

SB

221

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03/23/98
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LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (TESTIFIERS ONLY)
TCN:80524 SCHEDULED FOR:03/23/98 13:30 TO 16:00
PUBLIC HEARING HOUSE FINANCE

LTN1150
BY:JNU
FOR:ANC

LOCATION: ANCHORAGE
SB 221
~~HB 380~~

(3) AMBER
~~KEN~~

HUTCHENS
~~BOYD~~

AK MORTG BANKERSTESTIFY
~~DIV OIL & GAS TESTIFY~~

Pres AK Mortg Bank ASS



ALASKA STATE LEGISLATURE

SENATOR RANDY PHILLIPS
SENATE DISTRICT L

SESSION
State Capitol
Juneau, AK 99801
(907) 465-4949
800-478-4950
Fax: 465-4979

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P.O. Box 142
Eagle River AK 99577
(907) 694-4949
Fax: 694-4948

Memorandum

TO: Representative Gene Therriault, Co-Chair
House Finance Committee

FROM: Senator Randy Phillips

DATE: February 2, 1997

RE: Senate Bill 221,
"An Act relating to negatively amortizing loans under a program
approved or sponsored by the state or federal government"

Many of Alaska's seniors are faced with the prospect of reduced income and the inability to keep their homes. One option for seniors is a "reverse annuity mortgage," a mortgage wherein the financial institution provides a stream of payments to the borrower in return for an equity position in the borrower's home. The senior is able to stay in the home while receiving the financial benefits of home ownership.

One of these programs, the 'Homekeeper' loan program, was developed by Fannie Mae. This national program allows seniors to extract equity without a payment plan or to purchase a home without high payments. This program has several options, one of which is an equity share agreement that allows for a higher income allowance for the senior. This option cannot be utilized in Alaska because of a prohibition in current law. Senate Bill 221 changes state law, A. S. 45.45.010(f), to enable certain shared equity loans that are sponsored by the state of Alaska or the federal government.

Passage of SB 221 will benefit many Alaska seniors by allowing them an additional tool to help them retain their homes.



Home Buyer Information

How to Buy a Fannie Mae-owned Home

As a prospective home buyer, you have many options in your [search](#) to find an affordable home. One of those options today is the purchase of a home that has been foreclosed and currently is owned by Fannie Mae...



Reverse Mortgages

A reverse mortgage is a special type of mortgage that enables you, as an older homeowner, to tap the equity you have in your home. Whether you need a lump sum to pay an unexpected hospital bill or a stream of regular advances to supplement your monthly income, the [Home Keeper](#) or the [Home Equity Conversion Mortgage \(HECM\)](#) reverse mortgage offers a payment option to address your particular financial needs...

With the [Home Keeper for Home Purchase](#), by making a significant down payment, older Americans can buy a home and eliminate monthly mortgage payments and keep more of your own savings. It combines the features of a home purchase mortgage and a reverse mortgage into one easy step, giving you instant access to your home equity.

Housing America

Fannie Mae will serve more families during the decade of the 1990s than the 12.5 million families we served the previous five decades of our existence....

Fannie Mae's Historical Required Net Yields

Do you have an adjustable-rate mortgage that has the option to convert to a fixed-rate based on Fannie Mae's required net yields? You can view a snapshot history of these yields [here](#).

For comments or questions please contact webmaster@fanniemae.com.
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HomeStyle Home Improvement Mortgages

Fannie Mae's HomeStyle home improvement products help you with the "tools" to finance a wide range of home improvements.

Bilingual Glossary

Mortgages terms in English and Spanish.

National Housing Survey Results

Fannie Mae's Fifth National Housing Survey, an annual research project designed to determine American attitudes toward housing and homeownership...



Thinking of buying or refinancing a home? Visit www.HomePath.com. Fannie Mae's newest web site, to compare types of mortgages, learn how to apply for a loan, calculate your buying power, locate a lender, go to closing -- and much more. HomePath.com offers a helpful and interactive real estate education experience: numerous calculators; glossary; e-mail; and a lender search function are all in your on-line path to a home of your own.



The Home Keeper Mortgage

It Pays to Keep You in Your Home

You've worked hard for many years to pay for your home. Now your home can pay you back -- with The Home Keeper Mortgage(SM). The Home Keeper Mortgage gives you the flexibility to remain independent and to address your particular financial needs.

Q: What is a Home Keeper(SM) mortgage?

A:

A Home Keeper reverse mortgage is a special type of mortgage that enables you, as an older homeowner, to tap the equity you have in your home. Whether you need a lump sum to pay an unexpected hospital bill or a stream of regular advances to supplement your monthly income, the Home Keeper reverse mortgage offers a payment option to address your particular financial needs.

With a Home Keeper reverse mortgage, you borrow against the value of your home and receive loan proceeds according to the payment plan that you select. You are permitted to change payment plans at any time over the life of the loan, for a nominal fee.

Unlike traditional mortgages or home equity loans, no repayment of the Home Keeper reverse mortgage is required until you no longer occupy the home as your principal residence. At that time, the loan will be due and payable.

When you sell your home or move, the accrued interest plus any cash the lender has paid to you (or to others on your behalf) is due and payable.

Q: Why is Home Keeper called a "reverse mortgage"?

A:

Unlike a traditional mortgage that you pay back each month, Home Keeper payments come to you. In effect, Home Keeper reverses the direction of the payments.

Q: How does a Home Keeper reverse mortgage differ from a home equity loan?

A:

While both Home Keeper and home equity loans enable you to turn the equity in your home into spendable dollars, there are important differences. With a home equity loan, you must make regular monthly payments to repay the loan. These payments begin as soon as the loan is originated. To qualify for such a loan, you must have a monthly income great enough to make those payments.

The Home Keeper reverse mortgage has two principal differences from the typical home equity loan:

- o You do not repay the loan as long as the home remains your principal residence.
- o Your income is not considered when qualifying you for the loan.

Q: Who is eligible for a Home Keeper reverse mortgage?

A:

You, and any co-borrowers, must be at least 62 years old and either own your home free and clear or have a very low outstanding mortgage balance. Your home must be a single-family home. Condominiums and cooperatives are not currently eligible for Home Keeper loans. You also must agree to attend a consumer education session on reverse mortgages. Family members are strongly encouraged to attend these sessions.

Q: How much money can I borrow with a Home Keeper mortgage?

A:

The maximum amount you can borrow -- the principal limit -- is based on three factors: the number of borrowers, the ages of those borrowers, and the adjusted property value. The adjusted property value is the lesser of the appraised value of your home or the Fannie Mae loan limit. Currently, this limit is \$214,600.

Your principal limit is determined at the time that you close your loan.

Q: How will I receive my money?

A:

When you close your loan, you will select one of the following payment plans.

- Tenure option -- you receive equal monthly payments for as long as you occupy the home as your principal residence
- Line of credit option -- you draw upon the principal limit of cash available at times and in amounts of your choosing
- Modified tenure option -- you may set aside a portion of loan proceeds as a line of credit and receive the rest in the form of equal monthly payments

The example below shows the line of credit that could be available to the borrower for different ages and property values.

Age	Single Borrower			Two Borrowers		
	Adjusted Property Value			Adjusted Property Value		
	\$100,000	\$150,000	\$200,000	\$100,000	\$150,000	\$200,000
70	26,514	42,369	58,223	9,461	16,789	24,117
80	42,668	66,435	90,201	31,211	49,249	67,287
90	58,285	89,429	120,573	48,907	75,362	101,817

Q: Can I increase the amount of money I receive under a Home Keeper mortgage?

A:

Yes, the Equity Share option allows you to receive higher cash payments through the life of the loan in exchange for a fee, called the Equity Share. The Equity Share is paid in addition to the loan balance when the loan is paid off. This fee is equal to 10 percent of the property value at the time the loan is repaid. If the combined value of the loan balance and the Equity Share is greater than the property value, you would repay only an amount equal to the value of the property. The Equity Share will not be charged to the borrower if the loan is paid off in the first 24 months of the loan. The Equity Share may not be available from all lenders. The example below shows the line of credit that could be available to a borrower who has selected the Equity Share option. The Equity Share option is also available with the other payment plans.

Age	Single Borrower			Two Borrowers		
	Adjusted Property Value			Adjusted Property Value		
	\$100,000	\$150,000	\$200,000	\$100,000	\$150,000	\$200,000
70	35,505	55,855	76,205	14,805	24,805	34,805
80	59,235	91,285	123,335	44,335	68,935	93,535
90	68,097	104,147	140,197	65,497	100,247	134,997

Q: Will I have to pay any fees to obtain a Home Keeper reverse mortgage?

A:

Yes, you will pay an origination fee, points, other closing costs, and a monthly servicing fee. You can finance almost all of these fees -- that is, these items may be included in your loan balance so that you do not have to pay cash for them.

Q: How is interest charged for a Home Keeper mortgage?

A:

The Home Keeper is an adjustable-rate mortgage. The interest rate on the Home Keeper reverse mortgage is tied to the one-month CD index that is published weekly by the Federal Reserve. The rate adjusts monthly and there is no limit to the amount the rate can change at each monthly adjustment. However, over the life of the loan, the rate cannot change more than 12 percentage points.

A change in the adjustable rate has no effect on the amount or number of loan advances you receive. Interest rate changes will cause the loan balance to grow faster with a higher rate or slower with a lower rate.

Q: Can I be forced to sell or vacate my home if the money I owe on the loan exceeds the value of my home?

A: No. As long as you continue to occupy the property as your principal residence and abide by the loan agreement, which states that you are responsible for property maintenance and payment of all property taxes and insurance, you can stay in your home as long as you choose. No deficiency judgment may result from your Home Keeper loan.

Q: Will my heirs owe anything to the mortgage lender if I die before the loan is paid off?

A: Upon your death, the loan balance, consisting of payments made to you or on your behalf (such as fees) plus accrued interest plus the Equity Share (if selected), becomes due and payable. Your heirs may repay the loan by selling the home or by paying off the Home Keeper loan so that they may keep the home. If the loan balance (or the loan balance and the Equity Share) exceeds the value of your property, your estate will owe no more than the value of the property. No additional financial claims may be made against your heirs or estate.

Q: If my home appreciates in value while I have a Home Keeper reverse mortgage, who will be entitled to that money?

A: With a Home Keeper reverse mortgage, you are legally required to pay back to the lender only the outstanding balance and the Equity Share (if that option was selected). Any money remaining after the mortgage is paid goes to you or, upon your death, to your heirs.

Q: What if I decide to sell my home?

A: If you choose to sell your home, the outstanding loan balance, plus any Equity Share, becomes due and payable to the mortgage lender at the time of sale. You would receive any proceeds exceeding the loan balance.

Q: Can I sell my home to my children and continue to live in it?

A: If you sell your home to your children, or any other individual, the Home Keeper loan will be due and payable at settlement. After the loan is repaid, occupancy arrangements are at the discretion of the new owners.

Q: Will funds I receive from a Home Keeper reverse mortgage affect my Social Security, Medicare, Supplemental Security Income (SSI), or Medicaid benefits?

A: Home Keeper loan funds do not affect your Social Security or Medicare benefits because those benefits are not based on the assets of the recipient. However, in the federal Supplemental Security Income program, beneficiaries must keep their liquid resources under certain limits (\$2,000 for individuals and \$3,000 for couples). If you do not spend Home Keeper advances in the month received, then such funds are considered part of your liquid resources and may adversely affect your eligibility for SSI. Therefore, a Home Keeper borrower who also receives SSI should never draw more money than he or she actually needs to spend that month. Regulations for state-administered programs such as Medicaid, AFDC, and food stamps and for state-funded welfare programs (such as state supplements to SSI), all have different eligibility requirements. Therefore, we suggest that you consult a benefits specialist at your local Area Agency on Aging or the local offices for these programs to determine how Home Keeper payments may affect your particular situation.

Q: Where can I learn more about the Home Keeper reverse mortgage?

A: You may order a list of participating lenders from Fannie Mae's Consumer Resource Center by calling 1-800-7-FANNIE (1-800-732-6643). You also may request "Money From Home", Fannie Mae's guide to Home Keeper and Home Equity Conversion Mortgages. To learn more about all types of reverse mortgages, you can write to the American Association of Retired Persons (AARP) to request their guide to converting your home equity into cash. For a free copy, write to:
Home Made Money
AARP Home Equity Information Center
601 E Street, NW
Washington, DC 20049

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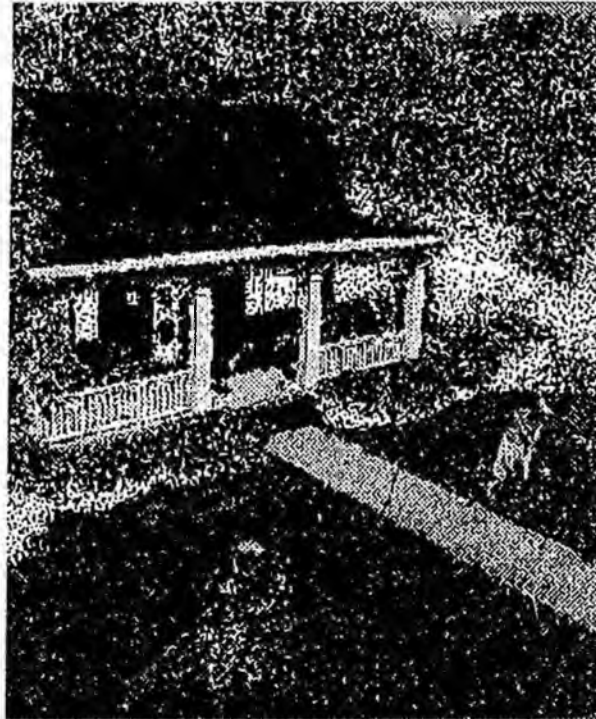


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America's largest source of home mortgage funds



Home Equity Conversion Mortgage (HECM)

**You've Worked Years To Own Your Home:
Now It's Time Your Home Worked For You**

- [How to Supplement Your Income. On the House.](#)
- [Your Home is Probably Made of Money.](#)
- [How Much Can You Receive?](#)
- [Ready to Take the Next Step?](#)

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"After Herb died, I thought I'd have to move in with my son. But thanks to my reverse mortgage, I've been able to stay in my own home, near my friends and senior's groups."

Home Equity Conversion Mortgage (cont'd.)

Are you 62 or over? Do you own your home free and clear, or close to it? If so, here's how to supplement your income. On the house.

A lot of older Americans are house rich, but cash poor. Typically, they're living on fixed incomes and having trouble making ends meet. Many times, they're forced to sell the homes they love, just so they can afford to live.

At Fannie Mae, we don't think that's right. As America's leader in finding innovative ways to make housing more affordable, we want to help older Americans stay in their homes and maintain their independence. That's why we're providing funds to help finance Home Equity Conversion Mortgages. A Home Equity Conversion Mortgage is a type of "reverse" mortgage loan, sponsored by the U. S. Department of Housing and Urban Development (HUD) and insured by the Federal Housing Administration (FHA). A Home Equity Conversion Mortgage allows you to tap the equity you have in your home and receive a monthly check or a line of credit that you can use in any way you please. Best of all, unlike a regular home equity loan, you don't have to repay a penny as long as you stay in your home.

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Home Equity Conversion Mortgage (cont'd.)

You may not be made of money. But your home probably is.

If you're like most older Americans, your home is your largest investment. You've worked years to pay it off, and it's probably worth substantially more today than when you bought it. But now you find yourself needing extra money for living expenses or an unexpected bill. Or maybe you need money for home repairs, or to fix up your car.

With a *Home Equity Conversion Mortgage*, you actually borrow against the value of your home. You then receive the loan proceeds according to the payment plan you select. Several payment options are available, and you can change any time - and as many times - as you wish.

And as long as your home remains your principal residence, you don't have to repay a penny. When your home is finally sold, the loan value plus accrued interest is due and payable, usually from the proceeds of your home. Any accrued servicing fees, mortgage insurance premiums, and other closing costs that were financed will also be a part of the loan balance at that time.

Any proceeds left belong to you or your heirs. If your loan balance exceeds the value of your home, the FHA insurance makes up the difference. So neither you nor your heirs will be left with a debt, and you can never be forced to sell or vacate your home as long as you choose to stay in it.

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"Our Home Equity Conversion Mortgage gives us just that little bit extra that lets us live comfortably in retirement, without worrying about the cost of home maintenance or emergency expenses."

Home Equity Conversion Mortgage (cont'd.)

How much can you receive? That depends.

The amount you receive depends on the age of the youngest borrower(s), the interest rate charged by the lender, the maximum claim amount (the appraised value of your home or the maximum principal amount for a one-family residence that can be insured by FHA in your area, whichever is less), and the length of time you'll be receiving payments. Basically, the older you are, the larger your payments will be.

Once you're approved, you select the payment plan that best suits your needs. You can choose from the following options:

- a **term** option that gives you equal monthly payments for a fixed period of time;
 - a **tenure** option that gives you equal monthly payments for as long as you remain in your home;
 - a **line of credit** option that lets you draw cash as you need it; or
 - a **modified** option that gives you a monthly income and a line of credit.
-

The following example shows typical monthly payments available under the term option and the tenure option:

Term Payment Plan
(10-year term)

AGE	MAXIMUM	CLAIM	AMOUNT
	\$50,000	\$75,000	\$100,000
65	\$146	\$262	\$378
75	\$233	\$391	\$549
85	\$340	\$547	\$755

Tenure Payment Plan

AGE	MAXIMUM	CLAIM	AMOUNT
	\$50,000	\$75,000	\$100,000
65	\$90	\$162	\$234
75	\$154	\$259	\$364
85	\$272	\$438	\$604

(These figures are approximate and assume an 8.5 percent interest rate, financing of \$2,000 in closing costs and the initial mortgage insurance premium, and deduction of a \$30 monthly servicing fee.)

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"My kids and I talked about getting a Home Equity Conversion Mortgage, and they were both very supportive. The way we look at it, I'm just borrowing the money from myself."

Home Equity Conversion Mortgage (HECM)

Ready to take the next step? Then call a Fannie Mae lender.

If you and any co-borrowers are 62 or over and own your home free and clear or are close to it, you're eligible to apply for a Home Equity Conversion Mortgage. The first step is to participate in free information sessions with a HUD-approved counseling agency. These sessions provide additional details on the Home Equity Conversion Mortgage and other options to help you decide whether a Home Equity Conversion Mortgage is right for you. Family members are strongly urged to attend, because any decision you make will affect your estate and its ultimate disposition. As with most regular mortgage loans, you'll have to pay an origination fee, closing costs, and a mortgage insurance premium. Some of these fees may be financed and added to your loan balance, so you won't have to come up with additional cash to pay for them.

To take the first step, call a Fannie Mae lender in your area. You've spent a lot of years working and saving to buy your home. Now it's time your home went to work for you.

For comments or questions please contact webmaster@fanniemae.com.

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Premier Mortgage

3000 A Street, Suite 102
Anchorage, AK 99503
Fax 907-563-7203
Work 907-563-7799
e-mail: premier@alaska.net
<http://www.alaska.net/~premier>

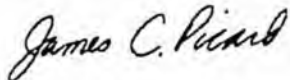
Date: February 1, 1998

To: Senator Randy Phillips
Alaska State Senate
Fax 907-465-4979

Subject: Senate Bill 221 - Enables Fannie Mae HomeKeeper's Equity
Share Option

Premier Mortgage strongly supports Senate Bill 221, which will allow Alaska's senior community to retain ownership of their homes, yet still extract equity, an option that is not now available to them.

Sincerely,



James C. Picard
President

cc: Amber Hutchens, President, AMBA
Fax 907-257-3478



SEATTLE MORTGAGE
A MORTGAGE BANKER

Reverse Mortgages
221 1st Avenue West, Suite #105
Seattle, WA 98119
(206) 213-0013
Fax: (206) 281-5209
Toll Free 1-800-233-4601

TO: Senator Phillips - Alaska State Legislator
Amber Hutchens, President of AMBA

FROM: Ken Keranen, Reverse Mortgage Department Manager for
Seattle Mortgage Company

DATE: January 30, 1998

RE: Senate Bill # 221 - Enables Fannie Mae HomeKeeper's Equity Share
Option.

Seattle Mortgage, with an office in Alaska, has financed about 12 FHA Reverse Mortgage Loans over the past 3 years in Alaska. We have had several cases where the FHA program would not work for the Senior requesting a loan and have had to turn them down because we were unable to offer the Homekeeper Equity Share program.

Seattle Mortgage has sold 60 HomeKeeper loans to Fannie Mae over the past year and a half. These loans were all originated in Washington and Oregon and constitute approximately 20% of our Reverse Mortgage business. None of these loans were written without the Equity Share feature. I understand that Nationally, fewer than 5% of all HomeKeepers do not have Equity Share.

I urge you to do whatever you can to get this bill passed. HomeKeepers with the Equity Share feature will not be a major portion of the Reverse Mortgage Loans written in the State of Alaska. However, for those few that need it in order to get out from under existing conventional mortgages, the HomeKeeper with Equity Share is truly a blessing.

Post-it® Fax Note	7671	Date	1/30/98	# of Pages	1
To	SENATOR PHILLIPS		From	KEN KERANEN	
Co./Dept.	LEGISLATION		Co.		
Phone	(907) 465-4979		Phone #		
Fax #			Fax #		

ALASKA MORTGAGE BANKERS ASSOCIATION
F. O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

TO: Members of the 20th Legislature

RE: AS.45.45.01(f) - equity share
Work draft O-LS1024/A.

Date: October 6, 1997

Dear Honorable Members of the Legislature,

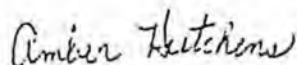
The Alaska Mortgage Bankers Association represents the home lenders of Alaska. Our primary goals include ensuring the continued strength of the Alaskan residential and commercial real estate markets, and expanding home ownership prospects through increased affordability.

As an affordable avenue for senior citizens, Fannie Mae has developed an excellent residential loan program called 'HomeKeeper'. This national program will allow seniors to not only extract equity without a repayment plan, which will enable older Alaskans to keep their homes, but also purchase a house without the pressures of high payments. One of the features of the HomeKeeper program is to allow a higher income allowance to the senior, in exchange for an equity share agreement. Unfortunately, due to current law this option cannot be utilized.

We write to recommend changes to A.S.45.45.010(f) to enable shared equity loans, provided they are approved or sponsored by either the state of Alaska or the federal government. Amending this statute in that way will enable the Alaska lending community to fully implement programs such as Fannie Mae's HomeKeeper program, and in turn benefit older Alaskans.

We look forward to your support and passage of a bill similar to work draft O-LS1024/A.

Sincerely,



Amber Hutchens
President
257-3302

INTERNET ADDRESS:
acoa@admin.state.ak.us



P.O. BOX 110209
JUNEAU, AK 99811-0209
(907) 465-3250
FAX: 465-4716

Alaska Commission on Aging

RESOLUTION 98-1

In support of negative amortization of owner-occupied secured loans

WHEREAS, senior citizens desire to remain in homes they own as long as they are able; and

WHEREAS, SB 221 would amend A.S. 45.45.010(f) to enable lending institutions throughout Alaska to offer certain types of annuity mortgages to senior citizens;

THEREFORE, BE IT RESOLVED that the Alaska Commission on Aging supports SB 221.

Adopted this 30 th day of January, 1998.

Donald M. Hoover

Donald Hoover, Chair

FISCAL NOTE

No. 1
 Bill Version: 99 SB221 (FIN)
 BILL NO (S) Publish Date: 1/27/98

STATE OF ALASKA
 1998 LEGISLATIVE SESSION

Revision Date: _____
 Title: Negatively amortizing loans
 Sponsor: Senate Finance Committee
 Requestor: Senate Finance Committee

Department: Commerce and Economic Development
 BRU: Banking, Securities and Corporations
 Component: Banking, Securities and Corporations

COMPONENT SERIAL NO. _____

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 98) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Willis F. Kirkpatrick, Director *Willis F. Kirkpatrick* Phone: 465-2521
 Division: Banking, Securities and Corporations Date: 1-23-98
 Approved by Commissioner: Deborah B. Sedwick *Deborah B. Sedwick* Date: _____
 Agency: Commerce and Economic Development

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HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 6, 1998

FURTHER REFERRALS:

Date of Committee Action: 3/26/98

The FINANCE Committee considered:

CSSB 221(FIN)

CS FOR SENATE BILL NO. 221(FIN)

NEGATIVELY AMORTIZING LOANS

“An Act relating to negatively amortizing loans secured by owner-occupied real property originated under a program approved or sponsored by the state or federal government, including congressionally chartered national corporations.”

recommends it be replaced with the following committee substitute HCS CS SB 221 (FIN) the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) DCED 1/27/98

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	Therriault	X			
	Martin	X			
	J. Davies	X			
	Grussendorf	X			
	Kohnke	X			
	Kelly			✓	
	G. Davis	X			
	Mitchell	X			

CD CHAIR'S SIGNATURE
Therriault

0-LS1024H
Cook
3/26/98

adopted No/Obj

**HOUSE CS FOR CS FOR SENATE BILL NO. 221(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION**

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to negatively amortizing loans secured by owner-occupied real
2 property originated under a program approved or sponsored by the state or
3 federal government, including congressionally chartered national corporations."

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

5 * Section 1. AS 45.45.010(f) is amended to read:

6 (f) A bank, credit union, savings and loan institution, pension fund, insurance
7 company, or mortgage company may not require or accept any percent of ownership
8 or profits above its interest rate. This subsection does not apply to a loan if the
9 principal amount of the loan is \$1,000,000 or more and the term of the loan is five
10 years or more, or to a negatively amortizing loan secured by owner-occupied real
11 property originated under a program approved or sponsored by

12 (1) the federal government, including congressionally chartered
13 national corporations; or

14 (2) the state if

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(A) the real property that secures the loan is not subject to forced sale provided the owner has not violated the terms of the loan agreement including terms regarding

- (i) payment of property taxes;
- (ii) payment of hazard or fire insurance premiums;
- (iii) keeping the property in reasonable repair;
- (iv) not vacating the property for a period longer than 12 months;

(B) the owner may not be evicted from the real property that secures the loan unless a term of the loan agreement regarding a matter listed in (A)(i) - (iv) of this paragraph has been violated;

(C) neither the estate nor any heir of the former owner may be compelled to pay a deficiency judgment related to the loan; and

(D) the estate or an heir of the former owner has a right of first refusal and may either pay off the loan balance in full, if the former owner had equity in the property, or pay a sum not to exceed 95 percent of the value of the property at the time of exercise of the right of first refusal as determined by an independent real estate appraiser licensed under AS 08.87.

HCS FOR CS FOR SENATE BILL NO. 221(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to negatively amortizing loans secured by owner-occupied real
 2 property originated under a program approved or sponsored by the state or
 3 federal government, including congressionally chartered national corporations."

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