed that:

"In the case of any individual—

(A) who performed active service (i) as  
a commissioned officer of the Public  
Health Service at any time during the period  
beginning July 4, 1952, and ending Dec-  
ember 31, 1956, or (ii) as a commissioned  
officer of the Coast and Geodetic Survey at  
any time during the period beginning July  
29, 1945, and ending December 31, 1956;  
and

(B)(i) who became entitled to old-age  
insurance benefits under section 202(a) of  
the Social Security Act [section 402(a) of  
this title] prior to January 1, 1957, or

(ii) who died prior to January 1, 1957,  
and whose widow, child, or parent is enti-  
tled for the month of January 1957, on the  
basis of his wages and self-employment in-  
come, to a monthly survivor's benefit under  
section 202 of such Act [section 402 of this  
title]; and

(C) any part of whose service described  
in subparagraph (A) was not included in  
the computation of his primary insurance  
amount under section 215 of such Act [sec-  
tion 415 of this title] but would have been  
included in such computation if the amend-  
ment made by paragraph (1) of this subsec-  
tion or paragraph (1) of subsection (d) had  
been effective prior to the date of such  
computation, the Secretary of Health and  
Human Services shall, notwithstanding the  
provisions of section 215(f)(1) of the Social  
Security Act [section 415(f)(1) of this title],  
recompute the primary insurance amount  
of such individual upon the filing of an ap-  
plication, after December 1956, by him or  
(if he dies without filing such an applica-  
tion) by any person entitled to monthly  
survivor's benefits under section 202 of  
such Act [section 402 of this title] on the  
basis of his wages and self-employment in-

come. Such recomputation shall be made  
only in the manner provided in title II of  
the Social Security Act [sections 401 to 425  
of this title] as in effect at the time of the  
last previous computation or recomputa-  
tion of such individual's primary insurance  
amount, and as though application therefor  
was filed in the month in which application  
for such last previous computation or  
recomputation was filed. No recomputa-  
tion made under this paragraph shall be re-  
garded as a recomputation under section  
215(f) of the Social Security Act [section  
415(f) of this title]. Any such recomputa-  
tion shall be effective for and after the  
twelfth month before the month in which  
the application was filed, but in no case for  
any month before January 1957."

Disposition of Remains of Deceased Per-  
sonnel. Recovery, care, and disposition of  
the remains of deceased members of the un-  
iformed services and other deceased personnel,  
see section 1481 et seq. of Title 10, Armed  
Forces.

Burial of Certain Commissioned Officers.  
Act Apr. 30, 1956, c. 227, 70 Stat. 124, pro-  
vided: "That burial in national cemeteries of  
the remains of commissioned officers of the  
United States Public Health Service who were  
detailed for duty with the Army or Navy dur-  
ing World War I pursuant to the Act of July  
1, 1902 (32 Stat. 712, 713), as amended, and  
Executive Order Numbered 2571 dated April  
3, 1917, and of the wife, widow, minor child  
and, in the discretion of the Secretary of the  
Army, unmarried adult child of these officers  
is authorized: Provided, That the remains of  
the wife, widow, and children may, in the dis-  
cretion of the Secretary of the Army, be re-  
moved from a national cemetery proper and  
interred in the post section of a national cem-  
etery if, upon death, the related officer is not  
buried in the same or an adjoining gravesite."

Legislative History. For legislative history  
and purpose of Act July 1, 1944, see 1944 U.  
S. Code Cong. Service, p. 1211. See, also, Act  
July 15, 1954, 1954 U.S. Code Cong. and  
Adm. News, p. 2546; Act Aug. 1, 1956, 1956  
U.S. Code Cong. and Adm. News, p. 3976;  
Pub L. 94-278, 1976 U.S. Code Cong. and  
Adm. News, p. 709.

Library References

Armed Services 67.

C.J.S. Armed Services § 27.

Notes of Decisions

Personal injury claims 2  
Purpose 1

2. Personal injury claims

This section which grants Public Health Service officers on detail with the armed forces the identical federal rights available to commissioned army officers had no application to claim for loss of husband's services and consortium and medical expenses asserted by wife of lieutenant commander in the United States Public Health Service who was injured in skiing accident. *Wanner v Glen Ellen Corp.*, D.C.Vt. 1974, 373 F.Supp. 983.

1. Purpose

Intent of Congress in amending this section was to grant Public Health Service officers on detail with armed forces the identical federal rights available to commissioned army officers. *Wanner v. Glen Ellen Corp.*, D.C.Vt. 1974, 373 F.Supp. 983.

§ 213a. Rights, benefits, privileges, and immunities for commissioned officers or beneficiaries; exercise of authority by Secretary or designee

(a) Commissioned officers of the Service or their surviving beneficiaries are entitled to all the rights, benefits, privileges, and immunities now or hereafter provided for commissioned officers of the Army or their surviving beneficiaries under the following provisions of Title 10:

- (1) Section 1036, Escorts for dependents of members: transportation and travel allowances.
- (2) Chapter 61, Retirement or Separation for Physical Disability, except that sections 1201, 1202, and 1203 do not apply to commissioned officers of the Public Health Service who have been ordered to active duty for training for a period of more than 30 days.
- (3) Chapter 69, Retired Grade, except sections 1370, 1374, 1375 and 1376(a).
- (4) Chapter 71, Computation of Retired Pay, except formula No. 3 of section 1401.
- (5) Chapter 73, Retired Serviceman's Family Protection Plan; Survivor Benefit Plan.
- (6) Chapter 75, Death Benefits.
- (7) Section 2771, Final settlement of accounts: deceased members.
- (8) Chapter 163, Military Claims, but only when commissioned officers of the Service are entitled to military benefits under section 213 of this title.
- (9) Section 2603, Acceptance of fellowships, scholarships, or grants.
- (10) Section 2634, Motor vehicles: for members on permanent change of station.
- (11) Section 1035, Deposits of Savings.
- (12) Section 1552, Correction of military records: claims incident thereto.
- (13) Section 1553, Review of discharge or dismissal.

CHL 6A

(14)

for 277

(b) The Secretary rights, provide this section Service, by

July 1, 1944

619, and amend

Pub.L. 80-109

Oct. 2, 1963, P

(d), 78 Stat.

Pub.L. 92-225

Stat. 586; Oct

1980, Pub.L.

Codification

provided in part

the Public Health

42 U.S.C. 213a

following new

subsection (1)

(1), the amendm

tion (a), which

of Congress.

Section was

316 of Title 37

and enactment

allowances of the

L. 87-649, § 1, 1960

1980 Amendm

96-513 inserted

Title 10.

1979 Amendm

96-76 added dis

1972 Amendm

92-425 substitute

Family Protection

Plan" for "Ann

uizer Pay" in a

1966 Amendm

89-538 added a

1964 Amendm

82-431 added a

1963 Amendm

88-132 included

Defense.

1962 Amendm

87-555 added a

1959 Amendm

86-160 added a

ch. (1) to (7) An

**PUBLIC HEALTH AND WELFARE**

de Cong. Service, p. 1211. See also, Act 28, 1948, 1948 U.S. Code Cong. Service, 103; Act Oct. 12, 1949, 1949 U.S. Code Cong. Service, p. 2039; Act Apr. 27, 1956, U.S. Code Cong. and Adm. News, p. 4613; Pub. L. 91-253, 1970 U.S. Code Cong. and Adm. News, p. 3041; Pub. L. 96-342, 1980 U.S. Code Cong. and Adm. News, p. 2612; Pub. L. 97-25, 1981 U.S. Code Cong. and Adm. News, p. 396.

es  
o government agencies, see section 801  
ed Services.  
o are retired under subsec. (a) of this  
ces.

es  
United States § 44.

ns  
mp le periods  
tiff was entitled to include the period  
by him as Assistant to the Surgeon  
as well as the three years and two  
served as Deputy Surgeon General in  
ng the four years required by former  
(b)(2) of this section. *Draper v. U.*  
. 121 Ct.Cl. 625.

uant of recovery allowed  
e plaintiff sued for the difference be-  
ie retirement pay he received for the  
rom Sept. 1, 1947, to Oct. 1, 1949,  
the rank of brigadier general and the  
t pay he should have received for  
ad based on the rank of major gener-  
plaintiff was entitled to recover.  
U. S., 1952, 121 Ct.Cl. 625.

§ 7(b), Dec. 29, 1973, 87

e X, § 1012, by Pub.L. 89-239, § 3  
6, 1965, 79 Stat. 931, renumbered  
§ 1112 by Pub.L. 91-572, § 6(b),  
970, 84 Stat. 1506, renumbered Ti-  
1212, by Pub.L. 92-294, § 3(b),  
772, 36 Stat. 137, renumbered Title  
12, by Pub.L. 93-154, § 2(b)(2).

**CH. 6A PUBLIC HEALTH SERVICE**

**42 § 213**

Nov. 16, 1973, 87 Stat. 604, provided for the Corps of the Public Health Service for disa-  
retirement of certain officers of the Reserve bility

**§ 212b. Repealed. Apr. 27, 1956, c. 211, § 5(d), 70 Stat. 117**

**Historical Note**

Section, Act July 31, 1953, c. 296, Title II, retired officers of the Service, and is now cov-  
§ 201, 67 Stat. 254, authorized the recall of ered by section 212(c) of this title.

**§ 213. Military benefits**

**Rights, privileges, immunities, and benefits accorded to commissioned officers or their survivors**

(a) Except as provided in subsection (b) of this section, commissioned officers of the Service and their surviving beneficiaries shall, with respect to active service performed by such officers—

(1) in time of war;

(2) on detail for duty with the Army, Navy, Air Force, Marine Corps, or Coast Guard; or

(3) while the Service is part of the military forces of the United States pursuant to Executive order of the President;

be entitled to all rights, privileges, immunities, and benefits now or hereafter provided under any law of the United States in the case of commissioned officers of the Army or their surviving beneficiaries on account of active military service, except retired pay and uniform allowances.

**Award of decorations**

(b) The President may prescribe the conditions under which commissioned officers of the Service may be awarded military ribbons, medals, and decorations.

**Authority of Surgeon General**

(c) The authority vested by law in the Department of the Army, the Secretary of the Army, or other officers of the Department of the Army with respect to rights, privileges, immunities, and benefits referred to in subsection (a) of this section shall be exercised, with respect to commissioned officers of the Service, by the Surgeon General.

**Active service deemed active military service with respect to laws administered by Veterans' Administration**

(d) Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all laws administered by the Veterans' Administration (except the Servicemen's Indemnity Act of 1951) and section 417 of this title.

1972. Act Oct. 24, 1972, P. L. 92-540, Title IV, § 409, 36 Stat. 1092, substituted new item 102 for one which read, "102. Dependent parents and husbands."

### § 101. Definitions

For the purposes of this title [38 USCS §§ 101 et seq.]—

- (1) The term "Administrator" means the Administrator of Veterans' Affairs.
- (2) The term "veteran" means a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.
- (3) The term "surviving spouse" means (except for purposes of chapter 19 of this title [38 USCS §§ 701 et seq.]) a person of the opposite sex who was the spouse of a veteran at the time of the veteran's death, and who lived with the veteran continuously from the date of marriage to the date of the veteran's death (except where there was a separation which was due to the misconduct of, or procured by, the veteran without the fault of the spouse) and who has not remarried or (in cases not involving remarriage) has not since the death of the veteran, and after September 19, 1962, lived with another person and held himself or herself out openly to the public to be the spouse of such other person.
- (4)(A) The term "child" means (except for purposes of chapter 19 of this title [38 USCS §§ 701 et seq.] and section 5202(b) of this title [38 USCS § 5202(b)]) a person who is unmarried and—
- (i) who is under the age of eighteen years;
  - (ii) who, before attaining the age of eighteen years, became permanently incapable of self-support; or
  - (iii) who, after attaining the age of eighteen years and until completion of education or training (but not after attaining the age of twenty-three years), is pursuing a course of instruction at an approved educational institution;
- and who is a legitimate child, a legally adopted child, a stepchild who is a member of a veteran's household or was a member at the time of the veteran's death, or an illegitimate child but, as to the alleged father, only if acknowledged in writing signed by him, or if he has been judicially ordered to contribute to the child's support or has been, before his death, judicially decreed to be the father of such child, or if he is otherwise shown by evidence satisfactory to the Administrator to be the father of such child. A person shall be deemed, as of the date of death of a veteran, to be the legally adopted child of such veteran if such person was at the time of the veteran's death living in the veterans' household and was legally adopted by the veteran's surviving spouse within two years after the veteran's death or the date of enactment of

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for at least 90 days after April 6, 1917 and the veteran's discharge was under honorable conditions:

(3) a person who has served for not less than five years in the Alaska Army National Guard, or the Alaska Air National Guard, or a reserve unit of the United States armed forces if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year and whose discharge was under honorable conditions. (§ 29 ch 106 SLA 1980; am § 8 ch 115 SLA 1981; am § 9 ch 102 SLA 1983; am § 12 ch 67 SLA 1983)

**Effect of amendments.** — The first 1983 amendment rewrote this section.

The second 1983 amendment made the same changes as the first 1983 amend-

ment and also deleted "the Alaska Naval Militia" following "Alaska Air National Guard" in paragraph (3).

**Sec. 18.56.103. Federal taxation of interest on bonds and bond anticipation notes.** If the interest on bonds or bond anticipation notes of the corporation issued after June 1, 1980, becomes taxable under the income tax laws of the United States, the legislature may appropriate an amount sufficient to pay the outstanding principal and interest on the bonds or bond anticipation notes. Nothing in this section creates a debt or liability of the State of Alaska. (§ 29 ch 106 SLA 1980)

**Sec. 18.56.104. Allocation of tax-exempt bonds.** (a) Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the state under sec. 103A(g)(4) of that Act is allocated solely to the corporation. A municipality may not issue mortgage revenue bonds under sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 unless permitted to do so by the corporation. The amount of mortgage revenue bonds issued by a municipality under sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 with the permission of the corporation shall be deducted from the total amount permitted by that Act.

(b) The provisions of this section apply to home rule municipalities. (§ 9 ch 115 SLA 1981)

**Sec. 18.56.105. Allocation of lending activities.** The corporation shall designate regions within the state which in the aggregate, encompass the entire state. In participating in the making or purchasing of loans under AS 18.56.090(2) and (3) or under AS 18.56.100, the corporation shall make its money available through the private financial institutions in the state within each region designated by the corporation under this section. The corporation shall allocate its

make, or participate in the making of mortgage loans that are not federally insured or guaranteed for residential housing, if the corporation determines that the loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

(d) The corporation may receive and accept from any source whatever any grants or contributions for the housing development fund.

(e) *[Repealed, § 72 ch 113 SLA 1982.]*

(f) *[Repealed, § 72 ch 113 SLA 1982.]*

(g) *[Repealed, § 72 ch 113 SLA 1982.]*

(h) *[Repealed, § 72 ch 113 SLA 1982.]*

(i) *[Repealed, § 72 ch 113 SLA 1982.]*

(j) *[Repealed, § 72 ch 113 SLA 1982.]*

(k) *[Repealed, § 72 ch 113 SLA 1982.]* (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972; am § 28 ch 106 SLA 1980; am §§ 25 — 27, 72 ch 113 SLA 1982)

**Effect of amendments.** — The 1982 amendment in subsection (a), substituted "housing development fund" for "special revolving loan fund to be known as the 'housing development fund'"; in subsection (b), deleted the paragraph designations, deleted the provisions of former paragraphs (1) and (2), which read, respectively, "defray development costs of sponsor, builders, and developers of residential housing" and "provide to persons of lower and moderate income who are applying for mortgages, the amounts required to make down payments and pay closing costs and to housing owners the amounts applied for partial rental payments and mortgage interest payments

under AS 18.56.090(4); or", and substituted "loans which are not federally insured or guaranteed for" for "and construction loans which are not federally insured or guaranteed to sponsors, builders, purchasers and developers of land development or"; and in subsection (c), deleted "and the proceeds of sale of fund notes" following "to the fund" in paragraph (1). The amendment also repealed subsections (e)-(k).

**Editor's notes.** — Section 74, ch. 113, SLA 1982, provides: "The repeal of AS 18.56.100(e)-(k) in sec. 72 of this Act does not invalidate housing development fund notes issued under AS 18.56.100(e)-(k) before June 25, 1982."

**Sec. 18.56.101. Eligibility for veterans' interest rates.** The following persons are eligible veterans for the purposes of AS 18.56.098(g) and (h):

(1) a person who served in the armed forces of the United States for 90 days or more, or whose service was for less than 90 days because of injury or disability incurred in the line of duty, after April 6, 1917, whose discharge was under honorable conditions;

(2) the widow or widower of a member of the armed forces or an eligible veteran if the member or veteran served in the armed forces

# SUPPLEMENT

§ 18.56.098

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pregnancy, parenthood, race, religion, color, national origin, or status as a student;

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

(7) a loan to a person who has a past due child support obligation established by court order or by the child support enforcement division under AS 47.23.160 — 47.23.220 at the time of application.

(b) The loan-to-value limitation established in (a)(4) of this section does not apply to a mortgage loan that is federally insured or guaranteed. The loan-to-value limitations established in (a)(1) and (4) of this section do not apply to a mortgage loan that is a refinancing mortgage loan under AS 18.56.102. (§ 27 ch 106 SLA 1980; am § 3 ch 115 SLA 1981; am § 18 ch 113 SLA 1982; am §§ 4-6 ch 112 SLA 1983; am § 4 ch 128 SLA 1984; am § 5 ch 116 SLA 1986; am § 2 ch 41 SLA 1987)

**Effect of amendments.** — The 1987 "qualified" in the first sentence and added amendment, effective June 9, 1987, in the second sentence. subsection (b) substituted "mortgage" for

**Sec. 18.56.098. Special mortgage loan purchase program.** (a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase first or second mortgage loans. A first or second mortgage loan purchased under this subsection must be made for the purchase, improvement, or rehabilitation of a residence or must be a refinancing loan. First or second mortgage loans purchased under this subsection may include graduated payment mortgage loans and adjustable rate mortgage loans.

(b) The corporation shall adopt regulations under AS 18.56.088 to establish minimum construction standards that a residence must meet before the corporation may purchase a mortgage loan on the residence under (a) of this section. The minimum construction standards shall include standard deviations from the minimum construction standards to allow the corporation to purchase loans on residences that do not meet the minimum construction standards but that are certified by an engineer to be within the standard deviations. The standard deviations shall include, but are not limited to, provisions relating to water holding tanks, on-site water and sewer systems, and foundations.

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond antic-

ipation notes issued by the corporation for the special mortgage loan purchase program and may expend amounts appropriated to the special mortgage loan purchase program for mortgage loan subsidies or other purposes of the program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

(d) *[Repealed, § 51 ch 115 SLA 1981.]*

(e) The corporation shall adopt regulations under AS 18.56.088 to implement the special mortgage loan purchase program. The regulations shall include provisions allowing, prohibiting, or restricting the right to assume or the right to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. A provision in a mortgage loan purchased by the corporation after June 30, 1981, that prohibits or restricts the right to assume or the right to provide for the payment of mortgage loans is enforceable. The corporation shall enforce the regulations adopted under this subsection.

(f) In this section and in AS 18.56.099

(1) "graduated payment mortgage loan" means a mortgage loan the terms of which provide for monthly principal and interest payments that

(A) during the first year of the mortgage loan are lower than the monthly principal and interest payments that would be required under the terms of a level payment mortgage loan made at the same interest rate; and

(B) during subsequent years of the mortgage loan are graduated to provide for the same return over the term of the loan that would have been provided by a level payment mortgage loan made at the same interest rate;

(2) "mortgage loan" includes a beneficial interest or participation in a mortgage loan;

(3) *[Repealed, § 51 ch 115 SLA 1981.]*

(4) "residence" means an owner-occupied, single-family residence, including a mobile home, or an owner-occupied duplex, triplex or fourplex.

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

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

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

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

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

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

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

(5) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation other than bonds that constitute qualified veterans' bonds under (i) of this section, is equal to the interest rate determined under (1) and (2) of this subsection on a loan purchased under (a) of this section from the proceeds of the most recent applicable issue of taxable bonds sold by the corporation. A higher or lower interest rate shall be established on the entire loan amount if required to ensure the tax-exempt status of the bonds.

(6) The corporation shall determine the interest rate on a mortgage loan that is an adjustable rate mortgage loan as provided in the is subsection. The corporation shall recalculate the interest rate from time to time based on changes in the cost to the corporation of the funds used to purchase the adjustable rate mortgage loan. However, the corporation may establish a minimum interest rate applicable to an adjustable rate mortgage loan, and the interest rate on the adjustable rate mortgage loan may not be less than the minimum interest rate so established regardless of the cost of funds to the corporation.

(7) In this subsection

(A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

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

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by

the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section.

(i) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that constitute qualified veterans' mortgage bonds under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980) as amended, is the greater of (1) four percent less than the cost of funds or (2) the rate for other loans to veterans under AS 18.56.098(g)(3). A higher or lower interest rate shall be established on the entire loan amount if required under 26 U.S.C. 103A.

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state, each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for qualifying veterans. In this subsection a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may subsequently be defined under 26 U.S.C. 103A (Mortgage Subsidy Bond Tax Act of 1980), as amended.

(k) The interest rate limitations of AS 45.45.010 do not apply to loans purchased under this section or to loans that the corporation has, in any manner, committed itself to purchase. (§ 27 ch 106 SLA 1980; am §§ 4 — 7, 51 ch 115 SLA 1981; am § 1 ch 35 SLA 1982; am §§ 19 — 24 ch 113 SLA 1982; am §§ 7, 8, 27 ch 102 SLA 1983; am § 5 ch 128 SLA 1984; am §§ 1, 2 ch 9 SLA 1986; am §§ 3, 4 ch 41 SLA 1987)

**Effect of amendments.** — The 1987 amendment, effective June 9, 1987, re- wrote subsection (a) and added subsection (g)(6).

**Sec. 18.56.102. Simplified refinancing mortgage loan purchase program.** [Repealed effective December 10, 1988]. (a) The corporation shall establish a simplified refinancing mortgage loan purchase program. Under the simplified refinancing mortgage loan purchase program, the corporation may purchase refinancing mortgage loans to provide relief to borrowers under circumstances described by regulations adopted by the corporation.

(b) AS 18.56.098(c), (e), and (k) apply to refinancing mortgage loans purchased under (a) of this section.

(c) Subject to (d) of this section, the interest rate on a refinancing mortgage loan purchased under (a) of this section is three percent less than the cost to the corporation of the money used to purchase the refinancing mortgage loan, except that if the cost of money

(1) is 10 percent or less, the interest rate is equal to the cost of money; and

3/30/88

*Alaska* HOUSING FINANCE CORPORATION

May 13, 1987

The Honorable Ramona Barnes  
Representative, State of Alaska  
Post Office Box V  
Juneau, Alaska 99811  
ATTENTION: PATTY SWENSON

SUBJECT: PROPOSED LEGISLATION HB 269

Dear Representative Barnes:

You have asked AHFC to provide information regarding the possible fiscal impact to the Corporation should HB 269 be enacted.

As HB 269 was introduced and currently reads, AHFC's State Veterans Interest Rate Preference would be expanded to include Public Health Service commissioned officers. All PHS officers regardless of the amount of time they served, would be eligible under this proposal.

It is difficult to determine how much this would cost AHFC since we have no historical data which tells us how many PHS borrowers we have. However, according to the Anchorage PHS office, there are currently 250 PHS commissioned officers living in Anchorage.

The number of PHS officers located in Alaska, outside of Anchorage, was not immediately available. However most PHS employees working in rural areas live in federal government-provided housing.

AHFC estimates that on an average loan of \$110,000, a one-percent interest rate subsidy costs AHFC approximately \$6,000. Therefore, if 250 PHS officers were qualified to buy homes and sought financing through AHFC, the one-percent subsidy would cost approximately \$1.5 million.

Also, AHFC has no way of predicting how much it would cost AHFC if HB 269 should be amended to allow active military with at least 5 years of service to participate in the State Veterans Interest Program. However, from 1982 to present, AHFC has loaned to 3,605 active duty military borrowers. About half, or 1,874, have loans made under the federal Veteran's Mortgage Program (tax-exempt).

If we assume that the remaining borrowers would have been eligible for the State Veterans Interest Rate, which would have cost AHFC \$12 million.

The Honorable Ramona Barnes  
May 13, 1987  
Page 2

For your information, in FY 1987, through February 28, 1987, AHFC has made 1589 loans under the State Veterans Interest Rate Program and 356 loans under the federal Veterans Mortgage Program. The average loan was \$116,000.

If you need more information, don't hesitate to contact me.

Sincerely,



Margaret Nelson  
Special Assistant/Public Information Officer

MN:de

1 IN THE HOUSE

BY BARNES AND FURNACE  
BY REQUEST

2

HOUSE BILL NO. 269

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to eligibility for veterans' interest rates for housing mortgage loans."

7

8

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

9

\* Section 1. AS 18.56.101 is amended to read:

10

Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The

11

following persons are eligible veterans for the purposes of AS 18.56.-

12

098(g) and (h):

13

(1) a person who served in the armed forces of the United

14

States for 90 days or more, or whose service was for less than 90 days

15

because of injury or disability incurred in the line of duty, after

16

April 6, 1917, whose discharge was under honorable conditions;

17

(2) the widow or widower of a member of the armed forces or

18

an eligible veteran if the member or veteran served in the armed

19

forces for at least 90 days after April 6, 1917, and the veteran's

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discharge was under honorable conditions;

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(3) a person who has served for not less than five years in

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the Alaska Army National Guard, or the Alaska Air National Guard, or a

23

reserve unit of the United States armed forces if the reserve unit

24

required, as a minimum, one weekend each month of duty and 15 consecu-

25

tive days of active duty training each year and whose discharge was

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under honorable conditions;

27

(4) a person who has served ~~as a commissioned officer of~~ *in*

28

the Regular or Reserve Corps of the Public Health Service whose dis-

29

charge was under honorable conditions.

*To be offered  
by Sen.  
Zharoff on  
Senate floor,  
if necessary.*

SENATE COMMITTEE REPORT

FURTHER FINANCE

DATE TURNED INTO OFFICE 3/18/88

3/7/88

Mr. President:

State Affairs Committee considered HB 269

eligibility for veterans' interest rates for housing mortgage loans

and recommended

[ ] replace with CS [ ] same title
[ ] or adopt CS [ ] new title

[ ] attached amendment(s) and

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to

[ ] letter of intent adopted

Committee [X] attached or [ ] adopted fiscal note(s)

[ ] new [ ] updated or [X] previous

[X] zero [ ] fiscal impact NO

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

1 William L. Hendy
1 Joe Josephson

2 [Signature] (No Rec)

[Signature] Chairman signature and recommendation

[ ] Committee Backup attached