

**SB**

**221**

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## Alaska Commission on Aging

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### 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



# ALASKA STATE LEGISLATURE

SENATOR RANDY PHILLIPS

SENATE DISTRICT L

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## Memorandum

TO: SENATE RULES COMMITTEE

FROM: Senator Randy Phillips ~~REP~~

DATE: January 23, 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.