

LEG. FINANCE - BILLS 1979 - 1980 1228

Housing Bill cont., thru CSSSSB lam 1228

WO#8481

Vassar

4-28

1 IN THE HOUSE

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpora-
7 tion; and providing for an effective date."

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

9 * Section 1. FINDINGS AND INTENT. The legislature finds that

10 (1) there exists in the state a serious shortage of capital to
11 finance owner-occupied, single-family residential housing and owner-occupied,
12 duplex residential housing; interest rates are often far above levels which
13 are affordable to persons of most income levels; these conditions are inimical
14 to the stability, prosperity and economic welfare of the residents of the
15 state and to the sound growth of urban and rural communities in the state;

16 (2) private enterprise has not been able to provide, without
17 assistance, adequate owner-occupied, single-family residential housing and
18 owner-occupied, duplex residential housing to meet the basic housing and
19 shelter needs of most Alaskans, or to consistently provide, without assist-
20 ance, capital for these purposes at rates of interest which people of most
21 income levels can afford; existing state and federal programs are inadequate
22 to meet the housing needs of most Alaskans; it is imperative that housing at
23 a reasonable price be made available to promote stable economic growth and
24 that coordination and cooperation among private enterprise, state government
25 and local government be encouraged to finance residential housing for all
26 Alaskans;

27 (3) the shortage of affordable financing for housing is most acute
28 for state residents of low and moderate income and for state residents who
29 reside in the state's rural and blighted areas; although the Alaska Housing

1 Finance Corporation should endeavor to assist all Alaskans in securing afford-
2 able financing for housing, it is the intention of the legislature that the
3 corporation make a special effort to assist these Alaskans;

4 (4) the creation of the Alaska Housing Finance Corporation with
5 the powers granted to it by this Act is essential to assist private enter-
6 prise in the financing of residential housing at a reasonable cost for all
7 Alaskans and serves a public purpose in benefiting the people of the state;
8 in this Act, the Alaska Housing Finance Corporation is empowered to act on
9 behalf of the state and its people in serving this public purpose for the
10 benefit of the general public.

11 * Sec. 2. AS 18.56.020 is amended to read:

12 Sec. 18.56.020. ALASKA HOUSING FINANCE CORPORATION. The Alaska
13 Housing Finance Corporation is a public corporation and government
14 instrumentality within the Department of Revenue [COMMERCE AND ECONOMIC
15 DEVELOPMENT], but having a legal existence independent of and separate
16 from the state. The corporation may not be terminated as long as it has
17 bonds, notes or other obligations outstanding. Upon termination of the
18 corporation, its rights and property pass to the state.

19 * Sec. 3. AS 18.56.030 is repealed and re-enacted to read:

20 Sec. 18.56.030. CORPORATION GOVERNING BODY. (a) The corporation
21 shall be governed by a board of directors consisting of the commis-
22 sioners of revenue, commerce and economic development, and administra-
23 tion, or their designees, and four members appointed by the governor.
24 The appointment or reappointment of a member to the board, including an
25 ex officio member, is subject to confirmation by a majority vote of the
26 members of the legislature in joint session. If the legislature fails
27 to confirm the appointment of an ex officio member, the governor shall
28 appoint another member from the public to replace the ex officio member.
29 However, the public member who replaces the ex officio member may not be

1 reappointed unless the legislature again fails to confirm the appointment
2 of the ex officio member.

3 (b) All board members serve one-year terms. The terms expire on
4 February 1 of each year.

5 (c) If a vacancy occurs on the board, the governor shall make an
6 appointment, effective immediately, for the unexpired portion of the
7 term:

8 (d) Board members serve without compensation except that each
9 member may be reimbursed by the corporation for actual and necessary
10 expenses at the same rate paid to members of state boards under AS 39.-
11 20.180.

12 * Sec. 4. AS 18.56.050 is amended to read:

13 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall manage
14 the assets and business of the corporation and may prescribe, amend and
15 repeal bylaws and regulations governing the manner in which the business
16 of the corporation is conducted and the manner in which its powers are
17 exercised. The board shall delegate supervision of the administration of
18 the corporation to the executive director, appointed in accordance with
19 AS 18.56.052 [, AND MAY DELEGATE TO HIM OTHER DUTIES IT CONSIDERS PRO-
20 PER].

21 * Sec. 5. AS 18.56 is amended by adding new sections to read:

22 Sec. 18.56.057. LOAN ACCEPTANCE COMMITTEE. (a) There is estab-
23 lished in the corporation the loan acceptance committee. Members of the
24 loan acceptance committee shall be appointed by the board. The board
25 may not appoint a person who is an employee of the corporation or a
26 member of the board to serve on the loan acceptance committee. Members
27 of the loan acceptance committee shall be persons of recognized compe-
28 tence and wide experience in lending money for housing. A person may
29 not be appointed to the loan acceptance committee unless he has been a

1 resident of the state for at least three years. A member of the loan
2 acceptance committee may be reappointed and may continue to serve until
3 his successor has been appointed.

4 (b) Members of the loan acceptance committee serve three-year
5 terms. Initial terms shall be one member serving for one year, one
6 member serving for two years, and one member serving for three years.

7 (c) Two members of the loan acceptance committee constitute a
8 quorum. Decisions of the committee shall be taken by majority vote.

9 (d) Members of the loan acceptance committee receive an annual
10 salary determined by the board.

11 Sec. 18.56.058. DUTIES OF THE LOAN ACCEPTANCE COMMITTEE. The loan
12 acceptance committee has sole responsibility to approve loans to be made
13 or purchased by the corporation under this chapter.

14 * Sec. 6. AS 18.56.060 is amended to read:

15 Sec. 18.56.060. EMPLOYMENT OF PERSONNEL. The board may appoint
16 other officers and engage professional and technical advisors as indepen-
17 dent contractors. The executive director may hire employees of the
18 corporation and, subject to the approval of the board, engage profes-
19 sional and technical advisors under contract with the corporation. The
20 board shall prescribe the duties and compensation of corporation person-
21 nel, including the executive director.

22 * Sec. 7. AS 18.56.070 is amended to read:

23 Sec. 18.56.070. PERSONNEL EXEMPT FROM STATE PERSONNEL ACT. The
24 personnel of the corporation are exempt from AS 39.25 [TO THE SAME
25 EXTENT AS THE PERSONNEL OF THE ALASKA STATE HOUSING AUTHORITY].

26 * Sec. 8. AS 18.56.080 is amended to read:

27 Sec. 18.56.080. INTERDEPARTMENTAL COOPERATION. All departments,
28 agencies and public corporations of the state may provide information,
29 services, facilities and loans to the corporation upon its request. The

1 corporation shall, upon request, [MAY] reimburse departments, agencies
2 and public corporations of the state for services or facilities provided,
3 loans advanced or [FOR] expenses incurred on the corporation's behalf.

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

5 Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of the
6 corporation is subject to the Executive Budget Act (AS 37.07).

7 * Sec. 10. AS 18.56.090 is amended to read:

8 Sec. 18.56.090. GENERAL POWERS. In addition to other powers
9 granted in this chapter, the corporation may [, FOR THE PURPOSE OF
10 PROVIDING HOUSING FOR PERSONS OF LOWER AND MODERATE INCOME OR PERSONS
11 LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE

12 (1) MAKE OR PARTICIPATE IN THE MAKING OF CONSTRUCTION LOANS
13 TO SPONSORS, DEVELOPERS AND BUILDERS OF LAND DEVELOPMENT OR RESIDENTIAL
14 HOUSING, IF THE CORPORATION DETERMINES THAT CONSTRUCTION LOANS ARE NOT
15 OTHERWISE AVAILABLE, WHOLLY OR IN PART, FROM PRIVATE LENDERS UPON REASON-
16 ABLY EQUIVALENT TERMS AND CONDITIONS;

17 (2) MAKE OR PARTICIPATE IN THE MAKING OF MORTGAGE LOANS TO
18 SPONSORS, DEVELOPERS, BUILDERS AND PURCHASERS OF RESIDENTIAL HOUSING, IF
19 THE CORPORATION DETERMINES THAT MORTGAGE LOANS ARE NOT OTHERWISE AVAIL-
20 ABLE, WHOLLY OR IN PART, FROM PRIVATE LENDERS UPON REASONABLY EQUIVALENT
21 TERMS AND CONDITIONS;

22 (3) PURCHASE OR PARTICIPATE IN THE PURCHASE OF MORTGAGE LOANS
23 MADE TO SPONSORS, DEVELOPERS, BUILDERS, OWNERS AND PURCHASERS OF RESIDEN-
24 TIAL HOUSING, IF THE CORPORATION

25 (A) HAS GIVEN APPROVAL BEFORE THE INITIAL MAKING OF THE
26 LOAN AND HAS DETERMINED THAT MORTGAGE LOANS WERE, AT THE TIME THE
27 APPROVAL WAS GIVEN, NOT OTHERWISE AVAILABLE, WHOLLY OR IN PART,
28 FROM PRIVATE LENDERS UPON REASONABLY EQUIVALENT TERMS AND CON-
29 DITIONS, OR

1 (B) HAS DETERMINED THAT THE PURCHASE OR PARTICIPATION
2 WILL RESULT IN ADDITIONAL RESIDENTIAL HOUSING, TAKING INTO ACCOUNT
3 WITHOUT LIMITATION SUCH FACTORS AS REINVESTMENT OF THE PROCEEDS OF
4 THE SALE IN ADDITIONAL MORTGAGE LOANS, INCREASED AVAILABILITY OF
5 MORTGAGE LOANS INSURED BY THE FEDERAL GOVERNMENT, ITS AGENCIES OR
6 DEPARTMENTS, THE REDUCTION, IF ANY, OF INTEREST PAYMENTS TO BE MADE
7 WITH RESPECT TO MORTGAGE LOANS, OR SUCH OTHER FACTORS AS WILL TEND
8 TO INCREASE OR IMPROVE THE SUPPLY OF RESIDENTIAL HOUSING WITHIN THE
9 STATE;

10 (4) MAKE PARTIAL RENTAL PAYMENTS AND MORTGAGE INTEREST PAY-
11 MENTS UNDER A CONTRACT WITH ANY HOUSING OWNER IF THE PAYMENTS WILL BE
12 APPLIED TO DECREASE RENTAL OR MORTGAGE INTEREST CHARGES OF PERSONS OF
13 LOWER AND MODERATE INCOME OR OWNERS OR PURCHASERS OF RESIDENTIAL HOUSING
14 IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE;

15 (5) MAKE LOANS FROM THE HOUSING DEVELOPMENT FUND;]

16 (6) collect and pay reasonable fees and charges in connection
17 with making, purchasing and servicing its mortgages, loans, notes,
18 bonds, certificates, commitments and other evidences of indebtedness;

19 (7) acquire real property, or any interest in real property,
20 in its own name, by purchase, transfer or foreclosure, when the acquisi-
21 tion is necessary or appropriate to protect any loan in which the cor-
22 poration has an interest; sell, transfer and convey any such property to
23 a buyer; and, if the sale, transfer or conveyance cannot be effected
24 with reasonable promptness or at a reasonable price, rent or lease the
25 property to a tenant pending the sale, transfer or conveyance;

26 (8) sell, at public or private sale, to any purchaser, includ-
27 ing the Federal National Mortgage Association, all or any part of a
28 mortgage or other instrument or document securing a construction, land
29 development, mortgage or temporary loan of any type permitted by this

1 chapter;

2 (9) purchase, in order to meet the requirements of the sale
3 of its mortgages to the Federal National Mortgage Association, stock of
4 the Federal National Mortgage Association;

5 (10) procure insurance against any loss in connection with its
6 operation;

7 (11) consent to the modification of the rate of interest, time
8 of payment of any installment of principal or interest, or any other
9 terms, of the mortgage loan, mortgage loan commitment, construction
10 loan, temporary loan, contract or agreement of any kind to which the
11 corporation is a party;

12 (12) borrow money as [HEREIN] provided in this chapter to
13 carry out and effectuate its corporate purposes; and issue its obliga-
14 tions as evidence of any such borrowing;

15 (13) include in any borrowing the amounts necessary to pay
16 financing charges, interest on the obligations for a period not exceed-
17 ing one year after the date on which the corporation estimates funds
18 will otherwise be available to pay the interest, consultant, advisory
19 and legal fees and such other expenses as are necessary or incident to
20 this borrowing;

21 (14) in accordance with the Administrative Procedure Act
22 (AS 44.62) [UNDER AS 18.56.088], adopt and publish regulations respecting
23 its lending programs and such other regulations as are necessary to
24 effectuate its purposes;

25 (15) provide technical and advisory services to sponsors,
26 builders and developers of residential housing and to residents of it;

27 (16) promote research and development in scientific methods of
28 constructing low-cost and energy efficient residential housing of high
29 durability;

1 (17) make and execute agreements, contracts and other in-
2 struments necessary or convenient in the exercise of the powers and
3 functions of the corporation under this chapter, including contracts
4 with any person, firm, corporation, governmental agency or other entity;

5 (18) receive, administer and comply with the conditions and
6 requirements respecting any appropriation or gift, grant or donation of
7 property or money;

8 (19) sue and be sued in its own name;

9 (20) adopt an official seal;

10 (21) adopt bylaws for the regulation of its affairs and the
11 conduct of its business and prescribe rules, regulations and policies in
12 connection with the performance of its functions and duties;

13 (22) employ fiscal consultants, engineers, attorneys, real
14 estate counselors, appraisers and such other consultants and employees
15 as may be required in the judgment of the corporation, and fix and pay
16 their compensation from funds available to the corporation;

17 (23) do all acts and things necessary, convenient or desirable
18 to carry out the powers expressly granted or necessarily implied in this
19 chapter;

20 (24) invest or reinvest, subject to its contracts with note-
21 holders and bondholders, any money or funds held by the corporation in
22 any obligations or other securities or investments in which banks or
23 trust companies in the state may legally invest funds held in reserves
24 or sinking funds or any funds not required for immediate disbursement,
25 and in certificates of deposit or time deposits secured by obligations
26 of, or guaranteed by, the state or the United States of America.

27 [(25) ESTABLISH A RURAL HOUSING INSURANCE ACCOUNT IN THE STATE
28 MORTGAGE INSURANCE FUND ESTABLISHED BY THIS CHAPTER AND ADMINISTER A
29 RURAL HOUSING MORTGAGE INSURANCE PROGRAM IN RURAL AREAS OF THE STATE; IN

1 THE ADMINISTRATION OF THE PROGRAM ESTABLISHED UNDER THIS PARAGRAPH, THE
2 BOARD OF DIRECTORS SHALL

3 (A) FROM SUMS RECEIVED FROM LOANS FROM THE DEPARTMENT OF
4 REVENUE, PURCHASE THE MORTGAGES OR OTHER COLLATERAL FOR RURAL
5 RESIDENTIAL LOANS ISSUED BY A REGIONAL HOUSING AUTHORITY OR ANY
6 OTHER PERSON;

7 (B) DETERMINE THE MAXIMUM RATE OF INTEREST WHICH MAY BE
8 CHARGED BY A REGIONAL HOUSING AUTHORITY FOR A RURAL RESIDENTIAL
9 LOAN; AND

10 (C) BORROW FROM THE DEPARTMENT OF REVENUE FOR PURPOSES
11 OF THE RURAL HOUSING MORTGAGE PROGRAM; THE DEPARTMENT OF REVENUE
12 MAY LEND SURPLUS STATE GENERAL FUNDS TO THE CORPORATION FOR THE
13 PURPOSE OF THE RURAL HOUSING MORTGAGE LOAN PROGRAM.

14 (26) ESTABLISH A RURAL HOUSING HAZARD INSURANCE FUND AND A
15 RURAL HOUSING HAZARD INSURANCE PROGRAM TO PROVIDE HAZARD INSURANCE FOR
16 HOUSING LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE
17 WHEN HAZARD INSURANCE FROM OTHER SOURCES SATISFACTORY TO PRIVATE MORTGAGE
18 LENDERS IS NOT AVAILABLE ON REASONABLE TERMS; THE CORPORATION MAY ENTER
19 INTO AGREEMENTS WITH RESPECT TO THE FUND AND THE PROGRAM WITH THE HOLDERS
20 OF BONDS OR NOTES ISSUED TO PROVIDE MONEY FOR THE RURAL HOUSING MORTGAGE
21 PROGRAM OR WITH THE DEPARTMENT OF REVENUE WITH RESPECT TO LOANS MADE
22 UNDER (25)(C) OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO, AGREEMENTS
23 AS TO THE USE OF MONEY IN THE FUND, AND MAY OTHERWISE ESTABLISH THE
24 TERMS AND CONDITIONS OF THE FUND AND OF THE PROGRAM OF HAZARD INSURANCE
25 BY OR IN ACCORDANCE WITH REGULATIONS ADOPTED UNDER AS 18.56.088;

26 (27) ESTABLISH A RURAL HOUSING TITLE INSURANCE FUND AND A
27 RURAL HOUSING TITLE INSURANCE PROGRAM TO PROVIDE TITLE INSURANCE FOR
28 HOUSING LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE
29 WHEN TITLE INSURANCE FROM OTHER SOURCES SATISFACTORY TO PRIVATE MORTGAGE

1 LENDERS IS NOT AVAILABLE ON REASONABLE TERMS; THE CORPORATION MAY ENTER
2 INTO AGREEMENTS WITH RESPECT TO THE FUND AND THE PROGRAM WITH THE HOLDER
3 OF BONDS OR NOTES ISSUED TO PROVIDE MONEY FOR THE RURAL HOUSING MORTGAGE
4 PROGRAM OR WITH THE DEPARTMENT OF REVENUE WITH RESPECT TO LOANS MADE
5 UNDER (25)(C) OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO, AGREEMENTS
6 AS TO THE USE OF MONEY IN THE FUND, AND MAY OTHERWISE ESTABLISH THE
7 TERMS AND CONDITIONS OF THE FUND AND OF THE PROGRAM OF TITLE INSURANCE
8 BY OR IN ACCORDANCE WITH REGULATIONS ADOPTED UNDER AS 18.56.088.]

9 * Sec. 11. AS 18.56 is amended by adding new sections to read:

10 Sec. 18.56.091. POWERS RELATING TO LOW AND MODERATE INCOME HOUSING
11 AND HOUSING IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS. In addition to
12 other powers granted in this chapter, the corporation may, for the
13 purpose of providing housing for persons of lower and moderate income or
14 persons located in remote, underdeveloped or blighted areas of the
15 state,

16 (1) with the proceeds of bonds of the corporation issued
17 before July 1, 1980, make or participate in the making of construction
18 loans to sponsors, developers and builders of land development or resi-
19 dential housing, if the corporation determines that construction loans
20 are not otherwise available, wholly or in part, from private lenders
21 upon reasonably equivalent terms and conditions;

22 (2) with the proceeds of bonds of the corporation issued
23 before July 1, 1980, make or participate in the making of mortgage loans
24 to sponsors, developers, builders and purchasers of residential housing,
25 if the corporation determines that mortgage loans are not otherwise
26 available, wholly or in part, from private lenders upon reasonably
27 equivalent terms and conditions;

28 (3) with the proceeds of bonds of the corporation issued
29 before July 1, 1980, purchase or participate in the purchase of mortgage

1 loans made to sponsors, developers, builders, owners and purchasers of
2 residential housing, if the corporation

3 (A) has given approval before the initial making of the
4 loan and has determined that mortgage loans were, at the time the
5 approval was given, not otherwise available, wholly or in part,
6 from private lenders upon reasonably equivalent terms and con-
7 ditions; or

8 (B) has determined that the purchase or participation
9 will result in additional residential housing, taking into account
10 without limitation such factors as reinvestment of the proceeds of
11 the sale in additional mortgage loans, increased availability of
12 mortgage loans insured by the federal government, its agencies or
13 departments, the reduction, if any, of interest payments to be made
14 with respect to mortgage loans, or such other factors as will tend
15 to increase or improve the supply of residential housing in the
16 state;

17 (4) make partial rental payments and mortgage interest pay-
18 ments under a contract with a housing owner if the payments will be
19 applied to decrease rental or mortgage interest charges of persons of
20 lower and moderate income or owners or purchasers of residential housing
21 in remote, underdeveloped or blighted areas of the state;

22 (5) make loans from the housing development fund under AS 18.-
23 56.100;

24 (6) establish a rural housing insurance account in the tax-
25 exempt mortgage insurance fund established in AS 18.56.095(a) and ad-
26 minister a rural housing mortgage insurance program in rural areas of
27 the state; in the administration of the program established under this
28 paragraph, the board shall

29 (A) with money appropriated to the rural housing insur-

1 ance account by the legislature, purchase the mortgages or other
2 collateral for rural residential loans issued by a regional housing
3 authority or any other person; and

4 (B) determine the maximum rate of interest which may be
5 charged by a regional housing authority for a rural residential
6 loan;

7 (7) establish a rural housing hazard insurance fund and a
8 rural housing hazard insurance program to provide hazard insurance for
9 housing located in remote, underdeveloped or blighted areas of the state
10 when hazard insurance from other sources satisfactory to private mortgage
11 lenders is not available on reasonable terms; the corporation may enter
12 into agreements with respect to the rural housing hazard insurance fund
13 and the rural housing hazard insurance program with the holders of bonds
14 or bond anticipation notes issued by the corporation under AS 18.56.110
15 to provide money for the purposes of (6) - (8) of this section, includ-
16 ing, but not limited to, agreements as to the use of money in the rural
17 housing hazard insurance fund, and may otherwise establish the terms and
18 conditions of the rural housing hazard insurance fund and of the rural
19 housing hazard insurance program by or in accordance with regulations
20 adopted in accordance with the Administrative Procedure Act (AS 44.62);

21 (8) establish a rural housing title insurance fund and a
22 rural housing title insurance program to provide title insurance for
23 housing located in remote, underdeveloped or blighted areas of the state
24 when title insurance from other sources satisfactory to private mortgage
25 lenders is not available on reasonable terms; the corporation may enter
26 into agreements with respect to the rural housing title insurance fund
27 and the rural housing title insurance program with the holders of bonds
28 or bond anticipation notes issued by the corporation under AS 18.56.110
29 to provide money for the purposes of (6) - (8) of this section, includ-

1 ing, but not limited to, agreements as to the use of money in the rural
2 housing title insurance fund, and may otherwise establish the terms and
3 conditions of the rural housing title insurance fund and of the rural
4 housing title insurance program by or in accordance with regulations
5 adopted in accordance with the Administrative Procedure Act (AS 44.62).

6 Sec. 18.56.093. POWERS RELATING TO HOUSING AT REASONABLE INTEREST
7 RATES. In addition to other powers granted in this chapter, the corpora-
8 tion may, for the purpose of providing housing at reasonable interest
9 rates to all residents of the state,

10 (1) with the proceeds of bonds of the corporation issued
11 after July 1, 1980, make or participate in the making of mortgage loans
12 to sponsors, developers, builders and purchasers of residential housing,
13 if the corporation determines that mortgage loans are not otherwise
14 available, wholly or in part, from private lenders upon reasonably
15 equivalent terms and conditions;

16 (2) with the proceeds of bonds of the corporation issued
17 after July 1, 1980, purchase or participate in the purchase of mortgage
18 loans made to sponsors, developers, builders, owners and purchasers of
19 residential housing, if the corporation

20 (A) has given approval before the initial making of the
21 loans and has determined the mortgage loans were, at the time the
22 approval was given, not otherwise available, wholly or in part,
23 from private lenders upon reasonably equivalent terms and con-
24 ditions; or

25 (B) has determined that the purchase or participation
26 will result in additional residential housing, taking into account,
27 without limitation, such factors as reinvestment of the proceeds of
28 the sale in additional mortgage loans, increased availability of
29 mortgage loans insured by the federal government, its agencies or

1 its departments, the reduction, if any, of interest payments to be
2 made with respect to mortgage loans, or such other factors as will
3 tend to increase or improve the supply of residential housing in
4 the state;

5 (3) make partial rental payments and mortgage interest pay-
6 ments under a contract with a housing owner if the payments will be
7 applied to decrease rental or mortgage interest charges.

8 * Sec. 12. AS 18.56.095 is amended to read:

9 Sec. 18.56.095. MORTGAGE INSURANCE. (a) There are established as
0 special funds of the state the taxable mortgage insurance fund and the
1 tax-exempt mortgage insurance fund [THERE IS ANOTHER SPECIAL FUND OF THE
2 STATE TO BE KNOWN AS THE "STATE MORTGAGE INSURANCE FUND" (CALLED THE
3 "MORTGAGE INSURANCE FUND")] which shall be completely segregated and set
4 apart from all other funds of the state, and which are trust funds [IS A
5 TRUST FUND] for the uses and purposes of this section and into and from
6 which money shall be paid as provided in this section. The taxable
7 mortgage insurance fund and the tax-exempt mortgage insurance fund shall
8 be held by the commissioner of revenue. The commissioner of revenue may
9 [, SUBJECT TO THE POWER OF THE COMMISSIONER OF COMMERCE TO] enter into
0 and perform agreements with respect to the use of money in either [THE
1 MORTGAGE INSURANCE] fund and may [TO] pledge, assign or grant interests
2 in either [THE MORTGAGE INSURANCE] fund as provided in this section.
3 The commissioner of revenue [COMMERCE] may enter into agreements with
4 the corporation with respect to the exercise of any power or approval
5 relating to either [THE MORTGAGE INSURANCE] fund under this section,
6 including, without limitation, agreements as to the use of money in
7 either [THE MORTGAGE INSURANCE] fund, agreements with respect to the
8 terms and conditions upon which payments from either [THE MORTGAGE
9 INSURANCE] fund shall be made to the corporation with respect to mortgage

1 loans insured under this section, and agreements regarding the payment
2 of and security for mortgage insurance bonds, and in connection with
3 these agreements the commissioner of revenue [COMMERCE] may pledge,
4 assign or grant other interests in either [THE MORTGAGE INSURANCE] fund
5 to the corporation as may be necessary or appropriate in connection with
6 the insurance of mortgage loans and to provide for the payment of and
7 security for mortgage insurance bonds. Any such agreement or any of the
8 rights of the corporation under the agreement and payments received or
9 to be received under the agreement may be pledged or assigned by the
10 corporation for the benefit of the holders of mortgage insurance bonds.

11 (b) In addition to any other fees and charges which the corpora-
12 tion may charge on mortgage loans, it may collect or cause to be col-
13 lected on all mortgage loans made or purchased with the proceeds of the
14 sale of taxable or tax-exempt mortgage insurance bonds, either or both a
15 special mortgage loan insurance commitment fee or a mortgage loan insur-
16 ance premium. The special mortgage loan insurance commitment fees and
17 special mortgage loan insurance premiums when received shall be deposited
18 in the taxable mortgage insurance fund if the mortgage loan for which the
19 fees or premiums are received was made or purchased with the proceeds of
20 the sale of taxable mortgage insurance bonds. The special mortgage loan
21 insurance commitment fees and special mortgage loan insurance premiums
22 when received shall be deposited in the tax-exempt mortgage insurance
23 fund if the mortgage loan for which the fees or premiums are received was
24 made or purchased with the proceeds of the sale of tax-exempt mortgage
25 insurance bonds. The special mortgage loan insurance commitment fees and
26 special mortgage loan insurance premiums shall be deposited in the appro-
27 priate fund by the corporation, or by any mortgage loan servicer,
28 trustee, or agent designated by the corporation to receive them, and
29 shall be held, invested and, together with all investment income derived

1 from them, reinvested by the commissioner of revenue in investments
2 authorized under AS 37.10.070(a), subject to any agreement with the
3 corporation under (a) of this section.

4 (c) If, at any time after receipt by the corporation of a payment
5 from a [THE] mortgage insurance fund establish. in (a) of this section
6 with respect to a mortgage loan or any portion of the principal and
7 interest and other amounts payable on a mortgage loan, the corporation
8 recovers an amount on the mortgage loan or portion of it from any source
9 other than the mortgage insurance fund, it shall apply the amount re-
10 covered in the following order: first to repay the general fund of the
11 state to the extent of appropriations made pursuant to requests made
12 under (f) of this section, and second, to repay the mortgage insurance
13 fund.

14 (d) A mortgage loan [, INCLUDING A STATE VETERANS' LOAN,] may be
15 insured if the loan to value ratio at the time of the insurance loan
16 does not exceed 80 percent or, if the loan to value ratio does exceed
17 that percentage, if it is federally insured or guaranteed or insured by
18 a qualified mortgage insurance company to the extent of the excess. [IN
19 ADDITION, A STATE VETERANS' LOAN MAY BE INSURED IF THE LOAN TO VALUE
20 RATIO DOES NOT EXCEED 90 PERCENT.] The endorsement of the corporation
21 on the mortgage at the time of purchase or acquisition of the mortgage
22 loan is conclusive evidence that the mortgage loan is insured under the
23 provisions of this section. The insurance is payable solely from the
24 taxable mortgage insurance fund if the mortgage loan was made or pur-
25 chased with the proceeds of the sale of taxable mortgage insurance
26 bonds. The insurance is payable solely from the tax-exempt mortgage
27 insurance fund if the mortgage loan was made or purchased with the
28 proceeds of the sale of tax-exempt mortgage insurance bonds.

29 (e) Mortgage loans may only be insured when the amount in the

1 appropriate mortgage insurance fund as a percentage of the sum of all
2 mortgage loans to be insured and all unpaid principal on mortgage loans
3 insured by the corporation from that mortgage insurance fund, equals or
4 exceeds the fund requirement. As used in this section, the "fund re-
5 quirement" is calculated as follows as to the following mortgage loans
6 insured by the corporation:

7 (1) in the case of federally insured or guaranteed mortgage
8 loans, or mortgage loans [, INCLUDING STATE VETERANS' LOANS,] insured by
9 a qualified mortgage insurance company or, if not so insured or guaran-
10 teed, with a loan to value ratio at the time of the mortgage insurance
11 application less than 80 percent, the greater of (A) two percent of the
12 unpaid principal amount of those mortgage loans, or (B) a percentage
13 which the corporation with the approval of the commissioner of revenue
14 [COMMERCE] determines is actuarially sound for operation of the mortgage
15 insurance fund used to pay the mortgage insurance [;

16 (2) IN THE CASE OF STATE VETERANS' LOANS NOT INSURED BY A
17 QUALIFIED MORTGAGE INSURANCE COMPANY AND WITH A LOAN TO VALUE RATIO AT
18 THE TIME OF THE MORTGAGE INSURANCE APPLICATION BETWEEN 80 AND 90 PERCENT,
19 THE GREATER OF (A) SIX PERCENT OF THE UNPAID PRINCIPAL AMOUNT OF THOSE
20 STATE VETERANS' LOANS, OR (B) A PERCENTAGE WHICH THE CORPORATION WITH
21 THE APPROVAL OF THE COMMISSIONER OF COMMERCE DETERMINES IS ACTUARIALLY
22 SOUND FOR THE OPERATION OF THE MORTGAGE INSURANCE FUND].

23 (f) On December 1 of each year the commissioner of revenue
24 [COMMERCE] shall determine the amount on deposit in each of the mortgage
25 insurance funds established in (a) of this section [FUND]. If the amount
26 in either [THE] fund is less than the fund requirement for that fund,
27 the commissioner of revenue shall request the corporation to transfer
28 from any available funds the amount necessary to restore the [MORTGAGE
29 INSURANCE] fund to the fund requirement and the corporation shall

1 promptly comply with the request from any funds available subject to
2 agreements with holders of any of its obligations. If sufficient funds
3 are not provided as the result of such requests, the commissioner of
4 revenue shall, no later than January 2 of the following year, make and
5 deliver to the governor and to the chairmen of the house and senate
6 finance committees his certificate stating the sum required to restore
7 the fund to the fund requirement and the sum so certified may be appro-
8 priated and paid to the fund during the then current state fiscal year.
9 Nothing in this subsection creates a debt or liability of the state.

10 [(g) THE COMMISSIONER OF REVENUE MAY SELL TO THE CORPORATION, AND
11 THE CORPORATION MAY PURCHASE, STATE VETERANS' LOANS PURCHASED FOR AND
12 HELD IN THE GENERAL FUND ON SUCH TERMS AND CONDITIONS AS THE COMMIS-
13 SIONER OF REVENUE AND THE CORPORATION CONSIDER APPROPRIATE. WHEN THE
14 COMMISSIONER OF REVENUE SELLS ANY STATE VETERANS' LOAN TO THE CORPORA-
15 TION HE MAY CAUSE TO BE DEPOSITED IN THE MORTGAGE INSURANCE FUND FROM
16 THE PROCEEDS OF SALE AN AMOUNT NOT EXCEEDING THE LESSER OF (1) SIX
17 PERCENT OF THE PROCEEDS OF SALE, OR (2) THE DIFFERENCE BETWEEN THE
18 AMOUNT THE COMMISSIONER OF REVENUE ACTUALLY RECEIVES ON THE SALE AND THE
19 AMOUNT THE COMMISSIONER DETERMINES WOULD HAVE BEEN RECEIVED IF THE STATE
20 VETERANS' LOANS HAD BEEN SOLD IN THE PRIVATE MORTGAGE MARKET. THE
21 DETERMINATION SHALL BE BASED ON INFORMATION REASONABLY AVAILABLE TO THE
22 COMMISSIONER OF REVENUE AT THE TIME OF SALE AND IS CONCLUSIVE IN DETER-
23 MINING THE AMOUNT OF THE DEPOSIT.]

24 (h) As used in this section, unless the context clearly indicates
25 a different meaning:

26 (1) "loan to value ratio" means the ratio between the princi-
27 pal amount of a mortgage loan and the appraised value, as determined by
28 the corporation, of the residential housing financed by such mortgage
29 loan;

1 (2) "mortgage insurance bond" means a bond, note or other
2 obligation of the corporation, the proceeds of which are authorized to
3 be expended to purchase or make a mortgage loan insured under this
4 section;

5 (3) "qualified mortgage insurance company" means a mortgage
6 insurance company satisfactory to the corporation;

7 (4) "special mortgage loan insurance commitment fee" and
8 "special mortgage loan insurance premium" mean, respectively, a fee of
9 such percent of the principal amount of a mortgage loan to be insured
10 under this section, and an annual insurance premium of such percent of
11 the portion of the unpaid principal amount of a mortgage loan insured
12 under this section which is not federally insured or guaranteed or
13 insured by a private mortgage insurance company, which the corporation
14 with the approval of the commissioner of revenue [COMMERCE] determines
15 is actuarially sound for the operation of the mortgage insurance fund;

16 [(5) "STATE VETERANS' LOAN" MEANS A MORTGAGE LOAN FOR RESI-
17 DENTIAL HOUSING MADE IN ACCORDANCE WITH AS 26.15;]

18 (6) the determination of what is "actuarially sound" with
19 respect to the operation of a [THE] mortgage insurance fund established
20 in (a) of this section shall be based on a consideration of the factors
21 which will provide sufficient revenues for the operation of the fund,
22 without regard to amounts which may have been or may, after the date of
23 determination of actuarial soundness, be appropriated pursuant to (f) of
24 this section, including, without limitation, estimates of future defaults
25 and losses on mortgage loans insured under this section based on actual
26 default and loss experience on those mortgage loans or on similar mort-
27 gage loans in Alaska or elsewhere, estimates of recoveries on defaulted
28 or foreclosed mortgage loans based on that experience, the terms and
29 conditions of the mortgage loans insured under this section, estimates

1 of earnings and income of amounts on deposit in the [MORTGAGE INSURANCE]
2 fund, and any other appropriate factors.

3 * Sec. 13. AS 18.56 is amended by adding new sections to read:

4 Sec. 18.56.097. LIMITATIONS ON POWERS TO MAKE OR PURCHASE MORTGAGE
5 LOANS. (a) The corporation may not make, participate in the making of,
6 purchase, or participate in the purchase of a mortgage loan under this
7 chapter which exceeds \$100,000.

8 (b) The corporation may not make, participate in the making of,
9 purchase, or participate in the purchase of a mortgage loan under this
10 chapter for an owner-occupied duplex or for a mobile home unless the
11 mortgage loan agreement requires a 10 percent down payment by the
12 borrower. However, the board may waive the requirement of this sub-
13 section if it determines in writing that the requirement of this sub-
14 section will significantly interfere with the sale of the bonds of the
15 corporation.

16 Sec. 18.56.098. COLLATERAL FOR LOANS. Under procedures established
17 by regulations of the corporation adopted in accordance with the Adminis-
18 trative Procedure Act (AS 44.62) a person may pledge as security for the
19 repayment of a loan made, purchased or insured by the corporation under
20 this chapter a preference right he holds to receive title to land he
21 occupies as a primary place of residence, primary place of business,
22 subsistence campsite, or as headquarters for reindeer husbandry. The
23 preference right must be conveyed to the person by the village corpora-
24 tion to which the land was granted under section 14 of the Alaska Native
25 Claims Settlement Act (85 Stat. 688, 43 U.S.C. secs. 1601 - 1626) before
26 it may be pledged as security under this section. The Department of
27 Community and Regional Affairs shall prescribe procedures and standard
28 forms for establishing and appraising the value of a preference right
29 held by a person to secure the repayment of a loan made, purchased or

1 insured by the corporation under this chapter.

2 * Sec. 14. AS 18.56.100(b) is amended to read:

3 (b) For the purpose of providing housing for persons of lower and
4 moderate income or persons located in remote, underdeveloped or blighted
5 areas of the state, [CONSISTENT WITH AS 18.56.090], the corporation may
6 make temporary and permanent loans from the housing development fund, at
7 such interest rate or rates as determined by the corporation and with
8 such security for repayment as is necessary and practicable, to

9 (1) defray development costs of sponsors, builders, and
10 developers of residential housing;

11 (2) provide to persons of lower and moderate income who are
12 applying for mortgages, the amounts required to make down payments and
13 pay closing costs and to housing owners the amounts applied for partial
14 rental payments and mortgage interest payments under AS 18.56.091(4)
15 [AS 18.56.090(4)]; or

16 (3) purchase, make, or participate in the making of mortgage
17 [AND CONSTRUCTION] loans which are not federally insured or guaranteed
18 to sponsors, builders, purchasers and developers of land development or
19 residential housing, if the corporation determines that such loans are
20 not otherwise available, wholly or in part, from private lenders upon
21 reasonably equivalent terms and conditions.

22 * Sec. 15. AS 18.56.100(e) is amended to read:

23 (e) The corporation may provide for the issuance, at one time or
24 from time to time, of housing development fund notes for the purpose of
25 providing money [FUNDS] for the fund. [THE COMMISSIONER OF REVENUE IS
26 AUTHORIZED TO PURCHASE FUND NOTES WITH SURPLUS FUNDS IN THE STATE TREA-
27 SURY. BEFORE SUBMISSION OF THE EXECUTIVE BUDGET TO THE LEGISLATURE, THE
28 COMMISSIONER OF REVENUE SHALL ANNUALLY RECOMMEND TO THE GOVERNOR THE
29 ANTICIPATED AMOUNTS OF SURPLUS FUNDS AVAILABLE FOR PURCHASE OF FUND

1 NOTES IN THE FISCAL YEAR ENCOMPASSED BY THE BUDGET. IN MAKING HIS
2 RECOMMENDATION TO THE GOVERNOR, THE COMMISSIONER OF REVENUE SHALL CON-
3 sider THE EXPENDITURE AND REVENUE PROJECTIONS CONTAINED IN THE MOST
4 RECENT REVENUE SOURCE DOCUMENT PREPARED FOR AND SUBMITTED TO THE LEGIS-
5 LATURE BY THE ADMINISTRATION. IF THE GOVERNOR AGREES WITH THE RECOM-
6 MENDATION OF THE COMMISSIONER OF REVENUE HE SHALL FORWARD THE RECOMMENDA-
7 TION TO THE CORPORATION.]

8 * Sec. 16. AS 18.56.110(a) is repealed and re-enacted to read:

9 (a) The corporation, by resolution, may

10 (1) issue tax-exempt bonds and bond anticipation notes for
11 the purpose of assisting state residents of low and moderate income and
12 state residents who reside in remote, underdeveloped or blighted areas
13 of the state in obtaining residential housing if in the judgment of the
14 board the tax-exempt bonds and bond anticipation notes may be sold; and

15 (2) issue taxable bonds and bond anticipation notes to carry
16 out its purposes if the corporation is unable to issue tax-exempt bonds
17 and bond anticipation notes under (1) of this subsection.

18 * Sec. 17. AS 18.56.190(b) is amended to read:

19 (b) All obligations issued under this chapter which are designated
20 as tax exempt by the resolution authorizing their issuance are [HEREBY]
21 declared to be issued by a body corporate and public of the state and
22 for an essential public and governmental purpose, and the obligations,
23 and the interest and income on and from the obligations, and all fees,
24 charges, funds, revenues, income and other money pledged or available to
25 pay or secure the payment of the obligations, or interest on the obliga-
26 tions, are exempt from taxation except for transfer, inheritance and
27 estate taxes.

28 * Sec. 18. AS 18.56 is amended by adding a new section to read:

29 Sec. 18.56.195. INTEREST DIFFERENTIAL ACCOUNT. (a) The corpora-

1 tion may make or purchase a mortgage loan under this chapter which bears
2 interest at a rate equal to the cost of money to the corporation less
3 the interest differential if the mortgage loan is qualified under (b) of
4 this section.

5 (b) A mortgage loan is qualified for the purposes of (a) of this
6 section if

7 (1) the rate of interest on the mortgage loan is greater than
8 nine and one-half percent; and

9 (2) loan payments under the mortgage loan are at least equal
10 to 25 percent of the borrower's gross income at the time the mortgage
11 loan is made during one payment period.

12 (c) The corporation shall maintain an interest differential account
13 within the enterprise development fund consisting of money appropriated
14 by the legislature to the interest differential account for the purposes
15 of this section.

16 (d) The corporation may use the money in the interest differential
17 account only to reimburse the corporation for the amount of the interest
18 differential allowed for a mortgage loan under (a) of this section.
19 Upon receipt of a payment on a mortgage loan, the corporation may with-
20 draw from the interest reduction account an amount equal to the interest
21 differential applicable to that payment.

22 (e) In this section

23 (1) "cost of money to the corporation" means the average
24 interest rate, including related charges, paid by the corporation on its
25 bonds;

26 (2) "interest differential" means

27 (A) for mortgage loans other than those described in (B)
28 of this paragraph, the lesser of

29 (i) percent; or

1 (ii) a percentage which, when subtracted from the
2 interest rate of the mortgage loan, reduces the interest rate
3 of the mortgage loan to nine and one-half percent;

4 (B) for mortgage loans to persons eligible for loans
5 under AS 26.15.130 or 26.15.160, the lesser of

6 (i) percent; or

7 (ii) a percentage which, when subtracted from the
8 interest rate of the mortgage loan, reduces the interest rate
9 of the mortgage loan to nine and one-half percent;

10 (3) "one payment period" means the period of time between one
11 loan payment and the next loan payment under the terms of a mortgage
12 loan agreement.

13 * Sec. 19. § 18.56.200 is amended by adding new subsections to read:

14 (b) , January 10 of each year, the board shall publish a report
15 of the corporation for distribution to the governor, legislature, and
16 the public. The report shall be written in easily understandable lan-
17 guage. The report shall include a financial statement audited by an
18 independent outside auditor, a statement of corporation investments in
19 mortgage loans under this chapter, including an appraisal at market
20 value of the mortgage loans, a comparison of the corporation performance
21 with the goals of the corporation, and the levels of bonding and invest-
22 ment activities anticipated in the previous year's report under (c) of
23 this section, and any other information the board believes would be of
24 interest to the governor, the legislature, and the public. The annual
25 income statement and balance sheet of the corporation shall be published
26 in at least one newspaper in each judicial district. The board may also
27 publish other reports it considers desirable to carry out its purpose.

28 (c) The corporation shall include in its annual report under (b)
29 of this section an estimate of the investment activity of the corpora-

1 tion in mortgage loans under this chapter for the following 12-month
2 period and an estimate of the amount of bonds to be issued for the
3 investments. Notwithstanding AS 18.56.090(12) or 18.56.110(a), the
4 corporation may not issue bonds during a 12-month period unless the
5 legislature, by concurrent resolution approves the estimated investment
6 activity and the estimated amount of bonds to be issued during the
7 12-month period included in the corporation's annual report in accord-
8 ance with this subsection.

9 (d) The corporation shall include in its annual report under (b)
10 of this section an estimate of the amount of money needed for the inter-
11 est differential account (AS 18.56.195) to enable the corporation to
12 make the interest differential payments for mortgage loans described in
13 AS 18.56.195(c).

14 * Sec. 20. AS 18.56.210(11) is amended to read:

15 (11) "residential housing" means a specific work or improvement
16 undertaken primarily to provide dwelling accommodations without limita-
17 tion as to form of lawful occupancy, whether rental, under contract, fee
18 ownership, cooperative housing, condominium, mobile home, or other
19 lawful form of ownership, [FOR PERSONS OF LOWER AND MODERATE INCOME, OR
20 IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS,] including the acquisition,
21 construction or rehabilitation of land, buildings and improvements to
22 them, and such other nonhousing facilities as may be incidental or
23 appurtenant to the land or buildings;

24 * Sec. 21. AS 18.56.010, 18.56.085, 18.56.088, 18.56.092, 18.56.094 and
25 18.56.125(f) are repealed.

26 * Sec. 22. This Act takes effect July 1, 1980.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O Smith
Signature of Camera Operator

3/20/90
Date

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99E11
907-465-3800

MEMORANDUM

May 19, 1980

SUBJECT: HCS for CSSSSB 1

TO: Representative Russ Meekins, Jr.
Chairman, House Finance Committee

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

You had requested amendments inserting a new section AS 44.-
25.025 Annual Review of Lending Practices, and AS 44.25.026
Report on Insider Loans.

As discussed on the telephone, this would be a relatively
clear violation of the single subject rule and the descriptive
title rule. Both sections are essentially general regulation
of banking practices not limited to state loan programs and
would, therefore, neither have the direct logical connection
required to satisfy the single subject rule nor would general
regulation of banking be reflected in the title of the bill.

BGB:jdn

Becky

Original sponsor: Hohman

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state loan programs, state mortgage
7 programs, and state revenue bonding programs; and
8 providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA: *state cite?*

10 * Section 1. FINDINGS AND PURPOSE RELATING TO THE FISHERMEN'S MORTGAGE
11 AND NOTE PROGRAM. (a) The legislature finds

12 (1) the limitation of entry into the state fisheries required
13 under AS 16.43 has resulted in substantial difficulty for many Alaskans in
14 obtaining the necessary financing to enter the fisheries;

15 (2) entry permits, issued under AS 16.43, are transferable, and
16 legislative studies have revealed a flow of the entry permits out of and away
17 from the small, rural Alaska communities;

18 (3) the flow of entry permits out of and away from the small,
19 rural communities undermines a major economic base of many of the communities;

20 (4) many small, rural Alaska communities have no alternative
21 economic base to supply jobs and income to their residents;

22 (5) reliance on fisheries has traditionally and culturally been a
23 way of life in many of these communities.

24 (b) It is the purpose of this Act to

25 (1) alleviate the difficulty in obtaining financing referred to
26 in (a)(1) of this section; and

27 (2) alleviate the problems described in (a)(2) - (4) of this
28 section by assisting fishermen in those small, rural communities, as well as
29 fishermen throughout the state, to obtain the financing necessary to enter

1 the state's fisheries and to rebuild the economies of the areas in which they
2 live, thereby assisting in the preservation of a traditional way of life as
3 set out in (a)(5) of this section.

4 * Sec. 2. AS 16.10 is amended by adding new sections to read:

5 ARTICLE 10. FISHERMEN'S MORTGAGE AND NOTE PROGRAM.

6 Sec. 16.10.650. FISHERMEN'S REVOLVING MORTGAGE AND NOTE FUND.

7 There is established in the Department of Commerce and Economic Develop-
8 ment the fishermen's mortgage and note fund. The commissioner of com-
9 merce and economic development shall administer the fund.

10 Sec. 16.10.660. POWERS AND DUTIES OF COMMISSIONER. (a) The
11 commissioner may

12 (1) adopt regulations in accordance with the Administrative
13 Procedure Act (AS 44.62), to implement AS 16.10.650 - 16.10.720;

14 (2) make and execute agreements, contracts, and other instru-
15 ments necessary or convenient in the exercise of his powers and functions
16 under AS 16.10.650 - 16.10.720, including contracts with any person,
17 firm, corporation, governmental agency or other entity;

18 (3) procure insurance against a loss in connection with the
19 operation of the fund;

20 (4) purchase notes and mortgages securing loans in accordance
21 with (b) of this section;

22 (5) acquire real or personal property, or an interest in real
23 or personal property, by purchase, transfer or foreclosure, when the
24 acquisition is necessary or appropriate to protect a mortgage or note in
25 which the fund has an interest; sell, transfer and convey that property
26 to a buyer; and, if the sale, transfer or conveyance cannot be effected
27 with reasonable promptness or at a reasonable price, rent or lease the
28 property to a tenant pending the sale, transfer or conveyance;

29 (6) do all acts necessary, convenient or desirable to carry

me

1 out the powers expressly granted or necessarily implied in AS 16.10.650 -
2 16.10.720.

3 (b) In accordance with AS 16.10.670 - 16.10.720, the commissioner
4 shall use the money in the fund to purchase mortgages and notes received
5 by private financial institutions to secure loans described in AS 16.10.-
6 670 - 16.10.720.

7 Sec. 16.10.670. LOAN PURPOSES. (a) Subject to (d) of this sec-
8 tion, the commissioner may purchase a mortgage or note under AS 16.10.-
9 660(b) if it secures a loan made to an individual for the following
10 purposes:

- 11 (1) the repair, restoration or upgrading of an existing
12 vessel or of gear;
- 13 (2) the purchase of an entry permit;
- 14 (3) the purchase of gear;
- 15 (4) the construction and purchase of a vessel; or
- 16 (5) the refinancing of outstanding loans of the borrower made
17 for the purposes described in (1) - (4) of this subsection.

18 (b) The costs arising under a contract for the construction of a
19 vessel between the time the contract is made and the time the vessel is
20 documented are costs of construction and purchase under (a)(4) of this
21 section;

22 (c) If the borrower enters into a contract for the purchase of a
23 vessel and has also entered into a contract to sell his present vessel
24 but has not received payment under the contract of sale, then the costs
25 arising under the contract for the purchase of a vessel between the time
26 the contract for the purchase of a vessel is entered into and the time
27 the borrower will receive payment under the contract of sale are costs
28 of construction and purchase under (a)(4) of this section.

29 (d) At least 51 percent of a loan described in (a) of this section

shall be made for the purposes described in (a)(1) - (4) of this section, and not more than 49 percent of the loan may be made for the purpose described in (a)(5) of this section.

Sec. 16.10.680. ELIGIBILITY FOR LOANS. (a) The commissioner may purchase a mortgage or note under AS 16.10.660(b) if it secures a loan to an individual who meets one of the requirements of (b) of this section and who

(1) has been a resident of Alaska for at least five years;

(2) does not qualify for a loan for the purposes described in AS 16.10.670 under a state or federal loan program; and

(3) demonstrates to the satisfaction of the private financial institution which made the loan that he is reasonably likely to succeed as a commercial fisherman and to be able to repay the loan.

(b) In addition to the requirements of (a)(1) - (3) of this section, the commissioner may purchase a mortgage or note under AS 16.10.660(b) only if it secures a loan to an individual who demonstrated to the satisfaction of the private financial institution which made the loan that

(1) because of his lack of training or the lack of employment opportunities in the area in which he resides, he does not have occupational opportunities available to him other than commercial fishing; or

(2) he is economically dependent on commercial fishing for a livelihood and commercial fishing is a cultural and traditional way of life for him.

(c) The commissioner may not purchase a mortgage or note from a private financial institution under AS 16.10.660(b) if ownership of a fishing vessel is a prerequisite to obtaining a loan from the private financial institution for the purchase of an entry permit or is considered by the private financial institution in determining the eligi-

1 bility of an applicant for a loan for the purchase of an entry permit.

2 (d) The commissioner may not refuse to purchase a mortgage or note
3 from a private financial institution under AS 16.10.660(b) solely be-
4 cause the applicant for the loan does not have a credit history.

5 (e) In determining whether the applicant is reasonably likely to
6 be able to repay the loan under (a)(3) of this section, the private
7 financial institution shall take into consideration the applicant's
8 income from commercial fishing and from other sources.

9 Sec. 16.10.690. LOAN TERMS. (a) Except as provided in (c) of
10 this section, the commissioner may not purchase a mortgage or note under
11 AS 16.10.660(b) if it secures a loan which

- 12 (1) exceeds \$200,000;
13 (2) bears interest exceeding 10-1/2 percent;
14 (3) exceeds a term of 15 years; or
15 (4) is not secured by a first priority lien and appropriate
16 security agreement.

17 (b) The commissioner may not purchase a mortgage or note under
18 AS 16.10.660(b) if it secures a loan which results in an outstanding
19 debt of the borrower in excess of \$200,000. For purposes of this sub-
20 section a loan to an associate of the borrower is considered to be a
21 loan to the borrower. For the purposes of this subsection, "associate
22 of the borrower" means

23 (1) a corporation or other organization of which the borrower
24 is an officer, director or partner, or is, directly or indirectly, the
25 beneficial owner of 10 percent or more of any class of equity securi-
26 ties;

27 (2) a person who is, directly or indirectly, the beneficial
28 owner of 10 percent or more of any class of equity securities of the
29 borrower;

3 (3) a trust or other estate in which the borrower has a
4 substantial beneficial interest or as to which the borrower serves as
5 trustee or in a similar fiduciary capacity.

6 (c) The commissioner may purchase a mortgage or note under AS 16.-
7 10.660(b) if it secures a loan made to two or more individuals jointly
8 who each satisfy the requirements specified in AS 16.10.680 for the
9 construction of a fishing vessel or the purchase of an existing fishing
10 vessel. A loan secured by a mortgage or note purchased under this
11 subsection

12 (1) may not exceed the amount specified in (a)(1) of this
13 section multiplied by the number of eligible individuals applying for
14 the loan;

15 (2) may not exceed a term of 15 years;

16 (3) shall be secured by a first priority lien and appropriate
17 security agreement; and

18 (4) may not bear interest exceeding 10-1/2 perce

19 (d) The commissioner may purchase a mortgage or note under AS 16.-
20 10.660(b) if the terms of the loan secured by the mortgage or note allow
21 for repayment of the loan in accordance with

22 (1) a schedule for repayment which provides for monthly or
23 annually amortized principal and interest payments; or

24 (2) an agreement based on a percentage of the borrower's
25 gross income from fishing activities; however, an agreement under this
26 paragraph shall provide that the monthly payment under the agreement may
27 not be less than 50 percent of the monthly payment which would be due
28 under the schedule prescribed in (1) of this subsection.

29 (e) The commissioner may purchase under AS 16.10.660(b) a mortgage
or note secured by real or personal property of the borrower or of a
person acting as the borrower's guarantor under AS 16.10.700.

1 (f) The commissioner may not purchase a mortgage or note under
2 AS 16.10.660(b) if the loan it secures exceeds 90 percent of the ap-
3 praised value of the collateral used to secure the loan, except as
4 provided in (g) of this section.

5 (g) The commissioner may purchase a note under AS 16.10.660(b) for
6 a loan of up to 100 percent of the appraised value of the collateral
7 used to secure the loan if

8 (1) the loan is made for the purchase of an entry permit; and

9 (2) the borrower demonstrates to the satisfaction of the
10 private financial institution which makes the loan that he has at least
11 three years of experience as a commercial fisherman in the fishery to
12 which the entry permit applies; as used in this paragraph, "three years
13 of experience as a commercial fisherman in the fishery" means that for
14 an accumulated total of three fishing seasons in the same fishery the
15 person has actively participated in the commercial harvest of fish under
16 the direction of a limited entry permit holder.

17 Sec. 16.10.700. GUARANTORS. A person may act as guarantor for a
18 borrower whose mortgage or note is purchased by the commissioner under
19 AS 16.10.660(b) if the borrower has insufficient collateral to secure a
20 loan for the purposes described in AS 16.10.670(a). The loan agreement
21 shall specifically describe the property of the guarantor to be used as
22 collateral by the borrower and shall be signed by the guarantor and the
23 borrower. The department shall provide the guarantor with a copy of all
24 notices sent to the borrower by the department. If the loan is for the
25 purchase of an entry permit, the guaranty by the guarantor may not
26 constitute a lien, mortgage, or encumbrance on or pledge of the entry
27 permit.

28 Sec. 16.10.710. PREQUALIFICATION FOR LOANS. (a) The commissioner
29 may not purchase mortgages and notes from a private financial institu-

tion under AS 16.10.660(b) unless the private financial institution

(1) agrees to accept an application for a loan for the purchase of an entry permit notwithstanding the fact that the applicant has not at the time of submitting the application located an entry permit to purchase; and

(2) agrees to comply with the procedure for handling the application described in (b) and (c) of this section.

(b) The private financial institution shall process loan applications received under this section to determine the eligibility of an applicant for a loan for the purchase of an entry permit and shall notify the applicant of its determination.

(c) If the private financial institution determines that an applicant is eligible for a loan for the purchase of an entry permit, the private financial institution shall retain the application until the applicant locates an entry permit to purchase and informs the private financial institution of his decision to proceed with the loan application to purchase the entry permit. However, the private financial institution is not required to retain the application more than six months after it has been submitted. If the applicant locates an entry permit to purchase and elects to proceed with his loan application, he shall complete any parts of the application which were previously uncompleted because of the lack of an entry permit to purchase, and bring the application up to date so that the information in the application is current at the time of the loan. The private financial institution shall then proceed with the processing of the application.

Sec. 16.10.720. DEFINITIONS. In AS 16.10.650 - 16.10.720,

(1) "department" means the Department of Commerce and Economic Development;

(2) "fund" means the fishermen's mortgage and note fund.

*statute
cite?*

1 * Sec. 3. FINDINGS AND INTENT RELATING TO THE ALASKA HOUSING FINANCE
2 CORPORATION. The legislature finds that

3 (1) there exists in the state a serious shortage of capital to
4 finance residential housing; interest rates are often far above levels which
5 are affordable to persons of most income levels; these conditions are inimical
6 to the stability, prosperity and economic welfare of the residents of the
7 state and to the sound growth of urban and rural communities in the state;

8 (2) private enterprise has not been able to provide, without
9 assistance, adequate residential housing to meet the basic housing and shel-
10 ter needs of most Alaskans, or to consistently provide, without assistance,
11 capital for these purposes at rates of interest which people of most income
12 levels can afford; existing state and federal programs are inadequate to meet
13 the housing needs of most Alaskans; it is imperative that housing at a
14 reasonable price be made available to promote stable economic growth and that
15 coordination and cooperation among private enterprise, state government and
16 local government be encouraged to finance residential housing for all
17 Alaskans;

18 (3) the creation of the Alaska Housing Finance Corporation with
19 the powers granted to it by this Act is essential to assist private enter-
20 prise in the financing of residential housing at a reasonable cost for all
21 Alaskans and serves a public purpose in benefiting the people of the state;
22 In this Act, the Alaska Housing Finance Corporation is empowered to act on
23 behalf of the state and its people in serving this public purpose for the
24 benefit of the general public.

25 * Sec. 4. AS 18.56.020 is amended to read:

26 Sec. 18.56.020. ALASKA HOUSING FINANCE CORPORATION. The Alaska
27 Housing Finance Corporation is a public corporation and government
28 instrumentality within the Department of Revenue [COMMERCE AND ECONOMIC
29 DEVELOPMENT], but having a legal existence independent of and separate

1 from the state. The corporation may not be terminated as long as it has
2 bonds, notes or other obligations outstanding. Upon termination of the
3 corporation, its rights and property pass to the state.

4 * Sec. 5. AS 18.56.030 is repealed and re-enacted to read:

5 Sec. 18.56.030. CORPORATION GOVERNING BODY. (a) The corporation
6 shall be governed by a board of directors consisting of three commis-
7 sioners of principal departments of state government, or their designees,
8 and two members appointed by the governor. The appointment or re-
9 appointment of a member to the board, including an ex officio member, is
10 subject to confirmation by a majority vote of the members of the legis-
11 lature in joint session. If the legislature fails to confirm the ap-
12 pointment of an ex officio member, the governor shall appoint another ex
13 officio member.

14 (b) All board members serve one-year terms. The terms expire
15 on February 1 of each year.

16 (c) If a vacancy occurs on the board, the governor shall make an
17 appointment, effective immediately, for the unexpired portion of the
18 term.

19 (d) Board members receive \$100 compensation for each day spent on
20 official business of the corporation and may be reimbursed by the cor-
21 poration for actual and necessary expenses at the same rate paid to
22 members of state boards under AS 39.20.180.

23 * Sec. 6. AS 18.56.050 is amended to read:

24 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall manage
25 the assets and business of the corporation and may prescribe, amend and
26 repeal bylaws and regulations governing the manner in which the business
27 of the corporation is conducted and the manner in which its powers are
28 exercised. The board shall delegate supervision of the administration of
29 the corporation to the executive director, appointed in accordance with

1 AS 18.56.052 [, AND MAY DELEGATE TO HIM OTHER DUTIES IT CONSIDERS PRO-
2 PER].

3 * Sec. 7. AS 18.56.060 is amended to read:

4 Sec. 18.56.060. EMPLOYMENT OF PERSONNEL. The board may appoint
5 other officers and engage professional and technical advisors as in-
6 dependent contractors. The executive director may hire employees of the
7 corporation and, subject to the approval of the board, engage profes-
8 sional and technical advisors under contract with the corporation. The
9 board shall prescribe the duties and compensation of corporation person-
10 nel, including the executive director.

11 * Sec. 8. AS 18.56.070 is amended to read:

12 Sec. 18.56.070. PERSONNEL EXEMPT FROM STATE PERSONNEL ACT. The
13 personnel of the corporation are exempt from AS 39.25 [TO THE SAME
14 EXTENT AS THE PERSONNEL OF THE ALASKA STATE HOUSING AUTHORITY].

15 * Sec. 9. AS 18.56.080 is amended to read:

16 Sec. 18.56.080. INTERDEPARTMENTAL COOPERATION. All departments,
17 agencies and public corporations of the state may provide information,
18 services, facilities and loans to the corporation upon its request. The
19 corporation shall, upon request, [MAY] reimburse departments, agencies
20 and public corporations of the state for services or facilities provided,
21 loans advanced or [FOR] expenses incurred on the corporation's behalf.

22 * Sec. 10. AS 18.56.088 is amended by adding a new subsection to read:

23 (h) The board shall adopt regulations in accordance with (a) - (j)
24 of this section which establish a procedure by which a seller of mort-
25 gage loans may appeal a decision of the corporation not to purchase
26 mortgage loans offered by the seller.

27 * Sec. 11. AS 18.56 is amended by adding a new section to read:

28 Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of the
29 corporation is subject to the Executive Budget Act (AS 37.07).

1 * Sec. 12. AS 18.56.090 is amended to read:

2 Sec. 18.56.090. GENERAL POWERS. In addition to other powers
3 granted in this chapter, the corporation may [, FOR THE PURPOSE OF
4 PROVIDING HOUSING FOR PERSONS OF LOWER AND MODERATE INCOME OR PERSONS
5 LOCATED IN REMOTE UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE]

6 (1) make or participate in the making of construction loans
7 to sponsors, developers and builders of land development or residential
8 housing, if the corporation determines that construction loans are not
9 otherwise available, wholly or in part, from private lenders upon reason-
10 ably equivalent terms and conditions;

11 (2) make or participate in the making of mortgage loans to
12 sponsors, developers, builders and purchasers of residential housing, if
13 the corporation determines that mortgage loans are not otherwise avail-
14 able, wholly or in part, from private lenders upon reasonably equivalent
15 terms and conditions;

16 (3) purchase or participate in the purchase of mortgage loans
17 made to sponsors, developers, builders, owners and purchasers of resi-
18 dential housing, if the corporation

19 (A) has given approval before the initial making of the
20 loan and has determined that mortgage loans were, at the time the
21 approval was given, not otherwise available, wholly or in part,
22 from private lenders upon reasonably equivalent terms and condi-
23 tions, or

24 (B) has determined that the purchase or participation
25 will result in additional residential housing, taking into account
26 without limitation such factors as reinvestment of the proceeds of
27 the sale in additional mortgage loans, increased availability of
28 mortgage loans insured by the federal government, its agencies or
29 departments, the reduction, if any, of interest payments to be made

1 with respect to mortgage loans, or such other factors as will tend
2 to increase or improve the supply of residential housing within the
3 state;

4 (4) make partial rental payments and mortgage interest pay-
5 ments under a contract with any housing owner if the payments will be
6 applied to decrease rental or mortgage interest charges of persons of
7 lower and moderate income or owners or purchasers of residential housing
8 in remote, underdeveloped or blighted areas of the state;

9 (5) make loans from the housing development fund;

10 (6) collect and pay reasonable fees and charges in connection
11 with making, purchasing and servicing its mortgages, loans, notes,
12 bonds, certificates, commitments and other evidences of indebtedness;

13 (7) acquire real property, or any interest in real property,
14 in its own name, by purchase, transfer or foreclosure, when the acquisi-
15 tion is necessary or appropriate to protect any loan in which the cor-
16 poration has an interest; sell, transfer and convey any such property to
17 a buyer; and, if the sale, transfer or conveyance cannot be effected
18 with reasonable promptness or at a reasonable price, rent or lease the
19 property to a tenant pending the sale, transfer or conveyance;

20 (8) sell, at public or private sale, to any purchaser, in-
21 cluding the Federal National Mortgage Association, all or any part of a
22 mortgage or other instrument or document securing a construction, land
23 development, mortgage or temporary loan of any type permitted by this
24 chapter;

25 (9) purchase, in order to meet the requirements of the sale
26 of its mortgages to the Federal National Mortgage Association, stock of
27 the Federal National Mortgage Association;

28 (10) procure insurance against any loss in connection with its
29 operation;

1
2 (11) consent to the modification of the rate of interest, time
3 of payment of any installment of principal or interest, or any other
4 terms, of the mortgage loan, mortgage loan commitment, construction
5 loan, temporary loan, contract or agreement of any kind to which the
6 corporation is a party;

7 (12) borrow money as [HEREIN] provided in this chapter to
8 carry out and effectuate its corporate purposes; and issue its obliga-
9 tions as evidence of any such borrowing;

10 (13) include in any borrowing the amounts necessary to pay
11 financing charges, interest on the obligations for a period not exceed-
12 ing one year after the date on which the corporation estimates funds
13 will otherwise be available to pay the interest, consultant, advisory
14 and legal fees and such other expenses as are necessary or incident to
15 this borrowing;

16 (14) under AS 18.56.088, adopt and publish regulations re-
17 specting its lending program and such other regulations as are neces-
18 sary to effectuate its purposes;

19 (15) provide technical and advisory services to sponsors,
20 builders and developers of residential housing and to residents of it;

21 (16) promote research and development in scientific methods of
22 constructing low-cost and energy-efficient residential housing of high
23 durability;

24 (17) make and execute agreements, contracts and other in-
25 struments necessary or convenient in the exercise of the powers and
26 functions of the corporation under this chapter, including contracts
27 with any person, firm, corporation, governmental agency or other entity;

28 (18) receive, administer and comply with the conditions and
29 requirements respecting any appropriation or gift, grant or donation of
property or money;

1 (19) sue and be sued in its own name;

2 (20) adopt an official seal;

3 (21) adopt bylaws for the regulation of its affairs and the
4 conduct of its business and prescribe rules, regulations and policies in
5 connection with the performance of its functions and duties;

6 (22) employ fiscal consultants, engineers, attorneys, real
7 estate counselors, appraisers and such other consultants and employees
8 as may be required in the judgment of the corporation, and fix and pay
9 their compensation from funds available to the corporation;

10 (23) do all acts and things necessary, convenient or desirable
11 to carry out the powers expressly granted or necessarily implied in this
12 chapter;

13 (24) invest or reinvest, subject to its contracts with note-
14 holders and bondholders, any money or funds held by the corporation in
15 any obligations or other securities or investments in which banks or
16 trust companies in the state may legally invest funds held in reserves
17 or sinking funds or any funds not required for immediate disbursement,
18 and in certificates of deposit or time deposits secured by obligations
19 of, or guaranteed by, the state or the United States of America; [.]

20 (25) establish a rural housing insurance account in the state
21 mortgage insurance fund established by this chapter and administer a
22 rural housing mortgage insurance program in rural areas of the state; in
23 the administration of the program established under this paragraph, the
24 board of directors shall

25 (A) [FROM SUMS RECEIVED FROM LOANS FROM THE DEPARTMENT
26 OF REVENUE,] purchase the mortgages or other collateral for rural
27 residential loans issued by a regional housing authority or any
28 other person; and

29 (B) determine the maximum rate of interest which may be

1 charged by a regional housing authority for a rural residential
2 loan; [AND

3 (C) BORROW FROM THE DEPARTMENT OF REVENUE FOR PURPOSES
4 OF THE RURAL HOUSING MORTGAGE PROGRAM; THE DEPARTMENT OF REVENUE
5 MAY LEND SURPLUS STATE GENERAL FUNDS TO THE CORPORATION FOR THE
6 PURPOSE OF THE RURAL HOUSING MORTGAGE LOAN PROGRAM.]

7 (26) establish a rural housing hazard insurance fund and a
8 rural housing hazard insurance program to provide hazard insurance for
9 housing located in remote, underdeveloped or blighted areas of the state
10 when hazard insurance from other sources satisfactory to private mort-
11 gage lenders is not available on reasonable terms; the corporation may
12 enter into agreements with respect to the fund and the program with the
13 holders of bonds or notes issued to provide money for the rural housing
14 mortgage program [OR WITH THE DEPARTMENT OF REVENUE WITH RESPECT TO
15 LOANS MADE UNDER (25)(C) OF THIS SECTION,] including, but not limited
16 to, agreements as to the use of money in the fund, and may otherwise
17 establish the terms and conditions of the fund and of the program of
18 hazard insurance by or in accordance with regulations adopted under
19 AS 18.56.088;

20 (27) establish a rural housing title insurance fund and a
21 rural housing title insurance program to provide title insurance for
22 housing located in remote, underdeveloped or blighted areas of the state
23 when title insurance from other sources satisfactory to private mortgage
24 lenders is not available on reasonable terms; the corporation may enter
25 into agreements with respect to the fund and the program with the holder
26 of bonds or notes issued to provide money for the rural housing mortgage
27 program [OR WITH THE DEPARTMENT OF REVENUE WITH RESPECT TO LOANS MADE
28 UNDER (25)(C) OF THIS SECTION,] including, but not limited to, agree-
29 ments as to the use of money in the fund, and may otherwise establish

1 the terms and conditions of the fund and of the program of title in-
2 surance by or in accordance with regulations adopted under AS 18.56.088.

3 * Sec. 13. AS 18.56.095(d) is amended to read:

4 (d) A mortgage loan [, INCLUDING A STATE VETERANS' LOAN,] may be
5 insured if the loan to value ratio at the time of the insurance loan
6 does not exceed 80 percent or, if the loan to value ratio does exceed
7 that percentage, if it is federally insured or guaranteed or insured by
8 a qualified mortgage insurance company to the extent of the excess. [IN
9 ADDITION, A STATE VETERANS' LOAN MAY BE INSURED IF THE LOAN TO VALUE
10 RATIO DOES NOT EXCEED 90 PERCENT.] The endorsement of the corporation
11 on the mortgage at the time of purchase or acquisition of the mortgage
12 loan is conclusive evidence that the mortgage loan is insured under the
13 provisions of this section. The insurance is payable solely from the
14 mortgage insurance fund.

15 * Sec. 14. AS 18.56.095(e)(1) is amended to read:

16 (1) in the case of federally insured or guaranteed mortgage
17 loans, or mortgage loans [, INCLUDING STATE VETERANS' LOANS,] insured by
18 a qualified mortgage insurance company or, if not so insured or guaran-
19 teed, with a loan to value ratio at the time of the mortgage insurance
20 application less than 80 percent, the greater of (A) two percent of the
21 unpaid principal amount of those mortgage loans, or (B) a percentage
22 which the corporation with the approval of the commissioner of revenue
23 [COMMERCE] determines is actuarially sound for operation of the mortgage
24 insurance fund;

25 * Sec. 15. AS 18.56.095(f) is amended to read:

26 (f) On December 1 of each year the commissioner of revenue
27 [COMMERCE] shall determine the amount on deposit in the mortgage in-
28 surance fund. If the amount in the fund is less than the fund require-
29 ment, the commissioner of revenue shall request the corporation to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

transfer from any available funds the amount necessary to restore the mortgage insurance fund to the fund requirement and the corporation shall promptly comply with the request from any funds available subject to agreements with holders of any of its obligations. If sufficient funds are not provided as the result of such requests, the commissioner of revenue shall, no later than January 2 of the following year, make and deliver to the governor and to the chairmen of the house and senate finance committees his certificate stating the sum required to restore the fund to the fund requirement and the sum so certified may be appropriated and paid to the fund during the then current state fiscal year. Nothing in this subsection creates a debt or liability of the state.

* Sec. 16. AS 18.56.095(h)(4) is amended to read:

(4) "special mortgage loan insurance commitment fee" and "special mortgage loan insurance premium" mean, respectively, a fee of such percent of the principal amount of a mortgage loan to be insured under this section, and an annual insurance premium of such percent of the portion of the unpaid principal amount of a mortgage loan insured under this section which is not federally insured or guaranteed or insured by a private mortgage insurance company, which the corporation with the approval of the commissioner of revenue [COMMERCE] determines is actuarially sound for the operation of the mortgage insurance fund;

* Sec. 17. AS 18.56 is amended by adding new sections to read:

Sec. 18.56.096. LIMITATIONS ON POWERS TO MAKE OR PURCHASE MORTGAGE LOANS. The corporation may not make, participate in the making of, purchase, or participate in the purchase of a mortgage loan under this chapter which exceeds the limitations on mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio.

Sec. 18.56.097. COLLATERAL FOR LOANS. Under procedures estab-

Schaeffer

1 lished by regulations of the corporation adopted in accordance with the
2 Administrative Procedure Act (AS 44.62) a person may pledge as security
3 for the repayment of a loan made, purchased or insured by the corpora-
4 tion under this chapter a preference right he holds to receive title to
5 land he occupies as a primary place of residence, primary place of
6 business, subsistence campsite, or as headquarters for reindeer
7 husbandry. The preference right must be conveyed to the person by the
8 ^{native} village corporation to which the land was granted under section 14 of
9 the Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. secs.
10 1601 - 1626) ^{as amended by Public Law 94-204-895: 401145} before it may be pledged as security under this section.
11 The Department of Community and Regional Affairs shall prescribe pro-
12 cedures and standard forms for establishing and appraising the value of
13 a preference right held by a person to secure the repayment of a loan
14 made, purchased or insured by the corporation under this chapter.

15 Sec. 18.56.098. SPECIAL MORTGAGE LOAN PURCHASE PROGRAM. (a) The
16 corporation shall establish a special mortgage loan purchase program.
17 Under the special mortgage loan purchase program, the corporation may
18 purchase mortgage loans made (1) for the purchase of residences; or (2)
19 for the refinancing of mortgage loans on residences if the purpose of
20 the refinancing is to provide money for the improvement or rehabilita-
21 tion of the residence. Mortgage loans purchased by the corporation
22 under the special mortgage loan purchase program may not exceed the
23 limitations on mortgage loans purchased by the Federal National Mortgage
24 Association as to principal and loan-to-value ratio.

25 (b) The corporation shall adopt regulations under AS 18.56.088 to
26 establish minimum construction standards which a residence must meet
27 before the corporation may purchase a mortgage loan on the residence
28 under (a) of this section. The minimum construction standards shall
29 include standard deviations from the minimum construction standards to

1 allow the corporation to purchase mortgage loans on residences which do
2 not meet the minimum construction standards but which are certified by
3 an engineer to be within the standard deviations. The standard devia-
4 tions shall include, but are not limited to, provisions relating to
5 water holding tanks, on-site water and sewer systems, and foundations.

6 (c) The corporation may pledge mortgage loans purchased by the
7 corporation under (a) of this section, mortgage loans assigned to the
8 corporation for the special mortgage loan purchase program, and money
9 appropriated to the corporation for the special mortgage loan purchase
10 program to pay the principal, interest, and redemption premium, if any,
11 on bonds issued by the corporation for the special mortgage loan pur-
12 chase program.

13 (d) [The corporation shall establish and may amend the interest
14 rate charged to borrowers whose mortgage loans are purchased by the
15 corporation under (a) of this section. In determining the interest
16 rate, the corporation shall consider the amount by which assets of the
17 corporation pledged to pay the principal, interest, and redemption
18 premium, if any, on bonds issued by the corporation for the special
19 mortgage loan purchase program exceed the amount of the bonds issued for
20 the special mortgage loan purchase program. However,] the interest rate
21 ^{shall be} [may not exceed] nine and one-half percent for borrowers who are eligible
22 veterans under AS 18.56.101 or ten and one-half percent for other bor-
23 rowers.

24 (e) The corporation shall establish regulations in accordance with
25 AS 18.56.088 to implement the special mortgage loan purchase program.
26 The regulations shall include provisions relating to the assumption of
27 mortgage loans purchased under (a) of this section by purchasers of
28 residences for which the mortgage loans were made.

29 (f) In this section and in AS 18.56.099,

1 (1) "mortgage loan" includes a beneficial interest or par-
2 ticipation in a mortgage loan;

3 (2) "residence" means an owner-occupied, single-family resi-
4 dence, including a mobile home, or an owner-occupied duplex.

5 Sec. 18.56.099. POWERS OF CORPORATION TO DEAL IN MORTGAGE LOANS.
6 The corporation may purchase, sell, hold, or otherwise deal in mortgage
7 loans. In connection with the purchase or sale of a beneficial interest
8 or participation in a mortgage loan, the corporation may enter into a
9 trust agreement providing for the custody, control, and administration
10 of the mortgage loan. The trust agreement may provide that the corpora-
11 tion or a bank or trust company shall act as trustor or trustee under
12 the trust and that title to the mortgage loans subject to the trust
13 shall be considered to have passed as provided in the trust agreement.
14 To the extent provided in the trust agreement, the effect of a sale of a
15 beneficial interest or participation in a mortgage loan is the same as
16 the sale of the mortgage loan subject to the trust.

17 * Sec. 18. AS 18.56.100(e) is amended to read:

18 (e) The corporation may provide for the issuance, at one time or
19 from time to time, of housing development fund notes for the purpose of
20 providing money [FUNDS] for the fund. [THE COMMISSIONER OF REVENUE IS
21 AUTHORIZED TO PURCHASE FUND NOTES WITH SURPLUS FUNDS IN THE STATE TREA-
22 SURY. BEFORE SUBMISSION OF THE EXECUTIVE BUDGET TO THE LEGISLATURE, THE
23 COMMISSIONER OF REVENUE SHALL ANNUALLY RECOMMEND TO THE GOVERNOR THE
24 ANTICIPATED AMOUNTS OF SURPLUS FUNDS AVAILABLE FOR PURCHASE OF FUND
25 NOTES IN THE FISCAL YEAR ENCOMPASSED BY THE BUDGET. IN MAKING HIS
26 RECOMMENDATION TO THE GOVERNOR, THE COMMISSIONER OF REVENUE SHALL CON-
27 sider the expenditure and revenue projections contained in the most
28 recent revenue source document prepared for and submitted to the legis-
29 lature by the administration. If the governor agrees with the recom-

1 MENDATION OF THE COMMISSIONER OF REVENUE HE SHALL FORWARD THE RECOMMEN-
2 DATION TO THE CORPORATION.]

3 * Sec. 19. AS 18.56 is amended by adding new sections to read:

4 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. (a)

5 The following persons are eligible veterans for the purposes of AS 18.-
6 56.098(d):

7 (1) a person who served in the armed forces of the United
8 States for 90 days or more, or whose service was for less than 90 days
9 because of injury or disability incurred in the line of duty, after
10 April 6, 1917,

11 (A) who at the time of induction into the service was a
12 resident of the territory or state, who had been a resident for not
13 less than one year immediately before his induction, and who re-
14 turned to the territory or state within one year after discharge as
15 a resident with the intention of remaining in the territory or
16 state; or

17 (B) who, not being a bona fide resident of the territory
18 or state before his entry into the service, has been a resident of
19 the territory or state for five or more consecutive years after
20 demonstrating his intent to make his permanent home in the state by
21 designating a place in the state as his home in official civilian
22 records or in military personnel records; and

23 (C) whose discharge was other than dishonorable;

24 (2) a person who was dependent on a member of the armed
25 forces or an eligible veteran at the time of the member's or veteran's
26 death if

27 (A) the member or veteran was a resident of the terri-
28 tory or state for one year before induction into the service;

29 (B) the member or veteran served in the armed forces for

1 at least 90 days after April 6, 1917; and

2 (C) his discharge was other than dishonorable;

3 (3) a person who has served in the Alaska Army National
4 Guard, the Alaska Air National Guard, or the Alaska Naval Militia or who
5 has served in a reserve unit of the United States armed forces if the
6 reserve unit required, as a minimum, one weekend each month of duty and
7 15 consecutive days of active duty training each year for not less than
8 five years and who has not received a discharge other than honorable.

9 (b) For purposes of this section, a dependent is an unmarried
10 person whose chief means of support was the deceased member of the armed
11 forces or the deceased veteran. The dependent must be either (1) a
12 widow, widower, minor son, minor daughter, or (2) mother, father, sister
13 or brother incapable of self-support. A dependent must be a resident of
14 the state at the time of making application and intend to reside in the
15 state permanently. The rights of a minor child who is eligible for a
16 loan under this chapter may be exercised only if the child has no sur-
17 viving parent and has an appointed guardian.

18 Sec. 18.56.105. ALLOCATION OF LENDING ACTIVITIES. In partici-
19 pating in the making or purchasing of loans under AS 18.56.090(1) - (3)
20 or under AS 18.56.100, the corporation shall allocate the money available
21 to it among the private financial institutions in the state based on the
22 amount of housing loans made by each private financial institution.

23 * Sec. 20. AS 18.56.200 is amended by adding new subsections to read:

24 (b) By January 10 of each year, the board shall publish a report
25 of the corporation for distribution to the governor, legislature, and
26 the public. The report shall be written in easily understandable lan-
27 guage. The report shall include a financial statement audited by an
28 independent outside auditor, a statement of corporation investments in
29 mortgage loans under this chapter, including an estimate of market value

1 of the mortgage loans, a comparison of the corporation performance with
2 the goals of the corporation, and the levels of bonding and investment
3 activities anticipated in the previous year's report under (c) of this
4 section, and any other information the board believes would be of in-
5 terest to the governor, the legislature, and the public. The annual
6 income statement and balance sheet of the corporation shall be published
7 in at least one newspaper in each judicial district. The board may also
8 publish other reports it considers desirable to carry out its purpose.

9 (c) The corporation shall include in its annual report under (b)
10 of this section an estimate of the investment activity of the corpora-
11 tion in mortgage loans under this chapter for the following 12-month
12 period and an estimate of the amount of bonds to be issued for the
13 investments. Notwithstanding AS 18.56.090(12) or 18.56.110(a), the
14 corporation may not issue bonds during a 12-month period unless the
15 legislature, by law, approves the estimated investment activity and the
16 estimated amount of bonds to be issued during the 12-month period in-
17 cluded in the corporation's annual report in accordance with this sub-
18 section.

19 * Sec. 21. AS 18.56.210(11) is amended to read:

20 (11) "residential housing" means a specific work or improve-
21 ment undertaken primarily to provide dwelling accommodations without
22 limitation as to form of lawful occupancy, whether rental, under con-
23 tract, fee ownership, cooperative housing, condominium, mobile home, or
24 other lawful form of ownership, [FOR PERSONS OF LOWER AND MODERATE
25 INCOME, OR IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS,] including the
26 acquisition, construction or rehabilitation of land, buildings and
27 improvements to them, and such other nonhousing facilities as may be
28 incidental or appurtenant to the land or buildings;

29 * Sec. 22. AS 18.55.140 is amended to read:

1 other taxing agency under the provisions of AS 18.55.695 - 18.55.700.
2 The bonds may be further secured by a pledge of all or any part of a
3 loan, grant or contribution from the federal government or from another
4 source, or by a mortgage of a redevelopment project of the authority.

5 * Sec. 25. AS 18.55.996(b) is amended to read:

6 (b) There is created with respect to each of the associations named
7 in (a) of this section a public body corporate and politic to function
8 in the operating area of the individual associations to be known as the
9 regional housing authority of the associations possessing all powers,
10 rights and functions now or subsequently specified for the Alaska State
11 Housing Authority, under the Alaska State Housing Authority Act (AS 18.-
12 55.010 - 18.55.290) except those specified with respect to the construc-
13 tion and acquisition of public buildings for lease to the state or any
14 subsequently specified authority which is inconsistent with AS 18.55.995.
15 The authority shall have the power to enter into agreements with local
16 government, other political subdivisions of the state, the state or the
17 federal government for the exercise of a function or power relating to
18 construction, operation and maintenance of public facilities or public
19 utilities. Upon execution of such an agreement and for the period of
20 the agreement the authority shall have the same powers and functions
21 relating to the subject matter of the agreement as those which may
22 legally be exercised by the governmental unit with whom the agreement is
23 made including the authority to separately or together with the other
24 unit borrow money and issue notes, bonds or other evidence of indebted-
25 ness to finance a project within the scope of the agreement subject to
26 the express limitations, if any, contained in the agreement and subject
27 to AS-18.55.998. All obligations or liabilities of the regional housing
28 authorities shall remain their own and shall not be obligations or
29 liabilities of the state.

1 Sec. 18.55.140. ISSUANCE OF BONDS AND REFUNDING BONDS. Subject
2 to AS 18.55.270(b), the [THE] authority may issue bonds from time to
3 time in its discretion for any of its corporate purposes and may issue
4 refunding bonds for the purpose of paying or retiring bonds previously
5 issued by it.

6 * Sec. 23. AS 18.55.270 is amended by adding a new subsection to read:

7 (b) By January 10 of each year, the authority shall prepare a
8 report and distribute it to the governor, the legislature, and the
9 public. The report shall include an estimate of the amount of revenue
10 bonds of the authority to be issued during the following 12-month period.
11 Notwithstanding AS 18.55.140 or 18.55.570, the authority may not issue
12 revenue bonds for a project under this chapter in an amount greater than
13 \$50,000,000 unless the bond issuance is included as part of the report
14 required by this subsection and unless the legislature, by law, approves
15 the bond issuance.

16 * Sec. 24. AS 18.55.570(a) is amended to read:

17 (a) Subject to AS 18.55.270(b), the [THE] authority may issue
18 bonds from time to time for any of its corporate purposes including the
19 payment of principal and interest upon advances for surveys and plans
20 for redevelopment projects. The authority may issue refunding bonds for
21 the purpose of the payment or retirement or in exchange for bonds pre-
22 viously issued by it. The authority may issue the types of bonds it
23 determines, including bonds on which the principal and interest are
24 payable (1) exclusively from the income, proceeds, and revenues of the
25 redevelopment project financed with the proceeds of the bonds, or (2)
26 exclusively from the income, proceeds, and revenues of any of its re-
27 development projects whether or not they are financed in whole or in
28 part with the proceeds of the bonds, or (3) in whole or in part from
29 taxes allocated to, and paid into a special fund by a city, borough, or

1 * Sec. 26. AS 18.55.996 is amended by adding a new subsection to read:

2 (h) A regional housing authority created in this section is a
3 state agency for the purposes of the Executive Budget Act (AS 37.07).

4 * Sec. 27. AS 18.55 is amended by adding new sections to read:

5 Sec. 18.55.083. REGULATIONS. The authority shall adopt regula-
6 tions, in accordance with the Administrative Procedure Act (AS 44.62),
7 to implement AS 18.55.010 - 18.55.960.

8 Sec. 18.55.085. EXECUTIVE BUDGET ACT. The authority is a state
9 agency for the purposes of the Executive Budget Act (AS 37.07).

10 Sec. 18.55.998. ANNUAL REPORT. By January 10 of each year, each
11 regional housing authority shall prepare a report and distribute it to
12 the governor, the legislature, and the public. The report shall include
13 an estimate of the amount of revenue bonds of the regional housing
14 authority to be issued during the following 12-month period. Notwith-
15 standing AS 18.55.996(b), a regional housing authority may not issue
16 bonds for a project in an amount greater than \$50,000,000 unless the
17 issuance is included as part of the report required by this section and
18 unless the legislature, by law, approves the issuance.

19 * Sec. 28. AS 44.58.080(7) is amended to read:

20 (7) subject to AS 44.58.100(b), borrow money and issue its
21 negotiable bonds or notes and provide for and secure their payment,
22 provide for the rights of their holders and purchase, hold and dispose
23 of any of its bonds or notes;

24 * Sec. 29. AS 44.58 is amended by adding a new section to read:

25 Sec. 44.58.095. REGULATIONS. The bond bank authority shall adopt
26 regulations, in accordance with the Administrative Procedure Act
27 (AS 44.62), to implement this chapter.

28 * Sec. 30. AS 44.58.100 is amended by adding a new subsection to read:

29 (b) The bond bank authority shall include in the report required

1 by (a) of this section an estimate of the amount of revenue bonds of the
2 bond bank authority to be issued during the following 12-month period.
3 The bond bank authority may not issue revenue bonds during a 12-month
4 period unless the legislature, by law, approves the estimate required by
5 this subsection for that 12-month period.

6 * Sec. 31. AS 44.58.180(a) is amended to read:

7 (a) Subject to AS 44.58.100(b), the [THE] bond bank authority may
8 issue its bonds or notes in principal amounts that it considers neces-
9 sary to provide funds for any purposes under this chapter, including

10 (1) the purchase of municipal bonds;

11 (2) the making of loans through the purchase of municipal
bonds;

12 (3) the payment, funding or refunding of the principal of, or
13 interest or redemption premiums on, bonds or notes issued by it whether
14 the bonds or notes or interest to be funded or refunded have or have not
15 become due;

16 (4) the establishment or increase of reserves to secure or to
17 pay bonds or notes or interest on bonds or notes and all other costs or
18 expenses of the bond bank authority incident to and necessary or con-
19 venient to carry out its corporate purposes and powers.

20 * Sec. 32. On the effective date of this section the Alaska State De-
21 velopment Corporation (AS 44.59.010) shall transfer its assets and liabili-
22 ties to the Alaska Industrial Development Authority (AS 44.61.020). On the
23 effective date of this section the Small Business Development Corporation
24 (AS 44.60.020) shall transfer its assets and liabilities to the Alaska In-
25 dustrial Development Authority (AS 44.61.020). On the effective date of this
26 section the Alaska Toll Bridge Authority (AS 44.57.010) shall transfer its
27 assets and liabilities to the Alaska Industrial Development Authority
28 (AS 44.61.020). The Alaska Industrial Development Authority is responsible
29

1 for the management of the assets and liabilities transferred to it under this
2 section.

3 * Sec. 33. AS 39.25.110 is amended by adding a new paragraph to read:

4 (23) the executive director and other employees of the Alaska
5 Industrial Development Authority.

6 * Sec. 34. AS 44.61.010(a)(3) is amended to read;

7 (3) the state lacks the basic manufacturing, [AND] indus-
8 trial, small business, tourism, and commercial fishing enterprises
9 necessary to permit adequate development of its natural resources and
10 the balanced growth of its economy;

11 * Sec. 35. AS 44.61.010(a)(4) is amended to read:

12 (4) the establishment of industrial, [AND] manufacturing,
13 small business, tourism, and commercial fishing enterprises [PLANTS] in
14 Alaska, including facilities for air and water transportation, facili-
15 ties for pollution control and waste disposal, and facilities for the
16 local furnishing of electric energy or gas, is essential to the de-
17 velopment of the natural resources and the long term economic growth of
18 the state, and will directly and indirectly alleviate unemployment in
19 the state;

20 * Sec. 36. AS 44.61.010(a)(5) is amended to read:

21 (5) the achievement of the goal of full employment, and of
22 establishment and continuing operation and development of industrial,
23 [AND] manufacturing, small business, tourism, and commercial fishing
24 enterprises [PLANTS] in the state, including facilities for air and
25 water transportation, facilities for pollution control and waste dis-
26 posal, and facilities for the local furnishing of electric energy or
27 gas, will be accelerated and facilitated by the creation of an in-
28 strumentality of the state with powers to incur debt and to make and
29 insure loans to finance, and to assist private lenders to make loans to

1 finance, the establishment, operation, and development of [FOR ACQUIRING
2 OR CONSTRUCTING] industrial, [AND] manufacturing, small business,
3 tourism, and commercial fishing enterprises [PLANTS], including facili-
4 ties for air and water transportation, facilities for pollution control
5 and waste disposal, and facilities for the local furnishing of electric
6 energy or gas, for private operation [AND THUS PROVIDE FINANCIAL ASSIST-
7 ANCE FOR THE ESTABLISHMENT, OPERATION AND DEVELOPMENT OF THESE PLANTS ON
8 A BASIS OFFSETTING IN WHOLE OR IN PART THE CONSTRUCTION, MARKETING OR
9 OTHER COSTS INVOLVED IN THE PROJECTS].

10 * Sec. 37. AS 44.61.010(b) is amended to read:

11 (b) It is declared to be the policy of the state, in the interests
12 of promoting the health, security and general welfare of all the people
13 of the state, and a public purpose, to increase job opportunities and
14 otherwise to encourage the economic growth of the state, including the
15 development of its natural resources, through the establishment of
16 manufacturing, [AND] industrial, small business, tourism, and commercial
17 fishing enterprises by creating the public corporation with power,
18 duties and functions as provided in this chapter.

19 * Sec. 38. AS 44.61.030 is repealed and re-enacted to read:

20 Sec. 44.61.030. MEMBERSHIP OF AUTHORITY. (a) The membership of
21 the authority consists of three persons appointed by the governor who
22 serve as heads of principal departments of the executive branch and two
23 public members appointed by the governor. The appointment or reappoint-
24 ment of a member of the authority, including a member who is a commis-
25 sioner, is subject to confirmation by a majority vote of the members of
26 the legislature in joint session.

27 (b) Members of the authority serve for one-year terms. The terms
28 expire on February 1 of each year.

29 (c) If a vacancy occurs in the membership of the authority, the

1 governor shall immediately appoint a member for the unexpired portion of
2 the term.

3 * Sec. 39. AS 44.61.040 is amended to read:

4 Sec. 44.61.040. CHAIRMAN AND VICE-CHAIRMAN. The members of the
5 authority shall elect a chairman from among themselves [THE COMMISSIONER
6 OF COMMERCE AND ECONOMIC DEVELOPMENT IS THE CHAIRMAN OF THE AUTHORITY,
7 PRESIDES OVER ALL MEETINGS, AND HAS THE DUTIES WHICH THE AUTHORITY MAY
8 DIRECT]. A vice-chairman may be elected by the authority from among its
9 other members [FOR ONE OR MORE TERMS OF ONE YEAR EACH]. The vice-
10 chairman presides over all meetings in the absence of the chairman
11 [COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT] and has other duties
12 which the authority may direct.

13 * Sec. 40. AS 44.61.050(c) is amended to read:

14 (c) The authority may appoint persons as officers it considers
15 advisable, including an executive director [OR EXECUTIVE VICE-PRESI-
16 DENT], and may employ professional advisors, counsel, technical experts,
17 agents, and other employees it considers advisable. The executive
18 director and employees of the authority are in the exempt service under
19 AS 39.25.

20 * Sec. 41. AS 44.61.070 is amended to read;

21 Sec. 44.61.070. PURPOSE OF THE AUTHORITY. The purpose of the
22 authority is to promote, develop and advance the general prosperity and
23 economic welfare of the people of Alaska, to relieve problems of
24 unemployment and to create additional employment by providing various
25 [A] means of financing and means of facilitating the financing of indus-
26 trial, [AND] manufacturing, small business, tourism, and commercial
27 fishing enterprises [PLANT CONSTRUCTION, CONVERSION OR EXPANSION] within
28 the state [, INCLUDING THE ACQUISITION OF REAL PROPERTY, FOR LEASE OR
29 SALE TO BUSINESS ENTERPRISES FOR INDUSTRIAL OR MANUFACTURING PURPOSES].

1 * Sec. 42. AS 44.61.080(4) is amended to read:

2 (4) to adopt [MAKE RULES AND] regulations governing the
3 exercise of its corporate powers;

4 * Sec. 43. AS 44.61.080(5) is amended to read:

5 (5) to acquire an interest in a project as necessary or ap-
6 propriate to provide financing for the project, whether by [CONSTRUC-
7 TION,] purchase, gift or lease [, AND TO IMPROVE AND EQUIP PROJECTS IN
8 THE STATE];

9 * Sec. 44. AS 44.61.080(7) is amended to read:

10 (7) to issue bonds, in accordance with AS 44.61.090, to pay
11 the cost of [ACQUIRING BY CONSTRUCTION, PURCHASE OR LEASE OR IMPROVING
12 AND EQUIPPING] a project and to secure payment of the bonds as provided
13 in this chapter;

14 * Sec. 45. AS 44.61.080(8) is amended to read:

15 (8) to sell, by installment sale or otherwise, exchange,
16 donate, convey or encumber in any manner by mortgage or by creation of
17 any other security interest, real or personal property owned by it, or
18 in which it has an interest, including a project, when, in the judgment
19 of the authority, the action is in furtherance of its corporate pur-
20 poses;

21 * Sec. 46. AS 44.61.080 is amended by adding new paragraphs to read:

22 (12) to purchase or insure loans to finance the costs of
23 manufacturing, industrial, small business, tourism, and commercial
24 fishing enterprise projects;

25 (13) to enter into loan agreements with respect to one or more
26 projects upon the terms and conditions the authority considers advis-
27 able;

28 (14) to acquire, manage, and operate a project when it becomes
29 necessary or desirable to do so to safeguard the authority from losses;

1 (15) to assist private lenders to make loans to finance the
2 costs of projects through loan commitments, short-term financing, or
3 otherwise;

4 (16) to accept gifts, grants, or loans from a federal agency,
5 from an agency or instrumentality of the state or of a municipality, or
6 from any other source;

7 (17) to enter into contracts or other transactions with a
8 federal agency, with an agency or instrumentality of the state or of a
9 municipality, or with a private organization or other entity consistent
10 with the exercise of any power under this chapter.

11 * Sec. 47. AS 44.61.090(a) is amended to read:

12 (a) Subject to (g) of this section, the [THE] authority may borrow
13 money and may issue bonds [THEREFOR], including but not limited to bonds
14 on which the principal and interest are payable, (1) exclusively from
15 the income and receipts or other money derived from the project financed
16 with the proceeds of the bonds, (2) exclusively from the income and
17 receipts or other money derived from designated projects whether or not
18 they are financed in whole or in part with the proceeds of the bonds, or
19 (3) from its income and receipts or other assets generally, or a desig-
20 nated part or parts of them.

21 * Sec. 48. AS 44.61.090 is amended by adding a new subsection to read:

22 (g) The authority may not
23 (1) issue bonds during a 12-month period unless the legis-
24 lature, by law, approves the estimates for the 12-month period included
25 in the authority's annual report under AS 44.61.210(b)(1) and (2); or
26 (2) issue revenue bonds for a project under this chapter in
27 an amount greater than \$50,000,000 unless the issuance is included
28 separately in the estimates required in the report of the authority under
29 AS 44.61.210(b) and unless the legislature, by law, approves the

1 issuance.

2 * Sec. 49. AS 44.61 is amended by adding a new section to read:

3 Sec. 44.61.105. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND
4 REQUIREMENT. (a) For the purpose of securing one or more issues of its
5 bonds, the authority may establish one or more special funds, called
6 "capital reserve funds", and shall pay into those capital reserve funds
7 the proceeds of the sale of its bonds and other money which may be made
8 available to the authority from other sources for the purposes of the
9 capital reserve funds. A capital reserve fund may be established only
10 if the authority determines that the establishment of the fund would
11 enhance the marketability of the bonds. Money in a capital reserve
12 fund, except as provided in this section, may be used as required only
13 for (1) the payment of the principal of, and interest on, bonds or of
14 the sinking fund payments with respect to those bonds; (2) the purchase
15 or redemption of the bonds; or (3) the payment of a redemption premium
16 required to be paid when the bonds are redeemed before maturity. How-
17 ever, money in a capital reserve fund may not be withdrawn if the with-
18 drawal would reduce the amount in the capital reserve fund to less than
19 the capital reserve requirement, except for the purpose of making pay-
20 ment, when due, of principal, interest, redemption premiums on the
21 bonds, and sinking fund payments when other money of the authority is
22 not available for the payments. Income or interest earned by, or in-
23 crement to, a capital reserve fund, from the investment of all or part
24 of the fund, may be transferred by the authority to other funds or
25 accounts of the authority if the transfer does not reduce the amount of
26 the capital reserve fund below the capital reserve fund requirement.

27 (b) If the authority decides to issue bonds secured by a capital
28 reserve fund, the bonds may not be issued if the amount in the capital
29 reserve fund is less than the capital reserve fund requirement, unless

1 the authority, at the time of issuance of the bonds, deposits in the
2 capital reserve fund from the proceeds of the bonds to be issued or from
3 other sources, an amount which, together with the amount then in the
4 fund, is not less than the capital reserve fund requirement.

5 (c) In computing the amount of a capital reserve fund for the
6 purpose of this section, securities in which all or a portion of the
7 fund is invested shall be valued by a reasonable method established by
8 the authority by resolution. Valuation shall include the amount of
9 interest earned or accrued as of the date of the valuation.

10 (d) The chairman of the authority shall annually, no later than
11 January 2, certify in writing to the governor and the legislature the
12 amount, if any, required to restore a capital reserve fund to the capi-
13 tal reserve fund requirement. The legislature may appropriate to the
14 authority the amount certified by the chairman of the authority. The
15 authority shall deposit the amounts appropriated under this subsection
16 during a fiscal year in the proper capital reserve fund. Nothing in
17 this section creates a debt or liability of the state.

18 (e) In this section, "capital reserve fund requirement" means the
19 amount required to be on deposit in the capital reserve fund as of the
20 date of computation as determined by resolution of the authority.

21 * Sec. 50. AS 44.61 is amended by adding new sections to article 3 to
22 read:

23 Sec. 44.61.155. ENTERPRISE DEVELOPMENT FUND. (a) There is estab-
24 lished in the authority the enterprise development fund. The enterprise
25 development fund is a trust fund for the uses and purposes of this
26 chapter. Money may be paid into and out of the enterprise development
27 fund only as provided in this chapter. The enterprise development fund
28 may be composed of money or assets appropriated or transferred to the
29 authority, interest on investments and loans of the enterprise develop-

1 ment fund, and other money deposited in it by the authority.

2 (b) The authority shall establish within the enterprise develop-
3 ment fund a loan insurance account, a small business, tourism, and com-
4 mercial fishing enterprises loan account and other accounts it considers
5 appropriate. Amounts in the enterprise development fund shall be held
6 and invested by the authority in investments authorized under AS 37.10.-
7 070(a)(1) - (6) or as may be authorized in agreements with bondholders
8 respecting amounts in the loan insurance account, the small business,
9 tourism, and commercial fishing enterprises loan account, and other
10 accounts within the enterprise development fund.

11 Sec. 44.61.157. LOAN INSURANCE AND LOAN INSURANCE ACCOUNT. (a)
12 The purpose of the loan insurance account is to provide insurance of
13 mortgage loans and other loans made or purchased by the authority, or
14 made by others and approved for insurance by the authority, for a pro-
15 ject. The authority may enter into agreements as to the use of money in
16 the loan insurance account and may pledge, assign, or grant interests in
17 the loan insurance account as provided in this section. The authority
18 may adopt regulations and enter into agreements with respect to the
19 exercise of any power or approval relating to the loan insurance account
20 under this section, including, without limitation, agreements as to the
21 use of money in the loan insurance account, agreements with respect to
22 the terms and conditions upon which payments from the loan insurance
23 account will be made with respect to a loan insured under this section,
24 agreements as to separate subaccounts in the loan insurance account for
25 different categories of loans or as to loans made by the authority or
26 any other person, and agreements regarding the payment of and security
27 for bonds issued by the authority. An agreement, the rights of the
28 authority under an agreement, or payments received or to be received
29 under an agreement may be pledged or assigned by the authority for the

1 benefit of the holders of bonds issued by the authority.

2 (b) The authority may, upon application of a borrower or proposed
3 borrower, insure and make advance commitments to insure loan repayments
4 required under the terms of a loan made by it or by another lender with
5 respect to a project, upon the terms and conditions the authority pre-
6 scribes. To be eligible for insurance under this chapter, a loan for a
7 project

8 (1) shall be held by the authority or by a lender approved by
9 the authority as responsible and able to service the loan;

10 (2) may not exceed \$10,000,000 for a project, or 90 percent
11 of the cost of the project or 90 percent of the appraised value of the
12 project, whichever is less;

13 (3) may not be made for a term longer than three-quarters of
14 the authority's estimate of the life of the project or 25 years from the
15 date of issuance of the insurance, whichever is earlier;

16 (4) shall contain complete amortization provisions satis-
17 factory to the authority requiring periodic payments by the borrower;
18 and

19 (5) shall be in the form and contain the terms with respect
20 to insurance, repairs, alterations, payment of taxes and assessments,
21 default reserves, delinquency charges, default remedies, acceleration of
22 maturity, additional and secondary liens, and other matters that the
23 authority prescribes.

24 (c) In addition to other fees which the authority may charge on
25 loans, the authority may collect or cause to be collected on loans
26 insured under this section, either a loan insurance commitment fee or a
27 loan insurance premium or both. Loan insurance fees and loan insurance
28 premiums are not required to be uniform among the various loans insured.
29 Loan insurance commitment fees and loan insurance premiums shall be

1 deposited in the insurance account by the loan servicer, trustee, or
2 agent designated by the authority to receive them.

3 (d) If, at any time after receipt by the authority of a payment
4 from the loan insurance account with respect to a loan, the authority
5 recovers an amount on the loan or portion of it from a source other than
6 the loan insurance account, the authority shall apply the amount re-
7 covered in the following order: first, to repay the general fund of the
8 state for appropriations made under (g) of this section, and second, to
9 repay the loan insurance account.

10 (e) Loans may be insured only when the amount either in the loan
11 insurance account insuring the loans or a subaccount in the loan in-
12 surance account insuring the loans, as a percentage of the sum of the
13 loans to be insured and all unpaid principal on loans insured by the
14 loan insurance account or the subaccount, equals or exceeds the fund re-
15 quirement. The fund requirement is calculated as a percentage which the
16 authority determines is actuarially sound for operation of the loan
17 account or a subaccount.

18 (f) When the authority determines what is "actuarially sound" with
19 respect to the operation of the loan insurance account or a subaccount
20 in the loan insurance account, it shall consider means of providing
21 sufficient revenue for the operation of the account or subaccount,
22 without regard to amounts which may have been or may, after the date of
23 determination of actuarial soundness, be appropriated under (g) of this
24 section. The authority shall also consider factors including, without
25 limitation, estimates of future defaults and losses of loans insured
26 under this section based on actual default and loss experience on those
27 loans or on similar loans in the state or elsewhere, estimates of re-
28 coveries on defaulted or foreclosed loans based on actual default and
29 foreclosure experience on those loans or similar loans in the state or

1 elsewhere, the terms and conditions of the loans insured under this
2 section, estimates of earnings and income of amounts on deposit in the
3 loan insurance account, and other appropriate factors.

4 (g) On December 1 of each year the authority shall determine the
5 amount on deposit in the loan insurance account and in each subaccount
6 in the loan insurance account. If the amount in the loan insurance
7 account or the amount in a subaccount in the loan insurance account is
8 less than the fund requirement for the account or for the subaccount,
9 the authority shall transfer the amount necessary to restore the loan
10 insurance account or the subaccount to the fund requirement. The trans-
11 fer shall be made from available money which is not encumbered or re-
12 stricted for other use under the terms of contracts with bondholders or
13 others. If sufficient money is not available for transfer, the chairman
14 of the authority shall, no later than January 2 of the following year,
15 certify in writing to the governor and to the legislature the amount, if
16 any, required to restore the account or a subaccount to the fund require-
17 ment. The legislature may appropriate the amount certified and the
18 authority shall deposit in the account or proper subaccount the amounts
19 appropriated by the legislature for the purposes of this subsection
20 during the then current state fiscal year. Nothing in this subsection
21 creates a debt or liability of the state.

22 (h) A contract of insurance executed by the authority under this
23 section is conclusive evidence of eligibility for the insurance. The
24 validity of a contract of insurance executed by the authority or of an
25 advance commitment to insure is incontestable from the date of the
26 execution of the contract or commitment, except for fraud or misrepre-
27 sentation on the part of the insured or, as to commitments to insure,
28 noncompliance with the terms of the advance commitment or authority
29 regulations in force at the time of issuance of the advance commitment.

1 (i) In this section:

2 (1) "loan insurance commitment fee" means a fee which is a
3 percentage of the principal amount of a loan to be insured under this
4 section determined by the authority to be actuarially sound for the
5 operation of the loan insurance account;

6 (2) "loan insurance premium" means an annual insurance pre-
7 mium which is a percentage of the portion of the unpaid principal amount
8 of a loan insured under this section determined by the authority to be
9 actuarially sound for the operation of the loan insurance account or any
10 subaccount.

11 Sec. 44.61.158. SMALL BUSINESS, TOURISM, AND COMMERCIAL FISHING
12 ENTERPRISES LOAN ACCOUNT. (a) The authority may use the assets of the
13 small business, tourism, and commercial fishing enterprises loan account
14 to purchase loans made by others to small business enterprises, tourism
15 enterprises, and commercial fishing enterprises to pay the costs of
16 projects, as defined in AS 44.61.220, which are not eligible to be
17 financed with the proceeds of bonds of the authority the interest on
18 which is exempt from federal income tax.

19 (b) The interest rate on a loan purchased with money in the small
20 business, tourism, and commercial fishing enterprises loan account must
21 equal the interest rate which the authority estimates would be payable
22 on bonds issued by the authority to provide money to make the loan.

23 (c) A loan purchased with money in the small business, tourism,
24 and commercial fishing enterprises loan account

25 (1) may not exceed

26 (A) \$6,000,000 if the loan is made to a tourism enter-
27 prise;

28 (B) \$500,000 if the loan is made to a small business
29 enterprise that is not a tourism enterprise or a commercial fishing

1 enterprise; or

2 (C) \$500,000 for each individual commercial fisherman in
3 the commercial fishing enterprise if the loan is made to a commer-
4 cial fishing enterprise;

5 (2) may not exceed 90 percent of the cost of the project or
6 90 percent of the appraised value of the project, whichever is less;

7 (3) may not be made for a term longer than three-quarters of
8 the authority's estimate of the life of the project or 25 years from the
9 date the loan is made, whichever is earlier;

10 (4) shall contain complete amortization provisions satis-
11 factory to the authority requiring periodic payments by the borrower;

12 (5) shall be in the form and contain the terms and provisions
13 with respect to insurance, repairs, alterations, payment of taxes and
14 assessments, default reserves, delinquency charges, default remedies,
15 acceleration of maturity, secondary liens and other matters the autho-
16 rity prescribes; and

17 (6) shall be secured as to repayment by a mortgage or other
18 security instrument in the manner the authority determines is feasible
19 to assure timely repayment under a loan agreement entered into with the
20 borrower.

21 (d) The authority may adopt regulations for the administration of
22 the small business, tourism, and commercial fishing enterprises loan
23 account which may include, without limitation, provisions for fees and
24 agreements relating to application, loan commitment, servicing, and
25 origination of loans by other lenders.

26 (e) The authority may enter into agreements as to the use of the
27 money in the small business, tourism, and commercial fishing enterprises
28 loan account, including without limitation, trust or custody arrange-
29 ments with banks or trust companies. It may also pledge, assign, or

1 grant the agreement, interests under an agreement, or interests in the
2 small business, tourism, and commercial fishing enterprises loan account
3 as may be necessary or appropriate to provide for payment and security
4 for bonds of the authority.

5 * Sec. 51. AS 44.61.160 is amended to read:

6 Sec. 44.61.160. FINDINGS OF THE AUTHORITY. Before entering into a
7 lease or other agreement as provided in AS 44.61.090(e) regarding a
8 project for which bonds are agreed to be issued by the authority in an
9 amount in excess of \$6,000,000, or before approving insurance or a
10 commitment to insure a loan as provided in AS 44.61.157(b) with a prin-
11 cipal amount in excess of \$6,000,000, (AS MENTIONED IN AS 44.61.090(e))
12 there must have been filed with the authority a certified copy of a
13 resolution of the governing body of the political subdivision of the
14 state, if any, in which the project is to be located, consenting to the
15 location (which consent need only refer to the general nature of the
16 project ultimately to be acquired as set out in a request of the pro-
17 posed project occupant), and the authority must find, on the basis of
18 all information reasonably available to it, that

19 (1) the project and its development under this chapter will
20 be economically advantageous to the state and the general public welfare
21 and will contribute to the economic growth of the state;

22 (2) the project occupant is financially responsible; and

23 (3) provision to meet increased demand upon public facilities
24 that might result from the project is reasonably assured.

25 * Sec. 52. AS 44.61.190(a) is amended to read:

26 (a) The authority shall not be considered or constitute (1) a
27 political subdivision of the state as the term is used in AS 37.10.085,
28 (2) a municipal corporation or political subdivision of the state as the
29 terms are used in AS 29, or (3) except as provided in AS 44.61.205, a

1 state agency as the term is used in AS 37, but for all other purposes
2 the authority constitutes a political subdivision and an instrumentality
3 of the state as provided in this chapter.

4 * Sec. 53. AS 44.61 is amended by adding a new section to read:

5 Sec. 44.61.205. OPERATING BUDGET. The operating budget of the
6 authority is subject to the Executive Budget Act (AS 37.07).

7 * Sec. 54. AS 44.61.210 is repealed and re-enacted to read:

8 Sec. 44.61.210. REPORTS AND PUBLICATIONS. (a) By January 10 of
9 each year, the authority shall publish a report for distribution to the
10 governor, legislature, and the public. The report shall be written in
11 easily understandable language. The report shall include a financial
12 statement audited by an independent outside auditor, a statement of the
13 authority's investments under this chapter including an appraisal of the
14 investments at market value, a comparison of the authority's performance
15 with the goals of the authority and the levels of bonding and investment
16 activities anticipated in the previous year's report under (b) of this
17 section, and any other information the members of the authority believe
18 would be of interest to the governor, the legislature, and the public.
19 The annual income statement and balance sheet of the authority shall be
20 published in at least one newspaper in each judicial district. The
21 authority may also publish other reports it considers desirable to carry
22 out its purpose.

23 (b) The authority shall include in its annual report under (a) of
24 this section

25 (1) an estimate of the investment activity of the authority
26 under this chapter for the following 12-month period; and

27 (2) an estimate of the amount of bonds to be issued for the
28 investments.

29 * Sec. 55. AS 44.61.220 is amended to read:

1 Sec. 44.61.220. DEFINITIONS. In this chapter

2 (1) "authority" means the Alaska Industrial Development
3 Authority created by this chapter;

4 (2) "business enterprise" means a single proprietorship,
5 corporation, firm, partnership, or other association of persons or-
6 ganized in any manner, which is organized for profit [OR A SINGLE PRO-
7 PRIETORSHIP];

8 (3) "federal agency" means the United States and any officer,
9 department, agency or instrumentality of the United States;

10 (4) "governing body of a political subdivision" means, when
11 used with respect to the location of a project, the council of a city if
12 the project is to be located in a city in the unorganized borough, or
13 the [BOROUGH] assembly if the project is to be located in an organized
14 borough or a unified municipality;

15 (5) "project" includes ["INDUSTRIAL PLANT" OR "MANUFACTURING
16 PLANT" MEANS]

17 (A) a plant or facility used or intended for use in
18 connection with making, processing, preparing, or producing in any
19 manner, goods, products or substances of any kind or nature or in
20 connection with developing or utilizing a natural resource, or
21 extracting, smelting, transporting, converting, assembling or
22 producing in any manner, minerals, raw materials, chemicals, com-
23 pounds, alloys, fibers, commodities and materials, products or
24 substances of any kind or nature, any plant or facility used or
25 intended for use in connection with air and water transportation,
26 or any plant or facility for the prevention, limitation or control
27 of air or water pollution, for the disposal of sewage or solid
28 waste, or for the local furnishing of electric energy or gas;

29 (B) a small business enterprise, tourism enterprise,

1 the operation of the project and expenses of installation, replacement
2 or rehabilitation, and all other costs, charges, fees and expenses which
3 may be determined by the authority to be necessary to finance the con-
4 struction or acquisition;

5 (9) "project occupant" means a business enterprise or enter-
6 prises proposing to use or [AND] occupy a project;

7 (10) "real property" means land and rights and interests in
8 land, including, without limitation; interests less than full title such
9 as easements, uses, leases, and licenses;

10 (11) "lease" includes, when used as a noun, an interest in, or
11 when used as a verb, the transfer of an interest in, [REAL] property
12 less than fee simple title, including, without limitation, when used as
13 a noun, agreements to use or occupy [REAL] property;

14 (12) "small business enterprise" means a business enterprise
15 with annual gross sales of \$10,000,000 or less;

16 (13) "tourism enterprise" means a business enterprise which is
17 directly involved in the tourist industry;

18 (14) "commercial fishing enterprise" means one or more in-
19 dividual commercial fishermen who are residents of the state who jointly
20 apply for and receive a commercial fishing loan from a private financial
21 institution in the state or from a state or federal loan program.

22 * Sec. 56. After July 1, 1981,

23 (1) no further loans may be made under AS 16.10.310 and 16.10.-
24 320(a) except for loans authorized under AS 16.10.333 pursuant to AS 16.10.-
25 310 and 16.10.320(a); and

26 (2) no further loans may be made under AS 45.90.020, AS 45.95.020,
27 and AS 26.15.040(3).

28 * Sec. 57. FINDINGS RELATING TO THE DIVISION OF NONCONFORMING HOUSING
29 LOANS. The legislature finds that

1 (1) there exists a great need for financial assistance, particu-
2 larly in the rural areas of the state, for housing purchases;

3 (2) existing loan programs of the state and federal governments
4 impose minimum building standards on housing to be purchased with loans from
5 the programs;

6 (3) the distinctive environment in many parts of Alaska has re-
7 sulted in the construction of housing which is not standard for other parts
8 of the state or of the country;

9 (4) often housing which does not conform to the lending require-
10 ments of state and federal loan programs is nevertheless acceptable housing;

11 (5) it is necessary to create a state agency which will provide
12 for financing for this nonconforming housing so that people in all parts of
13 Alaska have an equal opportunity to obtain housing.

14 * Sec. 58. AS 44.47 is amended by adding new sections to read:

15 ARTICLE 9. DIVISION OF NONCONFORMING HOUSING LOANS.

16 Sec. 44.47.360. DIVISION OF NONCONFORMING HOUSING LOANS CREATED.

17 There is created in the Department of Community and Regional Affairs the
18 division of nonconforming housing loans.

19 Sec. 44.47.370. POWERS OF DIRECTOR. The director may

20 (1) adopt regulations in accordance with the Administrative
21 Procedure Act (AS 44.62) to implement AS 44.47.360 - 44.47.560;

22 (2) make and execute agreements, contracts, and other instru-
23 ments necessary or convenient in the exercise of his powers and func-
24 tions under AS 44.47.360 - 44.47.560;

25 (3) purchase or participate in the purchase of nonconforming
26 housing mortgage loans in accordance with AS 44.47.360 - 44.47.560;

27 (4) purchase or participate in the purchase of loans for
28 building materials for nonconforming housing in accordance with AS 44.-
29 47.360 - 44.47.560;

1 (5) procure insurance against loss in connection with his
2 functions under AS 44.47.360 - 44.47.560;

3 (6) acquire real or personal property, or an interest in real
4 or personal property, by purchase, transfer or foreclosure, when the
5 acquisition is necessary or appropriate to protect a loan in which the
6 division has an interest; sell, transfer and convey that property to a
7 buyer; and, if the sale, transfer or conveyance cannot be effected with
8 reasonable promptness or at a reasonable price, rent or lease the pro-
9 perty to a tenant pending the sale, transfer or conveyance;

10 (7) do all acts necessary, convenient or desirable to carry
11 out the powers expressly granted or necessarily implied in AS 44.47.360 -
12 44.47.560.

13 Sec. 44.47.380. NONCONFORMING HOUSING LOAN FUND. There is created
14 in the Department of Community and Regional Affairs the nonconforming
15 housing loan fund consisting of money appropriated to it by the legisla-
16 ture. The director shall administer the nonconforming housing loan fund
17 in accordance with AS 44.47.360 - 44.47.560 and shall use the money in
18 the nonconforming housing loan fund to

19 (1) purchase or participate in the purchase of nonconforming
20 housing mortgage loans; and

21 (2) purchase or participate in the purchase of loans made for
22 building materials for nonconforming housing.

23 Sec. 44.47.390. LIMITATIONS ON USE OF NONCONFORMING HOUSING LOAN
24 FUND. (a) The director may not use the money in the nonconforming
25 housing loan fund to

26 (1) purchase or participate in the purchase of a noncon-
27 forming housing mortgage loan

28 (A) which exceeds \$125,000;

29 (B) the monthly loan repayment on which exceeds 25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

percent of the borrower's gross monthly income;] or

(C) the term of which exceeds 30 years;

(2) purchase or participate in the purchase of a loan made for building materials for nonconforming housing

(A) which exceeds

(i) 80 percent of the appraised value of the work completed on the nonconforming housing for which the loan is made if the nonconforming housing is pledged as collateral for the loan; or

(ii) 80 percent of the value of other property which is pledged as security for the loan and which is satisfactory to the director as collateral;

(B) unless the terms of the loan agreement require inspections and certifications, as required by regulations of the director, at the expense of the borrower; and

(C) unless the period of time allowed for repayment of the loan is equal to or less than the lesser of

(i) three years; or

(ii) the maximum period of time established by regulation by the director based on the prevailing practice among private financial institutions in the general area in which the loan is made for loans for the purchase of building materials;

(3) purchase or participate in the purchase of a nonconforming housing mortgage loan which is secured by real property the marketable title to which is shown in accordance with AS 44.47.420(b)(2) if the total amount of outstanding nonconforming housing mortgage loans held by the division exceeds 10 times the amount of money in the restricted title loss reserve account (AS 44.47.430);

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(4) purchase or participate in the purchase of construction loans.

(b) In this section, "monthly loan repayment" means the accrued monthly liability of the borrower for principal and interest payments, including amortized insurance payments, property tax payments, service charges and other charges and fees, under the terms of the loan agreement.

Sec. 44.47.400. SECURITY FOR LOANS. (a) The director shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) establishing acceptable security for loans purchased in whole or in part under AS 44.47.380.

(b) A person may pledge as security for the repayment of a loan purchased in whole or in part under AS 44.47.380 a preference right he holds to receive title to land he occupies as a primary place of residence, primary place of business, subsistence campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to the person by the ^{native} village corporation to which the land was granted under section 14 of the Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. sec3. 1601 - 1626) ^{as amended by Public Law 44-204-875-40.} before it may be pledged as security ^{11 145} under this subsection. The commissioner of community and regional affairs shall prescribe procedures and standard forms for establishing, pledging, and appraising the value of a preference right held by a person to secure the repayment of a loan purchased in whole or in part under AS 44.47.380.

Schaeffer
addition

Sec. 44.47.410. INTEREST ON LOANS. (a) The director may establish, by regulations adopted in accordance with the Administrative Procedure Act (AS 44.62), the interest rate charged on loans purchased in whole or in part under AS 44.47.380(2). However, the interest rate established under this subsection may not be less than ¹⁰[nine] and one-half

1 percent.

2 (b) [The director may establish, by regulations adopted in accord-
3 ance with the Administrative Procedure Act (AS 44.62),] the [maximum and
4 minimum] interest rates charged on loans which may be purchased under
5 AS 44.47.380(1). ^{shall be 10% percent} [However, the director may purchase a loan under
6 AS 44.47.380(1) with an interest rate less than the minimum interest
7 rate established under this subsection if the difference between the
8 interest rate charged on the loan and minimum interest rate established
9 under this subsection reduces the monthly loan repayments, as defined in
10 AS 44.47.390(b), on the loan to 25 percent or less of the borrower's
11 gross monthly income.] shall

12 (c) The director [may] purchase a loan under AS 44.47.380(1) or (2)
13 with an interest rate one percentage point below the interest rate
14 determined under (a) or (b) of this section if the loan is made to a
15 person who is eligible for a loan under ^{new VETS definition} [AS 26.15.130 or 26.15.160.]

16 Sec. 44.47.420. TITLE. (a) Before the director purchases a
17 nonconforming housing mortgage loan in whole or in part, the director
18 may require a borrower to show marketable title to real property offered
19 as security for the loan to be purchased.

20 (b) A borrower may show marketable title to real property for the
21 purposes of (a) of this section

22 (1) by purchasing title insurance from a title insurance
23 company authorized to do business in the state; or

24 (2) by delivering to the director a copy of a letter of
25 intent signed by an authorized representative of the United States
26 Department of the Interior which shows the transfer of title to the
27 property from the United States government to the borrower if

28 (A) the borrower is an Alaska Native;

29 (B) title to the property was originally transferred

1 from the United States government, directly or indirectly, to the
2 borrower under federal law; and

3 (C) the federal law prohibits or limits the power to
4 transfer or encumber title to the property.

5 Sec. 44.47.430. RESTRICTED TITLE LOSS RESERVE ACCOUNT. (a) There
6 is established in the division the restricted title loss reserve account.
7 The restricted title loss reserve account consists of money appropriated
8 to it by the legislature and shall be administered by the director.

9 (b) The director may withdraw money from the restricted title loss
10 reserve account in an amount equal to the loss to the division on a
11 nonconforming housing mortgage loan purchased in whole or in part by the
12 division if marketable title to the real property used to secure the
13 loan was shown in accordance with AS 44.47.420(b)(2). Money withdrawn
14 from the restricted title loss reserve account under this section shall
15 be deposited in the nonconforming housing loan fund.

16 Sec. 44.47.440. FIRE INSURANCE. Before purchasing or partici-
17 pating in the purchase of a nonconforming housing mortgage loan, the
18 director may require the borrower to agree to purchase and maintain fire
19 insurance for the real property for which the loan is made in an amount
20 not less than the outstanding principal balance of the loan. ~~The fire~~
21 ~~insurance may be purchased from a private insurance company authorized~~
22 ~~to do business in the state or from the fire insurance fund created in~~
23 ~~AS 44.47.450.~~

24 Sec. 44.47.450. FIRE INSURANCE FUND. (a) There is created in the
25 division the fire insurance fund. The fire insurance fund consists of
26 money appropriated to it by the legislature and shall be administered by
27 the director.

28 (b) A person is eligible to purchase fire insurance from the fire
29 insurance fund under AS 44.47.440 if, after reasonable efforts, he is

McKinnon
Delete

*McKinnon
Delete*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

unable to obtain fire insurance from a private insurance company authorized to do business in the state.

(c) The director shall request bids from insurance companies to provide fire insurance for persons, who purchase fire insurance from the fire insurance fund. The director may use the money in the fire insurance fund to pay for the fire insurance.

(d) The rate for each \$1,000 of fire insurance charged to persons who purchase fire insurance from the fire insurance fund shall be the same as the average premium for each \$1,000 of fire insurance paid by Anchorage borrowers from the Alaska Housing Finance Corporation.

Sec. 44.47.460. LOAN SERVICING. Before purchasing or participating in the purchase of a loan, the director shall enter into a loan servicing agreement with the private financial institution from which the loan is to be purchased. Under the servicing agreement, the private financial institution shall administer the loan and may charge the division a fee equal to one-quarter of one percent interest on the division's share of the loan. The private financial institution may also charge the borrower a reasonable loan servicing fee.

Sec. 44.47.470. APPRAISALS. Before purchasing or participating in the purchase of a nonconforming housing mortgage loan, the director may have or may require the borrower to have an appraisal made of the fair market value of the real property, including structures on the real property, for which the loan is made. In conducting an appraisal under this section, the appraiser shall give full value to insulation and other features of construction in structures on the real property which add to the energy efficiency of the structures.

Sec. 44.47.480. TOLL-FREE TELEPHONE NUMBER. The director shall arrange for and maintain a toll-free telephone number for the division so that private financial institutions and their borrowers may contact

*Doogan
Delete*

Doogan
delete

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

the division from any location in the state by telephone without a toll charge.

Sec. 44.47.490. ASSISTANCE BY DIVISION PERSONNEL. (a) The director shall hire at least one lending officer and shall contract for the services of

(1) a real property appraiser who is familiar with rural construction; and

(2) an engineer who is familiar with engineering problems in arctic and subarctic regions.

(b) The personnel described in (a) of this section shall make regular visits to each of the regions established under AS 44.47.510(a) to provide preconstruction and post-construction inspections of real property for which loans are purchased by the division in whole or in part under AS 44.47.380 and to provide assistance to private financial institutions and their borrowers in the regions.

Sec. 44.47.500. DEMONSTRATION PROJECTS AND INFORMATION. The director may enter into agreements with public and private agencies to provide demonstration projects and information concerning housing construction in each of the regions established under AS 44.47.510(a).

Sec. 44.47.510. REGIONAL ALLOCATION. (a) The director, by regulations adopted in accordance with the Administrative Procedure Act (AS 44.62), shall establish and may amend the boundaries of reasonably compact and contiguous regions in the state. [In determining the boundaries of each region, the director shall take into consideration

(1) variations in climate and consequent construction requirements and limitations in the region; and

(2) past demand and future potential demand for loans which may be purchased under AS 44.47.380 in the region.

(b) Unless otherwise required by the language of an appropriation,

Delete
malone

should
be inc.
in (b)
by
6/19/76
area
region

taking into account (add
language approved on P. 23, L. 18-22
except change area to
region)

1 the director shall allocate the money in the nonconforming housing loan
2 fund ~~equally~~ among the regions established under (a) of this section for
3 the purpose of purchasing each type of loan described in AS 44.47.380.

4 Sec. 44.47.560. DEFINITIONS. In AS 44.47.360 - 44.47.560,

5 (1) "director" means the director of the division of noncon-
6 forming housing loans;

7 (2) "division" means the division of nonconforming housing
8 loans;

9 (3) "housing" means owner-occupied, single-family housing and
10 owner-occupied duplexes;

11 (4) "nonconforming housing" means housing which does not
12 conform to minimum building standards under any state or federal program
13 that provides loans for housing purchases.

14 * Sec. 59. MOBILE HOME STUDY. The director of the division of noncon-
15 forming housing loans (AS 44.47.360) shall conduct a study to determine the
16 need to include loans for the purchase of mobile homes as an eligible type of
17 loan for purchase by the division of nonconforming housing loans. The direc-
18 tor shall report the findings of his study to the governor and to the legis-
19 lature by January 20, 1981, and shall include in his report suggestions for
20 legislation which he considers appropriate.

21 * Sec. 60. AS 18.56.010, 18.56.085, 18.56.092, 18.56.094, 18.56.-
22 095(e)(2), 18.56.095(g), 18.56.095(h)(5), and 18.56.125(f) are repealed.

23 * Sec. 61. AS 44.57, AS 44.59, and AS 44.60 are repealed.

24 * Sec. 62. Sections 1 - 21 and 33 - 60 of this Act take effect July 1,
25 1980.

26 * Sec. 63. Section 61 of this Act takes effect 60 days after the effec-
27 tive date of secs. 22 - 32 and 62 - 64 of this Act.

28 * Sec. 64. Sections 22 - 32 and 62 - 64 of this Act take effect imme-
29 diately in accordance with AS 01.10.070(c).

Alaska House of Representatives



COMMITTEE ON NATURAL RESOURCES
POUCH V • JUNEAU, ALASKA 99811

MEMORANDUM

TO: Russ Meekins, Chairman
House Finance

FROM: Bill Miles *BM*

RE: ASHA Provisions in Senate Bill 1

DATE: May 16, 1980

Senate Bill 1 contains provisions which would greatly alter the activities of the Alaska State Housing Authority (ASHA). At this time, it would seem unwise to significantly change the operations of an agency that has had few significant problems in recent years. The old adage "if it ain't broke, don't fix it" applies.

As you know, ASHA has, in its past, had a very colorful history, to say the least. However, in recent years, the controversy surrounding the agency has subsided, regulations have been implemented to make certain the agency remains on a professional business-like plain; rapport with the administration, the legislature and the private sector has been developed, and the agency has been operating at a level of competence and professionalism that few state agencies' enjoy. It has been responsive to public, and private needs.

It is for this reason I am urging the exclusion of the Alaska State Housing Authority from the provisions of Senate Bill 1. Although I certainly understand that the legislature may want to have an oversight function on this agency, it can exercise that option through a standard process of Legislative Budget and Audit Committee activities.

If the Alaska State Housing Authority is changed as outlined in Senate Bill 1, a number of conflicts would immediately arise. Currently, ASHA receives the majority of its maintenance funding through ongoing federal programs. In order that it continue to receive these funds, it must comply with the volumes of federal regulation. In many cases, the Administrative

Co.CHAIRMEN

REP. ALVIN OSTERBACK (465-3715) • REP. BILL MILES (465-3779)

VICE-CHAIRMAN

REP. FRED ZHAROFF

REP. PAT CARNEY • REP. C.V. "CHAT" CHATTERTON • REP. SAM COTTEN
REP. DICK ELIASON • REP. JACK FULLER • REP. RICK HALFORD

Procedures Act conflicts with federal guidelines and regulations which provide a substantial source of funds. In drafting the first sets of regulations that ASHA has several years ago, I, personally, had to take terrible pains to make certain there was no conflict. Now, if one proposes to mandate compliance, one similarly proposes to mandate that conflict.

Another significant reason to eliminate ASHA from Senate Bill 1 at this time revolves around the question of the state assuming the outstanding liabilities of the agency. At the present time, those liabilities are roughly \$135 million. Was this significant factor discussed by the Finance Committee in its deliberations?

Mr. Chairman, inclusion of the Alaska State Housing Authority in Senate Bill 1 is a major policy question that, to my knowledge, has received little public discussion. I only learned of the Finance Sub-Committee's recommendation yesterday, May 15, 1980. The Housing Authority, itself, has had no indication that substantial changes to its ongoing structure has been contemplated by the legislature and, therefore, no time to its constructive help.

Because so many persons involved with the agency have had almost no time to comment on the matter, I would strongly urge the exclusion of the Alaska State Housing Authority from Senate Bill 1. There is no doubt that some the changes may be warranted; there is doubt that the recommendations have had adequate review period.

Thank you for your consideration.