

SB

209

LEGISLATIVE

SPONSOR: SJUD

T/C DATE/DAY: 4/10 - Friday

pub hear work ses inv hear

TIME: 1:30-6:00

LEGISLATIVE REFERENCE: SB 209

JUNEAU ROOM: N/A

SUBJECT: Mortgage Loans purchased by AHFC

BRIDGE: N/A

OF PORTS: N/A

CONTACT: B. H. PH: 3717

DATE TAKEN/BY: 4/6 - ATC

TELECONFERENCE SITES:

LIO'S

LTC'S

VTS'S

- Anchorage
- Barrow
- Bethel
- Delta Jur tition
- Dillingham
- Fairbanks
- Glennallen
- Juneau
- Ketchikan
- Kodiak
- Kotzebue
- Mat-Su
- Nome
- Petersburg
- Sitka
- Soldotna
- Valdez

- Fort Yukon
- Galena
- Homer
- Naknek
- Newhalen
- St. Paul
- Sand Point
- Togiak
- Unalaska
- Wrangell

See List on Reverse Side

ALL LIO'S

ALL LIO'S/LTC'S

OTHER SITES WELCOME WITH PRIOR NOTIFICATION

OFFNETS: Mat-su Com. Col.
Glenn Massey (Dean)
Library 210-211

CHAIRING SITE: * Mat-su C.C.

CHAIRPERSON: Sen Kerttula

[] CONFORMS TO LEGISLATIVE COUNCIL POLICY 4/85

Sen Kerttula
 SIGNATURE OF SPONSOR/CONTACT PERSON

4-6-87
 DATE

SPECIAL INSTRUCTIONS

Alaska

HOUSING



FINANCE CORPORATION

TELECOPY

TO: *Hayden Kaden*
Senate Judiciary Committee

FROM: *Margaret Nelson*
ALASKA HOUSING FINANCE CORPORATION

DATE: *April 1, 1987*

COVER LETTER PLUS 4 PAGES. PHONE CONTACT IF NOT RECEIVED
PROPERLY IS (907) 276-5599. ATTENTION:

Sandy
x 227

THANK YOU.

Simplified Refinance Info

Pls deliver to Senator Hertules ofc.

Slx

Alaska HOUSING FINANCE CORPORATION

P.O. Box 101020, Anchorage, Alaska 99510

TO: Hayden Kaden
Senate Judiciary Committee

DATE: April 1, 1987

FROM: Margaret Nelson *Margaret Nelson*
Special Assistant/Public Information Officer

Re: SB 209 and the
Proposed Simplified Refinance Program

To help the Senate Judiciary Committee's consideration of SB 209, this memo discusses Alaska Housing Finance Corporation's Proposed Simplified Refinance Program. Hopefully, this discussion will clarify some questions the Committee members may have with the program. AHFC Executive Director Ron Lehr plans to attend the Committee hearing Tuesday and will be available to answer additional questions at that time. Please refer to the attached brochure which provides the program details.

In March of 1986, with Legislative approval, AHFC instituted a Refinance Program under which AHFC borrowers could reduce their mortgage payments and make their loans assumable. That program was successful in that to date 3,093 households have refinanced their mortgages and saved an average of \$240 per month.

Under this proposed program, AHFC estimates that as many as 10,000 AHFC borrowers with interest rates at 10% or higher may be able to participate.

Discussion

Many of you have asked why those loans which closed after February 1, 1984, are ineligible for the program.

First, the major financial backer of the program is the Mortgage Guaranty Insurance Company (MGIC) which insured most of those loans closed prior to February 1, 1984. By insuring the refinance of those loans it holds, MGIC decreases its percentage of risk of default. But if it were to insure loans other than those it already insures, MGIC increases its risk, which it is not willing to do.

Second, the Federal National Mortgage Association (Fannie Mae), the insurer of the post-February 1984 loans, is considering the program. However, it has many major obstacles in doing the program. The most important is due to a legal technicality involving the Mortgage Backed Security system under which the loans are financed. Because of that technicality, it may not be able to approve refinance of those loans.

Another question which has frequently been asked by the public is why can't AHFC refinance those loans other than its own. Again, the financial backer is not willing to increase its risk by insuring loans other than its own.

SB 209

The proposed bill (and its House counterpart HB 190) does two major things. First, it permits AHFC to offer an adjustable rate mortgage (ARM). Second, it sets up the Simplified Refinance Program. This program differs from standard AHFC programs in two major respects: (1) it allows for a new loan where neither the borrower nor the property has to meet standard qualifications; and (2) it allows for the possibility of a subsidy on an entire mortgage, rather than just on the first \$90,000 as present law allows. This latter provision is included to provide some needed simplification to what will be a very complex financing situation.

At this point, there are three major occurrences that have to be favorably resolved if the proposed program is to become a reality. Since all must happen, the order of the listing is not significant.

- 1) The proposed legislation must pass. It is not clear whether an adjustable rate mortgage would be permitted under our existing statutes. It is very clear that the proposed simplified refinance program would not be.
- 2) Approval of the program must be obtained from the various primary and pool mortgage insurers. For financing to go forward, the current levels of insurance must be maintained. Since the proposed program represents a good deal for the mortgage insurers, their approval is expected.
- 3) Appropriate financing must be obtained. AHFC must be able to issue about \$1 billion worth of debt to meet the expected demand. AHFC has been working with a number of investment banking firms and believes that we will be able to obtain the financing we need in the Euro-market. Fluctuations in the financial markets could change that, but we remain optimistic.

Although this proposed refinance program will not be a panacea, we believe it will be the single largest positive action we can take to help AHFC borrowers, the housing market, and the Alaskan economy in general. We believe this proposed program is just another example of how AHFC functions as a stabilizer in Alaska's economy. In the current declining economy, when many participants in the mortgage industry are reducing or pulling their businesses out of Alaska, AHFC is proposing a program to help people through these times by reducing borrowers' mortgage payments. AHFC, through its financing abilities, is able to access the current low interest rates now available in national markets to help Alaskan borrowers.

su

Attachment

PROPOSED

ALASKA HOUSING FINANCE CORPORATION PROPOSED SIMPLIFIED REFINANCE PROGRAM

Under this proposed program, Alaskans can refinance their existing AHFC loans to a lower interest rate with minimal qualifications and no appraisal.

PROGRAM CRITERIA

Highlights

- Loan documentation, and thus costs, will be minimal.
- The refinance loan will be made regardless of property value.
- The new loan will be an adjustable rate mortgage. The rate will remain fixed for the first three years and adjust annually thereafter. However, the rate will not exceed 10% for the life of the loan.
- The loan term will be 20 years, or 30 years for those in hardship situations for "stick-built" homes. For mobile homes, the loan terms will be 15 years or 20 years, respectively.

Eligible Loans

- All AHFC loans closed prior to February 1, 1984 will be eligible for the program. AHFC is working on including those loans closed after that date.
- The mortgage payments for the past 12 months must have been made satisfactorily and must be current at closing, or the borrower must have made a good faith effort to work out an agreeable solution for delinquent loan payments with the lender servicing the loan.
- The borrowers must occupy the property as their primary residence.

Eligible Properties

- Loans eligible for refinance will be secured by a single-family residence, duplex, condominium or PUD unit, mobile home, three-plex or fourplex.

Limitations

- The refinance loan will be assumable only for the first five years after the closing date.

- HOF subsidy loans. Upon refinance, HOF subsidies will be recalculated based on the new payments. The new subsidy may not exceed the subsidy currently being paid by AHFC. If the existing loan is not HOF subsidized, the refinance loan will not be eligible for a HOF subsidy.
- PAM mortgage loans. Upon refinance of a PAM mortgage, the total remaining in the PAM account must be applied to the principal balance of the loan before closing. There will be no PAM loans under this program.
- The maximum loan amount will be the current unpaid principal balance plus allowable closing costs. There will be no equity extraction allowed under this program.

Payment Structure/Interest Rate

- The new payments will be calculated using an interest rate established by AHFC. The interest rate will remain fixed for approximately three years and adjust annually thereafter.
- For the life of the loan, the maximum interest rate will be 10% and the minimum will be 7.5%

Hardship Situations

- Borrowers need not have a hardship to be eligible for this program. However a hardship may result in different loan terms.
- To be eligible for hardship terms, the borrower must have experienced an involuntary decrease in income in an amount that could cause the new mortgage payment to exceed 35% of the total household income.
- Examples of a hardship are: long-term lay-off, involuntary loss of job, mandatory reduction in pay, disability or illness resulting in income decrease, death of wage earner and divorce.
- Situations not considered a hardship: seasonal lay-off, union strike, voluntary loss of job, reduction in or loss of salary to return to school, incarceration.

Loan Term

- The term of the refinance loan will be:

<u>Type</u>	<u>Property</u>	<u>Term</u>
Non-hardship	Mobile Home Type II	15 years*
	All other properties	20 years
Hardship	Mobile Home Type II	20 years*
	All other properties	30 years

- or original term whichever is less

Costs

- AHFC will not charge a fee for this refinance, However, borrowers should expect to pay bank fees and fees for the title update.

March 18, 1987



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 24, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the purchase of mortgage loans by the Alaska Housing Finance Corporation (AHFC) and to the issuance of refinancing mortgage bonds by AHFC. The bill enables AHFC to establish a new program for AHFC purchase of refinancing mortgage loans. It also clarifies AHFC's ability to purchase adjustable rate mortgage loans.

Existing AS 18.56.096 imposes a number of limitations with respect to the terms of mortgage loans that AHFC may purchase. Existing AS 18.56.096(a)(1) and (4) set out loan-to-value ratio limits applicable to first mortgages for two- to four-unit houses and single-family houses, respectively. Existing AS 18.56.096(b) waives the loan-to-value ratio limit for single-family houses if the mortgage loan is federally insured or guaranteed. The amendment proposed in sec. 1 of the bill also waives the loan-to-value ratio limit for both single-family houses and two- to four-unit houses if the mortgage loan is a refinancing mortgage loan purchased under the new program established in proposed AS 18.56.102 (in sec. 4 of the bill).

Most of AHFC's loan purchasing activities have been carried out under the special mortgage loan purchase program established in AS 18.56.098. The amendment to AS 18.56.098(a), proposed in sec. 2 of the bill, (1) reorganizes some of the language of that subsection to clarify its meaning, (2) preserves AHFC's ability to purchase refinancing loans under the special mortgage loan purchase program notwithstanding the addition of the new program for that purpose in sec. 4 of the bill, and (3) makes it clear that AHFC may purchase an adjustable rate mortgage loan.

Section 3 of the bill adds a new paragraph (7) to AS 18.56.-098(g), the subsection that deals with the setting of interest rates on mortgage loans purchased under the special mortgage loan purchase program. The new paragraph directs

that the interest rate for an adjustable rate mortgage loan be established as with any other mortgage loan except that (1) AHFC is to periodically review those interest rates, and (2) AHFC may establish a minimum interest rate for adjustable rate mortgage loans.

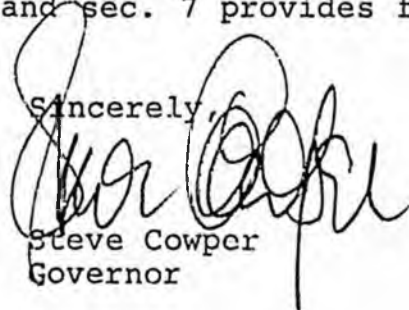
Section 4 of the bill adds AS 18.56.10?, which establishes the simplified refinancing mortgage loan purchase program. The new program is intended to provide relief to borrowers under circumstances described by regulations to be adopted by AHFC. The interest rate for a mortgage loan purchased under the new program is set according to the cost to AHFC of the money used to purchase the mortgage loan. The interest rate is equal to the cost of the money if that cost is 10 percent or less; if the cost of the money is greater than 10 percent, the interest rate is 3 percent below the cost of the money, but may not be less than 10 percent. AHFC may purchase adjustable rate mortgage loans under the new program. The interest rates for the adjustable rate mortgage loans are to be periodically reviewed and are subject to a minimum interest rate if one is established by AHFC.

Certain provisions of the special mortgage loan purchase program in AS 18.56.098 will be applicable to the new refinancing mortgage loan purchase program, including the ability to pledge mortgage loans to bonds issued for the purposes of the program (AS 18.56.098(c)), the duty to adopt regulations with respect to the program and with respect to the ability to prepay mortgage loans purchased under the program (AS 18.56.098(e)), and a waiver of the application of the state usury limitation to loans purchased by AHFC (AS 18.56.098(k)).

Section 5 of the bill proposes an amendment to AS 18.56.-110(g), to exempt bonds for the purchase of refinancing mortgage loans from the limitation, set in that subsection, on the amount of bonds that AHFC may issue during a 12-month period.

Section 6 of the bill adds to AS 18.56.900 a definition of "adjustable rate mortgage loan," and sec. 7 provides for an immediate effective date.

Sincerely,



Steve Cowper
Governor

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: SB209
Publish Date: _____

Revision Date: _____
Title: An Act relating to mortgage loans purchased by Alaska Housing Finance Corp.
Sponsor: _____
Requestor: Governor

Agency Affected: Revenue
BRU: Alaska Housing Finance Corporation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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-
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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						
PART-TIME						
TEMPORARY						

ANALYSIS :

Prepared by: Ron Leht
Division: Alaska Housing Finance Corporation

Phone: 276-5599
Date: March 16, 1987

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer):

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

March 29, 1987
Dan and Alice Rose
P.O. Box 1755
Palmer, Alaska 99645

APR 1 1987

Jay Kertula
P.O. Box V
Juneau, Alaska 99811

APR 1 1987

*copy
A.H.F.C.
Lie -*

Dear Sir:

My wife and I are writing to you in regards to the new House Bill regarding refinancing under the Alaska Housing Finances. It is our understanding that this bill is going to lower the interest rates on Alaska Housing Loans closed before February 1984. It is a refinance package designed at those homeowner's who could benefit in lower interest rates and possibly reduce the number of defaulted loans in this state.

We closed on our house on August 1984 with an interest rate of 12.5 %. Since the home was contracted we had to close and could not wait to see if the interest rates would fall. I, Dan, work for the Mat-Su School District in the Maintenance Dept. Unfortunately it doesn't receive the same treatment as teacher's unions and is based on school budgeting. I have not had a raise in three years and this year I might face a pay cut. We are in the third year of our loan and it is about to take a jump. We can't afford the increase and we can not sell our house to alleviate this burden as the housing market has fallen. Plus we are looking to an increase of \$566.00 in borough taxes to pay for road improvements voted upon by our subdivision but we didn't vote for it.

Last year a similar Alaska Housing bill was passed, but it had some qualifications that made us ineligible. If we had two late payments in one year we could not get our house refinanced. My wife, Alice, was born in Palmer and has lived here all her life. I have lived here in Palmer for fifteen years and we have a son, Christopher who will be six. We are making an effort to stay here and hang on to our house and property.

When we heard of this new bill we thought it was an excellent bill to compensate for the increase of foreclosed homes. In the year of 1984, we are sure there are more people who ended up clos-

ing on their homes in monthes past February 1984 with rates above 10 %.

Unfortunately this bill excluds us. Why was February 1984 chosen as the cut-off date ? Why are we being penalized? We have sent notices through the Legislative offices in Wasilla and no response was made. Is it possible for a grandfather right, waivers, and/or the bill to be modified to include those homeowners like us who are taking the economic load in these hard times.

Sincerely yours,

Dan C. Rose

Alice L. Rose

w01327sB
Levy
4/8/87

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 209 (Judiciary)

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 mortgage loans purchased or made
7 by the Alaska Housing Finance Corporation; relating
8 to bonds issued by the Alaska Housing Finance Corpo-
9 ration; and providing for an effective date."

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

11 * Section 1. AS 13.56.096(b) is amended to read:

12 (b) The loan-to-value limitation established in (a)(4) of this
13 section does not apply to a mortgage [QUALIFIED] loan that is feder-
14 ally insured or guaranteed. The loan-to-value limitations established
15 in (a)(1) and (4) of this section do not apply to a mortgage loan that
16 is a refinancing mortgage loan under AS 18.56.102.

17 * Sec. 2. AS 18.56.098(a) is amended to read:

18 (a) The corporation shall establish a special mortgage loan
19 purchase program. Under the special mortgage loan purchase program,
20 the corporation may purchase [REFINANCING LOANS OR] first or second
21 mortgage loans. A first or second mortgage loan purchased under this
22 subsection must be [, INCLUDING GRADUATED PAYMENT MORTGAGE LOANS,]
23 made for the purchase, improvement, or rehabilitation of a residence
24 or must be a refinancing loan. First or second mortgage loans pur-
25 chased under this subsection may include graduated payment mortgage
26 loans and adjustable rate mortgage loans [RESIDENCES].

27 * Sec. 3. AS 18.56.098(g) is amended by adding a new paragraph to read:

28 (7) The corporation shall determine the interest rate on a
29 mortgage loan that is an adjustable rate mortgage loan as provided in

1 this subsection. The corporation shall recalculate the interest rate
2 from time to time based on changes in the cost to the corporation of
3 the funds used to purchase the adjustable rate mortgage loan. Howev-
4 er, the corporation may establish a minimum interest rate applicable
5 to an adjustable rate mortgage loan, and the interest rate on the
6 adjustable rate mortgage loan may not be less than the minimum inter-
7 est rate so established regardless of the cost of funds to the corpo-
8 ration.

9 * Sec. 4. AS 18.56 is amended by adding a new section to read:

10 Sec. 18.56.102. SIMPLIFIED REFINANCING MORTGAGE LOAN PURCHASE
11 PROGRAM. (a) The corporation shall establish a simplified refinanc-
12 ing mortgage loan purchase program. Under the simplified refinancing
13 mortgage loan purchase program, the corporation may purchase refinanc-
14 ing mortgage loans to provide relief to borrowers under circumstances
15 described by regulations adopted by the corporation.

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

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

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

25 (2) is more than 10 percent, the interest rate may not be
26 less than 10 percent.

27 (d) If the refinancing mortgage loan is an adjustable rate
28 mortgage loan, the corporation shall establish the initial interest
29 rate as provided in (c) of this section and shall recalculate the

Highlights of the proposed program are:

- ° All AHFC loans closed prior to February 1, 1984 will be eligible for the program if the property is still owner-occupied. AHFC is working to include loans closed after that date.
- ° To qualify for the program, payments must be current on existing loans, or borrowers must be on acceptable workout plans with their lenders. No additional credit checks will be required.
- ° Loan documentation, and thus the costs, will be minimal. It is hoped banks will compete for business by charging fees lower than those for conventional loans.
- ° The refinance loan will be made regardless of current property value.
- ° The loan will bear an adjustable rate, which will be level for the first three years and adjust annually thereafter. The rate will be capped at 10% for the life of the loan. The loan will have an interest rate floor of 7.5%.
- ° The loan term will be 30 years for borrowers with a hardship and 20 years for all others. Mobile home loans will be for 20 years and 15 years, respectively.

AHFC Executive Director Ron Lehr, said he believes the proposed program is the most positive step AHFC can take to help borrowers, the housing market and the Alaskan economy in general.

By reducing borrowers mortgage payments, Lehr said, Alaskans will be more able to make it through these tough economic time.

w01327sB
Levy
4/8/87

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29 mortgage loan that is an adjustable rate mortgage loan as provided in

Alaska

HOUSING



FINANCE CORPORATION

- 788-0575 -

NEWS RELEASE

FOR IMMEDIATE RELEASE
March 18, 1987

For information contact:
Margaret Nelson
276-5599

Cowper Introduces Bill Paving Way For Refinance Program

Governor Steve Cowper today introduced a bill (H.B. 190) which paves the way for a new program which will allow Alaskan homeowners to reduce their monthly mortgage payments.

The proposed program, called the Simplified Refinance Program, will allow Alaskans to refinance their existing Alaska Housing Finance Corporation loans to a lower interest rate with minimal qualifications.

"Under this program AHFC can help thousands of Alaskans save a couple hundred dollars a month at no cost to the state," Governor Cowper said. "I am pleased to be able to present such a proposal when economic times are such that even a small savings will help a lot of people."

AHFC officials estimate that as many as 15,000 borrowers could refinance their loans under this program if all relevant mortgage insurance companies agree to participate in the program.

But while Cowper praised the program, he also cautioned that before AHFC can implement it, a few major hurdles must be cleared:

- ° The proposed legislation must pass to permit AHFC to refinance existing mortgages into an adjustable rate mortgage, and set up the Simplified Refinance Program.
- ° Approval of the proposal must be obtained from the various primary and pool mortgage insurers. For financing to go forward, the current levels of insurance must be maintained.
- ° The appropriate financing must be obtained. It is critical that AHFC be able to obtain financing at favorable enough terms to provide the low cost refinancing loans that this program requires.

235 East 8th Avenue
Third Floor

P.O. Box 101020
Anchorage, Alaska 99610

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- To qualify for the program, payments must be current on existing loans, or borrowers must be on acceptable workout plans with their lenders. No additional credit checks will be required.
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25 (2) is more than 10 percent, the interest rate may not be
26 less than 10 percent.

27 (d) If the refinancing mortgage loan is an adjustable rate
28 mortgage loan, the corporation shall establish the initial interest
29 rate as provided in (c) of this section and shall recalculate the

1 interest rate from time to time in accordance with (c) of this sec-
2 tion. However, notwithstanding (c)(1) of this section, the corpo-
3 ration may establish a minimum interest rate applicable to an adjust-
4 able rate refinancing mortgage loan; the interest rate on the adjust-
5 able rate refinancing mortgage loan may not be less than the minimum
6 interest rate so established, regardless of the cost of money to the
7 corporation. The corporation may adopt regulations to implement this
8 section, including regulations to define "cost of money" for purposes
9 of this section. The regulations may provide for recalculation of the
10 cost of money under this subsection at the times and frequencies the
11 corporation considers appropriate. The time and frequency for a
12 recalculation under this subsection is not required to match the time
13 or frequency of a change in the cost of money to the corporation.

14 (e) Equity extraction may not be allowed under this program.

15 (f) In this section, "refinancing mortgage loan" means a loan
16 refinancing another mortgage loan owned by the corporation.

17 * Sec. 5. AS 18.56.106(b) is amended to read:

18 (b) The corporation shall adopt regulations under this section
19 that establish conditions and terms for nonconforming housing loans
20 including terms and conditions relating to owner and nonowner occu-
21 pancy, the number of loans that may be made to a single borrower, and
22 borrower eligibility requirements. The corporation shall permit loans
23 under this section for nonconforming housing located on land to which
24 a borrower has agricultural rights.

25 * Sec. 6. AS 18.56.110(g) is amended to read:

26 (g) Notwithstanding AS 18.56.090(12) and (a) of this section,
27 the corporation may not issue bonds [, OTHER THAN REFUNDING BONDS,] in
28 any 12-month period beginning after June 30, 1983, in an amount that
29 exceeds the amount of bonds authorized to be issued during the

1 preceding period, unless a different amount is authorized by the
2 legislature. This subsection does not apply to the issuance by the
3 corporation of refunding bonds or to the issuance by the corporation
4 of bonds the proceeds of which are intended to be used to refinance
5 mortgage loans held by the corporation.

6 * Sec. 7. AS 18.56.900 is amended by adding a new paragraph to read:

7 (13) "adjustable rate mortgage loan" means a mortgage loan with
8 respect to which the interest rate varies or is expected to vary from
9 time to time by reference to an index or formula or other reference
10 point.

11 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).
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