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SENATE COMMITTEE REPORT

FURTHER

2/27/89

DATE TURNED INTO OFFICE 5/6/89

Mr. President:

FINANCE Committee considered SB 162

reviving the simplified refinancing mortgage loan purchase program of the Alaska Housing Finance Corporation; efd and recommended

- replace with CS 5B162 (FIN)) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) ^{DOR} zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

[Handwritten signatures]

Chairman signature and recommendation

Committee Backup attached

[Handwritten signature] No Rec
 Co-CHAIR

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act reviving the simplified
refinancing mortgage loan purchase program
Sponsor: Rules Committee
Requestor: Governor

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
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 for analysis.

Prepared By: Margaret Nelson
Division: Alaska Housing Finance Corporation

Phone: 564-9321
Date: February 1, 1989

Approved by Commissioner: [Signature]
Agency: Department of Revenue

Date: 2/3/89

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

Changes in the CS (Fin) have no fiscal effect. This fiscal note is appropriate.
SFC: NW 5/6 '89

Original sponsor: Rules/Governor

IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 162 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Housing Finance Corporation to establish a simplified refinancing mortgage loan purchase program; and providing for an effective date."

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

* Section 1. AS 18.56.096(b) is amended to read:

(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 18.56.108 [AS 18.56.102].

* Sec. 2. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.108. SIMPLIFIED REFINANCING MORTGAGE LOAN PURCHASE PROGRAM. (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 two percent less than the cost to the corporation of the money used to purchase the refinancing mortgage loan, except that if the cost of

1 money

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

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

6 (d) If the refinancing mortgage loan is an adjustable rate mort-
7 gage loan, the corporation shall establish the initial interest rate
8 as provided in (c) of this section and shall recalculate the interest
9 rate from time to time in accordance with (c) of this section. How-
10 ever, notwithstanding (c)(1) of this section, the corporation may
11 establish a minimum interest rate applicable to an adjustable rate
12 refinancing mortgage loan. The interest rate on the adjustable rate
13 refinancing mortgage loan may not be less than the minimum interest
14 rate established under this subsection, regardless of the cost of
15 money to the corporation.

16 (e) The corporation may adopt regulations to implement this sec-
17 tion, including regulations to define "cost of money" for purposes of
18 this section. The regulations may provide for recalculation of the
19 cost of money under (d) of this section at the times and frequencies
20 the corporation considers appropriate. The time and frequency for a
21 recalculation under (d) of this section is not required to match the
22 time or frequency of a change in the cost of money to the corporation.

23 (f) Equity extraction may not be allowed under this program.

24 (g) In this section, "refinancing mortgage loan" means a loan
25 refinancing another mortgage loan owned by the corporation.

26 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

Y. Binkley
5/6/89

#2

go0939sH
Chenoweth
5/6/89

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 162 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act authorizing the Alaska Housing Finance Corpo-
7 ration to establish a simplified refinancing mortgage
8 loan purchase program; and providing for an effective
9 date."

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

11 * Section 1. AS 18.56.096(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 loan that is federally insured or
14 guaranteed. The loan-to-value limitations established in (a)(1) and
15 (4) of this section do not apply to a mortgage loan that is a refi-
16 nancing mortgage loan under AS 18.56.108 [AS 18.56.102].

17 * Sec. 2. AS 18.56 is amended by adding a new section to read:

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20 ing mortgage loan purchase program. Under the simplified refinancing
21 mortgage loan purchase program, the corporation may purchase refinanc-
22 ing mortgage loans to provide relief to borrowers under circumstances
23 described by regulations adopted by the corporation.

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

26 (c) Subject to (d) of this section, the interest rate on a re-
27 financing mortgage loan purchased under (a) of this section is one
28 percent less than the cost to the corporation of the money used to
29 purchase the refinancing mortgage loan, except that if the cost of

1 money

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

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

6 (d) If the refinancing mortgage loan is an adjustable rate mort-
7 gage loan, the corporation shall establish the initial interest rate
8 as provided in (c) of this section and shall recalculate the interest
9 rate from time to time in accordance with (c) of this section. How-
10 ever, notwithstanding (c)(1) of this section, the corporation may
11 establish a minimum interest rate applicable to an adjustable rate
12 refinancing mortgage loan. The interest rate on the adjustable rate
13 refinancing mortgage loan may not be less than the minimum interest
14 rate established under this subsection, regardless of the cost of
15 money to the corporation.

16 (e) The corporation may adopt regulations to implement this sec-
17 tion, including regulations to define "cost of money" for purposes of
18 this section. The regulations may provide for recalculation of the
19 cost of money under (d) of this section at the times and frequencies
20 the corporation considers appropriate. The time and frequency for a
21 recalculation under (d) of this section is not required to match the
22 time or frequency of a change in the cost of money to the corporation.

23 (f) Equity extraction may not be allowed under this program.

24 (g) In this section, "refinancing mortgage loan" means a loan
25 refinancing another mortgage loan owned by the corporation.

26 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

#1

Pinkley
5/6/89
#1

go0939sH ✓
Chenoweth
5/6/89

Original sponsor: Rules/Governor

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 15 (4) of this section do not apply to a mortgage loan that is a refi-
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 22 ing mortgage loans to provide relief to borrowers under circumstances
 23 described by regulations adopted by the corporation.

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

26 (c) Subject to (d) of this section, the interest rate on a re-
 27 financing mortgage loan purchased under (a) of this section is one
 28 percent less than the cost to the corporation of the money used to
 29 purchase the refinancing mortgage loan, except that if the cost of

1 money

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

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

6 (d) If the refinancing mortgage loan is an adjustable rate mort-
7 gage loan, the corporation shall establish the initial interest rate
8 as provided in (c) of this section and shall recalculate the interest
9 rate from time to time in accordance with (c) of this section. How-
10 ever, notwithstanding (c)(1) of this section, the corporation may
11 establish a minimum interest rate applicable to an adjustable rate
12 refinancing mortgage loan. The interest rate on the adjustable rate
13 refinancing mortgage loan may not be less than the minimum interest
14 rate established under this subsection, regardless of the cost of
15 money to the corporation.

16 (e) The corporation may adopt regulations to implement this sec-
17 tion, including regulations to define "cost of money" for purposes of
18 this section. The regulations may provide for recalculation of the
19 cost of money under (d) of this section at the times and frequencies
20 the corporation considers appropriate. The time and frequency for a
21 recalculation under (d) of this section is not required to match the
22 time or frequency of a change in the cost of money to the corporation.

23 (f) Equity extraction may not be allowed under this program.

24 (g) In this section, "refinancing mortgage loan" means a loan
25 refinancing another mortgage loan owned by the corporation.

26 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).
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STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 6, 1989

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

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill reviving the simplified refinancing mortgage purchase program of the Alaska Housing Finance Corporation (AHFC). This bill would revive, unchanged, and continue in effect, a program that provides statutory authority for the second phase of the home ownership assistance program, commonly known as HOAP II.

When the simplified refinance program was enacted in 1987, the legislature limited the effective period of the program to 18 months. Sec. 9, ch. 41, SLA 1987. However, because of the rapid implementation of HOAP II, AHFC was unable to request an extension of AS 18.56.102 during the final session of the Fifteenth Alaska State Legislature. Therefore, the section was repealed in December 1988.

I urge your prompt and favorable action on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper
Governor

Governor's letter