

LEG. FINANCE - BILLS 1979 - 1980 1229

CSSSSB lam cont. 1029

HCS SB 1

Malone Amendment

Recommendation that various pages and sections be amended to delete all references to regional housing corporations and A.S.H.A.

The reason is that these references are not necessary to purpose of the bill and consideration through other legislation would be more appropriate.

5/10/80 HCS 6333
Gallagher

PAGE 27:

LINES 10-18 DELETE

Amendment deletes need for Regional Housing Authority
to come under Executive Budget Act and legislative
review for selling debt

5/10/87
D. Gallagher

PAGE 26:

LINES 1-3 DELETE

Amendment deletes need for Regional Housing Authority
to come under Executive Budget Act and legislative
review for selling debt

HCS SB 1

Malone Amendment

Page 10, Section 5, Corporation Governing Body - delete (a) and (b) and insert:

(a) The corporation shall be governed by a board of directors consisting of three commissioners of principal departments of state government, or their designees, and two members, appointed by the governor.

(b) The appointment or reappointment of members to the board, including ex-officio members, or their designees, is subject to confirmation by a majority vote of the members of the legislature in joint session. If the legislature fails to confirm the appointment of an ex-officio member, the governor shall appoint another ex-officio member who shall be subject to confirmation. This subsection shall take effect on the effective date of an amendment to the Constitution which provides for confirmation of state officials other than heads of principal departments and quasi-judicial boards.

HCS SB 1

Malone Amendment

Page 20, line 13: Subsection (d) delete and rewrite:

(d) The corporation shall establish and may amend the interest rates charged to borrowers whose mortgage loans are purchased by the corporation under (a) of this section. In determining the interest rates, the corporation shall consider: the amount by which assets of the corporation pledged to pay the principal, interest, and other costs on bonds or notes issued by the corporation for the special mortgage loan program exceed the amount of the bonds or notes issued for the special mortgage purchase program and, the amount of income or other resources that categories of borrowers reasonably can allocate to home mortgage payments.

PAGE 27:

LINES 4-7

DELETE

Add the following:

Sec. 27. AS 18.55

is amended to read:

Sec. 18.55.110 Cooperation with and aid of Federal Government.

(a) The authority may do all things necessary or desirable to cooperate with or act as agent for the Federal Government or to secure financial aid for housing projects for veterans of WWII and other citizens of this state. However those projects may not be undertaken unless an acute shortage of housing exists.

(b) With respect to project described in (a) of this section, the financing, development and management of which is governed entirely by federal statute or regulations, the authority is not subject to

1. AS 44.62. the Administrative Procedures Act except AS 44.62.310 and 44.62.312;

2. AS 36, Public Contracts; or

3. Any other limitations, procedures and restrictions or requirements of other laws prescribing or limiting the procedure or action to be taken in the development or administration of any buildings, property, public works, undertaking or projects of municipal or public corporations or agencies of the State except those relating to land acquisition.

PAGE 27:

LINES 8-9

DELETE

This deletion removes the Executive Budget Act
responsibility.

AKPIRG

Insert the following new material after the new Section 60.

Section 61. AS 44.25 is amended by adding a new section to Article 1 to read:

SEC. 44.25.026. REPORT ON INSIDER LOANS. (a) Any financial institution offering or participating in loans which are directly or indirectly financed by the state of Alaska, including loans purchased by the State of Alaska in the secondary money market, shall provide a report detailing all loans over \$10,000 made by the institution during the previous year to or co-signed or guaranteed by:

(1) an officer, employee or director of the institution or a member of the immediate family of an officer, employee or director of the institution, or

(2) a corporation, partnership or other organization more than ten percent of which is owned in the aggregate by persons referred to in (1) of this subsection, or

(3) any organization or individual defined as an insider for purposes of reporting by the F.D.I.C., the Comptroller of the Currency, or the Federal Home Loan Bank Board.

(b) The institution shall report under this section loans acquired by the institution which, if initially made by the institution, would be required to be reported under (a) of this section.

(c) Reports under (a) and (b) of this section will include the following information:

(1) the name of the insider

(2) the insider's position or relationship that causes such person to be considered an insider,

(3) the date on which the transaction was approved by the institution's board of directors

(4) the amount of each loan made to an insider

(5) the terms of each loan, including the interest rate, and the security used to obtain the loan

(6) the purposes for which the loan was obtained

(7) whether the insider loan is in default of its interest or principal payments

(8) the current balance of each loan.

AKPIRG

page 55, after line 20

Insert the following new material

Section. 60. AS 44.25 is amended by adding a new section to Article 1 to read:

SEC. 44.25.025. ANNUAL REVIEW OF LENDING PRACTICES.

The Commissioner (Department of Revenue) shall adopt regulations which provide for an annual review of lending practices of any financial institution offering or participating in loans which are directly or indirectly financed by the state of Alaska, including loans purchased by the State of Alaska in the secondary money market. Such review will provide for local communities to examine the lending record of institutions managing public funds, and to express to the Commissioner a statement of the local community credit needs. The Commissioner shall consider this input from local communities in determining the eligibility of each institution for receiving public funds.

COMMITTEE REPORT

HOUSE

4/2/80

FURTHER:

Date: 5/19/80

Mr. Speaker:

The Committee on FINANCE has had CSSS SBI (Fin) am

"An Act relating to state loan programs, establishing the Alaska Commercial Loan Corporation, and authorizing the purchase of housing mortgage loans by the Alaska Housing Finance Corporation."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with ^HCS for CSSS SBI same title
 new title
- and recommends individual rec.
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

[Signature]
[Signature]
[Signature]

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
 CHAIRMAN

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:

10 * Section 1. AS 16.10.333 is amended by adding a new subsection to read:

11 (f) In determining whether an individual commercial fisherman is
12 reasonably likely to be able to repay a loan made under this section,
13 the commissioner shall consider the individual commercial fisherman's
14 income from commercial fishing and from all other sources.

15 * Sec. 2. AS 16.10.500 is amended to read:

16 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
17 state, under AS 16.10.500 - 16.10.550, to promote the enhancement of the
18 state's fisheries by means of grants for organizational and planning
19 purposes to regional associations described in AS 16.10.510 which have
20 qualified under AS 16.10.380, and by means of long-term, low interest
21 loans for hatchery planning, construction, and operation and for plan-
22 ning and implementation of enhancement and rehabilitation activities
23 including, but not limited to, lake fertilization and habitat improve-
24 ment.

25 * Sec. 3. AS 16.10.510(5) is amended to read:

26 (5) establish amortization plans for repayment of loans, not
27 to exceed 30 [25] years;

28 * Sec. 4. AS 16.10.510 is amended by adding a new paragraph to read:

29 (10) make loans to qualified regional associations which have

1 formed a nonprofit corporation or to local nonprofit corporations ap-
2 proved by qualified regional associations for planning and implementa-
3 tion of fisheries enhancement and rehabilitation activities including,
4 but not limited to, lake fertilization and habitat improvement.

5 * Sec. 5. AS 16.10.520(a) is amended to read:

6 (a) A single fisheries enhancement loan may not exceed \$6,000,000
7 [\$3,000,000] for a hatchery or other enhancement or rehabilitation acti-
8 viety conducted [CONSTRUCTED] under a permit granted to a qualified
9 regional association which has formed a nonprofit corporati~~or~~, or to a
10 local nonprofit corporation approved by a qualified regional associa-
11 tion. A loan for any other nonprofit hatchery corporation project may
12 not exceed \$1,000,000 [\$300,000].

13 * Sec. 6. AS 16.10.520(b) is amended to read:

14 (b) Loans for the total project costs may be made if the commis-
15 sioner determines that the applicant has sufficient financial resources
16 to insure the establishment of an equity position in the project equal
17 to 10 percent of the loan within 10 [SIX] years or less, either through
18 a royalty assessment levied under AS 16.10.530 or AS 16.10.540 or other
19 means approved by the commissioner. For purposes of this subsection,
20 "total project costs" includes planning and construction costs for the
21 facility and the cost of operations for not more than the first 10 [SIX]
22 years. The costs for operations shall be loaned on an annual basis.

23 * Sec. 7. AS 16.10 is amended by adding a new section to read:

24 Sec. 16.10.525. REPAYMENT OF PRINCIPAL AND INTEREST ON LOANS. The
25 commissioner may not require the repayment of principal on a loan made
26 under AS 16.10.510 for the initial period of the loan. Interest on the
27 principal of a loan made under AS 16.10.510 does not accrue during the
28 initial period of the loan. In this subsection, the "initial period of
29 the loan" means a period of time determined by the commissioner which is

1 not less than six years or more than 10 years from the date the loan is
2 made.

3 * Sec. 8. FINDINGS AND PURPOSE RELATING TO THE FISHERMEN'S MORTGAGE AND
4 NOTE PROGRAM. (a) The legislature finds

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

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

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

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

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

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

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

20 (2) alleviate the problems described in (a)(2) - (4) of this
21 section by assisting fishermen in those small, rural communities, as well as
22 fishermen throughout the state, to obtain the financing necessary to enter
23 the state's fisheries and to rebuild the economies of the areas in which they
24 live, thereby assisting in the preservation of a traditional way of life as
25 set out in (a)(5) of this section.

26 * Sec. 9. AS 16.10 is amended by adding new sections to read:

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

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

29 There is established in the Department of Commerce and Economic Develop-

1 ment the fishermen's mortgage and note fund. The commissioner of com-
2 merce and economic development shall administer the fund.

3 Sec. 16.10.660. POWERS AND DUTIES OF COMMISSIONER. (a) The
4 commissioner may

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

7 (2) make and execute agreements, contracts, and other instru-
8 ments necessary or convenient in the exercise of his powers and func-
9 tions under AS 16.10.650 - 16.10.720, including contracts with any
10 person, firm, corporation, governmental agency or other entity;

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

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

15 (5) acquire real or personal property, or an interest in real
16 or personal property, by purchase, transfer or foreclosure, when the
17 acquisition is necessary or appropriate to protect a mortgage or note in
18 which the fund has an interest; sell, transfer and convey that property
19 to a buyer; and, if the sale, transfer or conveyance cannot be effected
20 with reasonable promptness or at a reasonable price, rent or lease the
21 property to a tenant pending the sale, transfer or conveyance;

22 (6) do all acts necessary, convenient or desirable to carry
23 out the powers expressly granted or necessarily implied in AS 16.10.650 -
24 16.10.720.

25 (b) In accordance with AS 16.10.670 - 16.10.720, the commissioner
26 shall use the money in the fund to purchase mortgages and notes received
27 by private financial institutions or by the Alaska Commercial Fishing
28 and Agriculture Bank to secure loans described in AS 16.10.670 - 16.10.-
29 720.

1 (c) In the event of a default on a loan purchased by the com-
2 missioner under AS 16.10.670(a) which is secured by a limited entry
3 permit, the commissioner shall follow the procedures described in AS 16.-
4 10.335 - 16.10.337.

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

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

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

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

28 (d) At least 51 percent of a loan described in (a) of this section
29 shall be made for the purposes described in (a)(1) - (4) of this section,

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

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

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

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

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

13 (b) In addition to the requirements of (a)(1) - (3) of this sec-
14 tion, the commissioner may purchase a mortgage or note under AS 16.10.-
15 660(b) only if it secures a loan to an individual who demonstrated to
16 the satisfaction of the private financial institution which made the
17 loan that

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

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

24 (c) The commissioner may not purchase a mortgage or note from a
25 private financial institution under AS 16.10.660(b) if ownership of a
26 fishing vessel is a prerequisite to obtaining a loan from the private
27 financial institution for the purchase of an entry permit or is con-
28 sidered by the private financial institution in determining the eligi-
29 bility of an applicant for a loan for the purchase of an entry permit.

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

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

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

11 (1) exceeds \$200,000;

12 (2) bears interest exceeding 10-1/2 percent;

13 (3) exceeds a term of 15 years; or

14 (4) is not secured by a first priority lien and appropriate
15 security agreement.

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

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

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

29 (3) a trust or other estate in which the borrower has a

1 substantial beneficial interest or as to which the borrower serves as
2 trustee or in a similar fiduciary capacity.

3 (c) The commissioner may purchase a mortgage or note under AS 16.-
4 10.660(b) if it secures a loan made to two or more individuals jointly
5 who each satisfy the requirements specified in AS 16.10.680 for the
6 construction of a fishing vessel or the purchase of an existing fishing
7 vessel. A loan secured by a mortgage or note purchased under this
8 subsection

9 (1) may not exceed the amount specified in (a)(1) of this
10 section multiplied by the number of eligible individuals applying for
11 the loan;

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

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

15 (4) may not bear interest exceeding 10-1/2 percent.

16 (d) The commissioner may purchase a mortgage or note under AS 16.-
17 10.660(b) if the terms of the loan secured by the mortgage or note allow
18 for repayment of the loan in accordance with

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

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

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

29 (f) The commissioner may not purchase a mortgage or note under

1 AS 16.10.660(b) if the loan it secures exceeds 90 percent of the ap-
2 praised value of the collateral used to secure the loan, except as
3 provided in (g) of this section.

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

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

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

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

27 Sec. 16.10.710. PREQUALIFICATION FOR LOANS. (a) The commissioner
28 may not purchase mortgages and notes from a private financial institu-
29 tion under AS 16.10.660(b) unless the private financial institution

1 (1) agrees to accept an application for a loan for the pur-
2 chase of an entry permit although the applicant has not located an entry
3 permit to purchase at the time of submitting the application; and

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

6 (b) The private financial institution shall process loan applica-
7 tions received under this section to determine the eligibility of an
8 applicant for a loan for the purchase of an entry permit and shall
9 notify the applicant of its determination.

10 (c) If the private financial institution determines that an appli-
11 cant is eligible for a loan for the purchase of an entry permit, the
12 private financial institution shall retain the application until the
13 applicant locates an entry permit to purchase and informs the private
14 financial institution of his decision to proceed with the loan applica-
15 tion to purchase the entry permit. However, the private financial
16 institution is not required to retain the application more than six
17 months after it has been submitted. If the applicant locates an entry
18 permit to purchase and decides to proceed with his loan application, he
19 shall complete any parts of the application which were previously uncom-
20 pleted because of the lack of an entry permit to purchase, and bring the
21 application up to date so that the information in the application is
22 current at the time of the loan. The private financial institution
23 shall then proceed with the processing of the application.

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

25 (1) "department" means the Department of Commerce and Eco-
26 nomic Development;

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

28 (3) "private financial institution" has the meaning provided
29 in AS 11.46.990(3) and also includes the Alaska Commercial Fishing and

1 Agriculture Bank.

2 * Sec. 10. FINDINGS AND INTENT RELATING TO THE ALASKA HOUSING FINANCE
3 CORPORATION. The legislature finds that

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

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

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

26 * Sec. 11. PRIORITIES IN PURCHASE OF MORTGAGE LOANS BY THE ALASKA HOUSING
27 FINANCE CORPORATION. In purchasing mortgage loans under the special mortgage
28 purchase program established under AS 18.56.098, enacted in sec. 27 of this
29 Act, the Alaska Housing Finance Corporation shall give the highest priority

1 to the purchase of mortgage loans totaling \$24,554,000 made to applicants
2 under the Department of Revenue emergency home mortgage loan program of
3 February 28, 1980, who submitted their applications to the Department of
4 Revenue before the close of the Department of Revenue emergency home mortgage
5 loan program of February 28, 1980, but who did not receive a loan because of
6 the exhaustion of the \$105,000,000 in the Department of Revenue emergency
7 home mortgage loan program of February 28, 1980. The Alaska Housing Finance
8 Corporation shall give the next highest priority to the purchase of a mortgage
9 loan made to an applicant who has vacated his home because it was sold under
10 the Department of Revenue emergency home mortgage loan program of February 28,
11 1980, and who now cannot close on the purchase of a new home because of the
12 exhaustion of the \$105,000,000 in the Department of Revenue emergency home
13 mortgage loan program of February 28, 1980. The Alaska Housing Finance
14 Corporation shall give the next highest priority, on the basis of the imme-
15 diacy with which the applicant will have to vacate his present home, to the
16 purchase of a mortgage loan made to an applicant who has failed to close on
17 the purchase of a new home because of the exhaustion of the \$105,000,000 in
18 the Department of Revenue emergency home mortgage loan program of February 28,
19 1980. The priorities established under this section shall be observed to the
20 extent the Alaska Housing Finance Corporation determines that it is reasonable
21 to do so on the basis of evidence of the circumstances giving rise to the
22 priority.

23 * Sec. 12. AS 18.56.020 is amended to read:

24 Sec. 18.56.020. ALASKA HOUSING FINANCE CORPORATION. The Alaska
25 Housing Finance Corporation is a public corporation and government
26 instrumentality within the Department of Revenue [COMMERCE AND ECONOMIC
27 DEVELOPMENT], but having a legal existence independent of and separate
28 from the state. The corporation may not be terminated as long as it has
29 bonds, notes or other obligations outstanding. Upon termination of the

1 corporation, its rights and property pass to the state.

2 * Sec. 13. AS 18.56.030 is repealed and re-enacted to read:

3 Sec. 18.56.030. CORPORATION GOVERNING BODY. (a) The corporation
4 shall be governed by a board of directors consisting of three members
5 who are heads of principal departments of the executive branch of state
6 government appointed by the governor and two public members appointed by
7 the governor. If a member who is the head of a principal department of
8 the executive branch is unable to attend a meeting of the board, he may
9 by an instrument in writing filed with the board, designate his deputy
10 or assistant to act in his place as a member at the meeting. For all
11 purposes of this chapter, the designee is a member of the board at the
12 meeting.

13 (b) All board members serve two-year terms. However, the initial
14 appointment of one public member and two members who are heads of princi-
15 pal departments of the executive branch of state government shall be for
16 one year terms.

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

20 (d) The public members of the board receive \$100 compensation for
21 each day spent on official business of the corporation and may be reim-
22 bursed by the corporation for actual and necessary expenses at the same
23 rate paid to members of state boards under AS 39.20.180.

24 * Sec. 14. AS 18.56.030 is amended by adding a new subsection to read:

25 (e) The appointment or reappointment of a member to the board,
26 including a member who is the head of a principal department of the
27 executive branch, is subject to confirmation by a majority vote of the
28 members of the legislature in joint session. If the legislature fails
29 to confirm the appointment of the head of a principal department of the

1 executive branch as a member, the governor shall appoint the head of
2 another principal department of the executive branch to serve as a
3 member, subject to confirmation under this subsection. A member ap-
4 pointed to fill a vacancy under (c) of this section is subject to con-
5 firmation under this subsection.

6 * Sec. 15. AS 18.56.050 is amended to read:

7 Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall manage
8 the assets and business of the corporation and may prescribe, amend and
9 repeal bylaws and regulations governing the manner in which the business
10 of the corporation is conducted and the manner in which its powers are
11 exercised. The board shall delegate supervision of the administration of
12 the corporation to the executive director, appointed in accordance with
13 AS 18.56.052 [, AND MAY DELEGATE TO HIM OTHER DUTIES IT CONSIDERS
14 PROPER].

15 * Sec. 16. AS 18.56.060 is amended to read:

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

23 * Sec. 17. AS 18.56.070 is amended to read:

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

27 * Sec. 18. AS 18.56.080 is amended to read:

28 Sec. 18.56.080. INTERDEPARTMENTAL COOPERATION. All departments,
29 agencies and public corporations of the state may provide information,

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

6 * Sec. 19. AS 18.56.088 is amended by adding a new subsection to read:

7 (h) The board shall adopt regulations in accordance with (a) - (f)
8 of this section which establish a procedure by which a seller of mort-
9 gage loans may appeal a decision of the corporation not to purchase
10 mortgage loans offered by the seller.

11 * Sec. 20. AS 18.56 is amended by adding a new section to read:

12 Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of the
13 corporation is subject to the Executive Budget Act (AS 37.07) for fiscal
14 years beginning after June 30, 1981.

15 * Sec. 21. AS 18.56.090 is amended to read:

16 Sec. 18.56.090. GENERAL POWERS. In addition to other powers
17 granted in this chapter, the corporation may, for the purpose of provid-
18 ing housing for persons of lower and moderate income or persons located
19 in remote, underdeveloped or blighted areas of the state and for its
20 other corporate purposes

21 (1) make or participate in the making of construction loans
22 to sponsors, developers and builders of land development or residential
23 housing, if the corporation determines that construction loans are not
24 otherwise available, wholly or in part, from private lenders upon rea-
25 sonably equivalent terms and conditions;

26 (2) make or participate in the making of mortgage loans to
27 sponsors, developers, builders and purchasers of residential housing, if
28 the corporation determines that mortgage loans are not otherwise avail-
29 able, wholly or in part, from private lenders upon reasonably equivalent

1 terms and conditions;

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

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

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

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

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

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

28 (7) acquire real property, or any interest in real property,
29 in its own name, by purchase, transfer or foreclosure, when the acquisi-

1 tion is necessary or appropriate to protect any loan in which the cor-
2 poration has an interest; sell, transfer and convey any such property to
3 a buyer; and, if the sale, transfer or conveyance cannot be effected
4 with reasonable promptness or at a reasonable price, rent or lease the
5 property to a tenant pending the sale, transfer or conveyance;

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

11 (9) purchase, in order to meet the requirements of the sale
12 of its mortgages to the Federal National Mortgage Association, stock of
13 the Federal National Mortgage Association;

14 (10) procure insurance against any loss in connection with its
15 operation;

16 (11) consent to the modification of the rate of interest, time
17 of payment of any installment of principal or interest, or any other
18 terms, of the mortgage loan, mortgage loan commitment, construction
19 loan, temporary loan, contract or agreement of any kind to which the
20 corporation is a party;

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

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

1 (14) under AS 18.56.088, adopt and publish regulations re-
2 specting its lending programs and such other regulations as are neces-
3 sary to effectuate its purposes;

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

6 (16) promote research and development in scientific methods of
7 constructing low-cost and energy-efficient residential housing of high
8 durability;

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

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

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

17 (20) adopt an official seal;

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

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

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

28 (24) invest or reinvest, subject to its contracts with note-
29 holders and bondholders, any money or funds held by the corporation in

1 any obligations or other securities or investments in which banks or
2 trust companies in the state may legally invest funds held in reserves
3 or sinking funds or any funds not required for immediate disbursement,
4 and in certificates of deposit or time deposits secured by obligations
5 of, or guaranteed by, the state or the United States of America.

6 [(25) ESTABLISH A RURAL HOUSING INSURANCE ACCOUNT IN THE STATE
7 MORTGAGE INSURANCE FUND ESTABLISHED BY THIS CHAPTER AND ADMINISTER A
8 RURAL HOUSING MORTGAGE INSURANCE PROGRAM IN RURAL AREAS OF THE STATE; IN
9 THE ADMINISTRATION OF THE PROGRAM ESTABLISHED UNDER THIS PARAGRAPH, THE
10 BOARD OF DIRECTORS SHALL

11 (A) FROM SUMS RECEIVED FROM LOANS FROM THE DEPARTMENT OF
12 REVENUE, PURCHASE THE MORTGAGES OR OTHER COLLATERAL FOR RURAL
13 RESIDENTIAL LOANS ISSUED BY A REGIONAL HOUSING AUTHORITY OR ANY
14 OTHER PERSON;

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

18 (C) BORROW FROM THE DEPARTMENT OF REVENUE FOR PURPOSES
19 OF THE RURAL HOUSING MORTGAGE PROGRAM; THE DEPARTMENT OF REVENUE
20 MAY LEND SURPLUS STATE GENERAL FUNDS TO THE CORPORATION FOR THE
21 PURPOSE OF THE RURAL HOUSING MORTGAGE LOAN PROGRAM.

22 (26) ESTABLISH A RURAL HOUSING HAZARD INSURANCE FUND AND A
23 RURAL HOUSING HAZARD INSURANCE PROGRAM TO PROVIDE HAZARD INSURANCE FOR
24 HOUSING LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE
25 WHEN HAZARD INSURANCE FROM OTHER SOURCES SATISFACTORY TO PRIVATE MORT-
26 GAGE LENDERS IS NOT AVAILABLE ON REASONABLE TERMS; THE CORPORATION MAY
27 ENTER INTO AGREEMENTS WITH RESPECT TO THE FUND AND THE PROGRAM WITH THE
28 HOLDERS OF BONDS OR NOTES ISSUED TO PROVIDE MONEY FOR THE RURAL HOUSING
29 MORTGAGE PROGRAM OR WITH THE DEPARTMENT OF REVENUE WITH RESPECT TO LOANS

1 MADE UNDER (25)(C) OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
2 AGREEMENTS AS TO THE USE OF MONEY IN THE FUND, AND MAY OTHERWISE ESTAB-
3 LISH THE TERMS AND CONDITIONS OF THE FUND AND OF THE PROGRAM OF HAZARD
4 INSURANCE BY OR IN ACCORDANCE WITH REGULATIONS ADOPTED UNDER AS 18.56.-
5 088;

6 (27) ESTABLISH A RURAL HOUSING TITLE INSURANCE FUND AND A
7 RURAL HOUSING TITLE INSURANCE PROGRAM TO PROVIDE TITLE INSURANCE FOR
8 HOUSING LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE
9 WHEN TITLE INSURANCE FROM OTHER SOURCES SATISFACTORY TO PRIVATE MORTGAGE
10 LENDERS IS NOT AVAILABLE ON REASONABLE TERMS; THE CORPORATION MAY ENTER
11 INTO AGREEMENTS WITH RESPECT TO THE FUND AND THE PROGRAM WITH THE HOLDER
12 OF BONDS OR NOTES ISSUED TO PROVIDE MONEY FOR THE RURAL HOUSING MORTGAGE
13 PROGRAM OR WITH THE DEPARTMENT OF REVENUE WITH RESPECT TO LOANS MADE
14 UNDER (25)(C) OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO, AGREEMENTS
15 AS TO THE USE OF MONEY IN THE FUND, AND MAY OTHERWISE ESTABLISH THE
16 TERMS AND CONDITIONS OF THE FUND AND OF THE PROGRAM OF TITLE INSURANCE
17 BY OR IN ACCORDANCE WITH REGULATIONS ADOPTED UNDER AS 18.56.088.]

18 * Sec. 22. AS 18.56 is amended by adding new sections to read:

19 Sec. 18.56.091. HOME OWNERSHIP FUND. There is established in the
20 corporation the home ownership fund, consisting of money appropriated to
21 it by the legislature. Money in the fund shall be used solely to assist
22 persons of lower and moderate income to purchase homes financed under
23 the special mortgage purchase program by providing a subsidy to the
24 persons in an amount not greater than the difference between

25 (1) the amount annually required to pay interest and debt
26 service on that person's loan and real property taxes and insurance for
27 the home purchased with the loan; and

28 (2) 25 percent of that person's annual gross income.

29 Sec. 18.56.093. INSURANCE. (a) There is established in the

1 corporation the housing insurance fund, the rural housing hazard insur-
2 ance fund, and the rural housing title insurance fund. The funds shall
3 be completely segregated from all other funds of the corporation, and
4 are trust funds for the uses and purposes of this section. The corpora-
5 tion may adopt regulations under AS 18.56.088 and enter into agreements
6 with respect to the exercise of any power relating to the funds under
7 this section, including, without limitation, agreements as to the use of
8 the money in the funds, agreements with respect to the terms and condi-
9 tions upon which payments from the funds must be made to the corporation
10 with respect to mortgage loans insured under this section, agreements as
11 to accounts or subaccounts in the funds for different categories of
12 loans, and agreements regarding the payment of and security for bonds of
13 the corporation. The corporation may pledge, assign, or grant other
14 interests in the funds as may be necessary or appropriate in connection
15 with the insurance of mortgage loans and to provide for the payment of
16 and security for bonds of the corporation.

17 (b) In addition to any other fees and charges which the corporation
18 may charge on mortgage loans, the corporation may collect, or cause to
19 be collected, insurance commitment fees and insurance premiums on mort-
20 gage loans insured by a fund under this section.

21 (c) A mortgage loan purchased by the corporation as part of its
22 special mortgage purchase program may be insured by the housing insur-
23 ance fund, and a mortgage loan on a mobile home or residence located in
24 a remote, underdeveloped, blighted or rural area of the state may also
25 be insured (1) against hazard loss by the rural housing hazard insurance
26 fund when hazard insurance from the other sources satisfactory to private
27 mortgage lenders is not, in the opinion of the corporation, available on
28 reasonable terms, and (2) against title defect by the rural housing
29 title insurance fund when title insurance from other sources satisfactory

1 to private mortgage lenders is not, in the opinion of the corporation,
2 available on reasonable terms. The endorsement of the corporation on
3 the mortgage that it is insured by any fund under this section at the
4 time of purchase or acquisition of the mortgage loan is conclusive
5 evidence that the mortgage loan is insured under the provisions of this
6 section by the fund.

7 (d) Mortgage loans may be insured by a fund or an account in a
8 fund under this section only when the amount in the fund or in the
9 account as a percentage of the sum of all mortgage loans to be insured
10 and all unpaid principal on mortgage loans to be insured by the fund or
11 the account equals or exceeds the fund requirement. The fund requirement
12 for each fund or account shall be calculated as the percentage which the
13 corporation determines is actuarially sound for operation of the fund or
14 account.

15 (e) When the corporation determines what is actuarially sound with
16 respect to the operation of each fund or account in a fund, it shall
17 consider means of providing sufficient revenues for the operation of the
18 fund or account, without regard to amounts which may have been or may,
19 after the date of determination of actuarial soundness, be appropriated
20 under (f) of this section and it shall consider factors which must
21 include, without limitation,

22 (1) as to the mortgages insured by the housing insurance
23 fund, or an account of the housing insurance fund, estimates of future
24 defaults and losses on mortgage loans insured under this section based
25 on actual default and loss experience on those mortgage loans or on
26 similar mortgage loans in Alaska or elsewhere, estimates of recoveries
27 on defaulted or foreclosed mortgage loans based on that experience, the
28 terms and conditions of the mortgage loans insured under this section,
29 estimates of earnings and income of amounts on deposit in the fund, and

1 any other appropriate factors;

2 (2) as to mortgages insured by the rural housing title insur-
3 ance fund, estimates of defaults and losses by reason of title defects
4 which are otherwise uninsured, estimates of earnings and income of
5 amounts on deposit in the fund or the account, and any other appropriate
6 factors; and

7 (3) as to mortgages insured by the rural housing hazard
8 insurance fund, or an account of the rural housing hazard insurance
9 fund, estimates of default by reason of hazard losses which are otherwise
10 uninsured, estimates of earnings and income of amounts on deposit in the
11 fund or the account, and any other appropriate factors.

12 (f) On December 1 of each year the corporation shall ascertain the
13 amount of deposit in each fund established under this section and in
14 each account of each fund. If the amount in any fund or account is less
15 than the fund requirement for the fund or account, the corporation
16 shall, no later than January 2 of the following year, certify in writing
17 to the governor and to the legislature, the amount, if any, required to
18 restore that fund or account to the fund requirement. The legislature
19 may appropriate the amount and the corporation shall deposit in the fund
20 or account all amounts appropriated during the then current state fiscal
21 year. Nothing in this subsection creates a debt or liability of the
22 state.

23 * Sec. 23. AS 18.56.095(d) is amended to read:

24 (d) A mortgage loan [, INCLUDING A STATE VETERANS' LOAN,] may be
25 insured if the loan to value ratio at the time of the insurance loan
26 does not exceed 80 percent or, if the loan to value ratio does exceed
27 that percentage, if it is federally insured or guaranteed or insured by
28 a qualified mortgage insurance company to the extent of the excess. [IN
29 ADDITION, A STATE VETERANS' LOAN MAY BE INSURED IF THE LOAN TO VALUE

1 RATIO DOES NOT EXCEED 90 PERCENT.] The endorsement of the corporation
2 on the mortgage at the time of purchase or acquisition of the mortgage
3 loan is conclusive evidence that the mortgage loan is insured under the
4 provisions of this section. The insurance is payable solely from the
5 mortgage insurance fund.

6 * Sec. 24. AS 18.56.095(e)(1) is amended to read:

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 commerce
14 and economic development determines is actuarially sound for operation
15 of the mortgage insurance fund;

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

17 (f) On December 1 of each year the commissioner of commerce and
18 economic development shall determine the amount on deposit in the mort-
19 gage insurance fund. If the amount in the fund is less than the fund
20 requirement, the commissioner of commerce and economic development shall
21 request the corporation to transfer from any available funds the amount
22 necessary to restore the mortgage insurance fund to the fund requirement
23 and the corporation shall promptly comply with the request from any
24 funds available subject to agreements with holders of any of its obliga-
25 tions. If sufficient funds are not provided as the result of such
26 requests, the commissioner of commerce and economic development shall,
27 no later than January 2 of the following year, make and deliver to the
28 governor and to the chairmen of the house and senate finance committees
29 his certificate stating the sum required to restore the fund to the fund

1 requirement and the sum so certified may be appropriated and paid to the
2 fund during the then current state fiscal year. Nothing in this sub-
3 section creates a debt or liability of the state.

4 * Sec. 26. AS 18.56.095(h)(4) is amended to read:

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

15 * Sec. 27. AS 18.56 is amended by adding new sections to read:

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

22 Sec. 18.56.097. COLLATERAL FOR LOANS. Under procedures estab-
23 lished by regulations of the corporation adopted in accordance with
24 AS 18.56.088 a person may pledge as security for the repayment of a loan
25 made, purchased or insured by the corporation under this chapter a
26 preference right he holds to receive title to land he occupies as a
27 primary place of residence, primary place of business, subsistence
28 campsite, or as headquarters for reindeer husbandry. The preference
29 right must be conveyed to the person by the Native corporation to which

1 the land was granted under section 14 of the Alaska Native Claims Settle-
2 ment Act (85 Stat. 688, 43 U.S.C. secs. 1601 - 1626, as amended by P.L.
3 94-204) before it may be pledged as security under this section. The
4 Department of Community and Regional Affairs shall prescribe procedures
5 and standard forms for establishing and appraising the value of a pre-
6 ference right held by a person to secure the repayment of a loan made,
7 purchased or insured by the corporation under this chapter.

8 Sec. 18.56.098. SPECIAL MORTGAGE LOAN PURCHASE PROGRAM. (a) The
9 corporation shall establish a special mortgage loan purchase program.
10 Under the special mortgage loan purchase program, the corporation may
11 purchase mortgage loans made (1) for the purchase of residences; or (2)
12 for the refinancing of a mortgage loan on a residence if the purpose of
13 the refinancing is to provide money for the improvement or rehabilita-
14 tion of the residence.

15 (b) The corporation shall adopt regulations under AS 18.56.088 to
16 establish minimum construction standards which a residence must meet
17 before the corporation may purchase a mortgage loan on the residence
18 under (a) of this section. The minimum construction standards shall
19 include standard deviations from the minimum construction standards to
20 allow the corporation to purchase mortgage loans on residences which do
21 not meet the minimum construction standards but which are certified by
22 an engineer to be within the standard deviations. The standard devia-
23 tions shall include, but are not limited to, provisions relating to
24 water holding tanks, on-site water and sewer systems, and foundations.

25 (c) The corporation may pledge mortgage loans purchased by the
26 corporation under (a) of this section. mortgage loans assigned to the
27 corporation for the special mortgage loan purchase program, and mortgage
28 loans purchased with amounts appropriated to the corporation for the
29 special mortgage loan purchase program to pay the principal, interest,

1 and redemption premium, if any, on bonds or bond anticipation notes
2 issued by the corporation for the special mortgage loan purchase pro-
3 gram.

4 (d) The interest rate on a mortgage loan purchased by the corpora-
5 tion under (a) of this section must equal

6 (1) eight and one-half percent for a mortgage loan made to a
7 person who is an eligible veteran under AS 18.56.101 and who is a person
8 of lower and moderate income;

9 (2) nine and one-half percent for a mortgage loan made to a
10 person of lower and moderate income or to a person who is an eligible
11 veteran under AS 18.56.101;

12 (3) ten and one-half percent for a mortgage loan made to a
13 person other than a person described in (1) or (2) of this subsection;
14 or

15 (4) an interest rate determined by the corporation which is
16 less than the interest rate in (1) - (3) of this subsection to the
17 extent that the lesser interest rate is necessary in connection with the
18 issuance of bonds of the corporation the interest on which is exempt
19 from federal income taxation.

20 (e) The corporation shall establish regulations in accordance with
21 AS 18.56.088 to implement the special mortgage loan purchase program.
22 The regulations shall include provisions allowing, prohibiting, or
23 otherwise setting conditions on the right to assume mortgage loans
24 purchased under (a) of this section.

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

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

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

1 Sec. 18.56.099. POWERS OF CORPORATION TO DEAL IN MORTGAGE LOANS.

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

13 * Sec. 28. AS 18.56.100(e) is amended to read:

14 (e) The corporation may provide for the issuance, at one time or
15 from time to time, of housing development fund notes for the purpose of
16 providing money [FUNDS] for the fund. [THE COMMISSIONER OF REVENUE IS
17 AUTHORIZED TO PURCHASE FUND NOTES WITH SURPLUS FUNDS IN THE STATE TREA-
18 SURY. BEFORE SUBMISSION OF THE EXECUTIVE BUDGET TO THE LEGISLATURE, THE
19 COMMISSIONER OF REVENUE SHALL ANNUALLY RECOMMEND TO THE GOVERNOR THE
20 ANTICIPATED AMOUNTS OF SURPLUS FUNDS AVAILABLE FOR PURCHASE OF FUND
21 NOTES IN THE FISCAL YEAR ENCOMPASSED BY THE BUDGET. IN MAKING HIS
22 RECOMMENDATION TO THE GOVERNOR, THE COMMISSIONER OF REVENUE SHALL CON-
23 SIDER THE EXPENDITURE AND REVENUE PROJECTIONS CONTAINED IN THE MOST
24 RECENT REVENUE SOURCE DOCUMENT PREPARED FOR AND SUBMITTED TO THE LEGIS-
25 LATURE BY THE ADMINISTRATION. IF THE GOVERNOR AGREES WITH THE RECOM-
26 MENDATION OF THE COMMISSIONER OF REVENUE HE SHALL FORWARD THE RECOMMEN-
27 DATION TO THE CORPORATION.]

28 * Sec. 29. AS 18.56 is amended by adding new sections to read:

29 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The

1 following persons are eligible veterans for the purposes of AS 18.56.-
2 098(d):

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

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

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

19 (C) whose discharge was other than dishonorable;

20 (2) the widow or widower of a member of the armed forces or
21 an eligible veteran if

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

24 (B) the member or veteran served in the armed forces for
25 at least 90 days after April 6, 1917; and

26 (C) his discharge was other than dishonorable;

27 (3) a person who has served in the Alaska Army National
28 Guard, the Alaska Air National Guard, or the Alaska Naval Militia or who
29 has served in a reserve unit of the United States armed forces if the

1 reserve unit required, as a minimum, one weekend each month of duty and
2 15 consecutive days of active duty training each year for not less than
3 five years and who has not received a discharge other than honorable.

4 Sec. 18.56.105. ALLOCATION OF LENDING ACTIVITIES. In partici-
5 pating in the making or purchasing of loans under AS 18.56.090(1) - (3)
6 or under AS 18.56.100, the corporation shall allocate the money available
7 to it among the private financial institutions in the state taking into
8 consideration the past and future potential lending activity of each
9 private financial institution as well as the need for the loans in the
10 area served by the private financial institution and the number of
11 borrowers from the private financial institution in each of the categories
12 of borrowers described in AS 18.56.098(d)(1) - (3).

13 * Sec. 30. AS 18.56.200 is amended by adding new subsections to read:

14 (b) By January 10 of each year beginning in 1981, the board shall
15 publish a report of the corporation for distribution to the governor,
16 legislature, and the public. The report shall be written in easily
17 understandable language. The report shall include a financial statement
18 audited by an independent outside auditor, a statement of corporation
19 investments in mortgage loans under this chapter, including an estimate
20 of market value of the mortgage loans, a comparison of the corporation
21 performance with the goals of the corporation, and the levels of bonding
22 and investment activities anticipated in the previous year's report
23 under (c) of this section, and any other information the board believes
24 would be of interest to the governor, the legislature, and the public.
25 The annual income statement and balance sheet of the corporation shall
26 be published in at least one newspaper in each judicial district. The
27 board may also publish other reports it considers desirable to carry out
28 its purpose.

29 (c) The corporation shall include in its annual report under (b)

1 of this section an estimate of the investment activity of the corpora-
2 tion in mortgage loans under this chapter for the following 12-month
3 period and an estimate of the amount of bonds to be issued for the
4 investments. Notwithstanding AS 18.56.090(12) or 18.56.110(a), the
5 corporation may not issue bonds other than refunding bonds during any
6 12-month period beginning after June 30, 1981, unless the legislature,
7 by law, approves the estimated investment activity and the estimated
8 amount of bonds to be issued during the 12-month period included in the
9 corporation's annual report in accordance with this subsection.

10 * Sec. 31. AS 18.56.210(11) is amended to read:

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

20 * Sec. 32. AS 44.58.080(7) is amended to read:

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

25 * Sec. 33. AS 44.58 is amended by adding a new section to read:

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

29 * Sec. 34. AS 44.58.100 is amended by adding a new subsection to read:

1 (b) The bond bank authority shall include in the report required
2 by (a) of this section an estimate of the amount of revenue bonds of the
3 bond bank authority to be issued during the following 12-month period.
4 The bond bank authority may not issue revenue bonds other than refunding
5 bonds during any 12-month period beginning after June 30, 1981, unless
6 the legislature, by law, approves the estimate required by this subsec-
7 tion for that 12-month period.

8 * Sec. 35. AS 44.58.180(a) is amended to read:

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

12 (1) the purchase of municipal bonds;

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

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

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

23 * Sec. 36. On the effective date of this section the Alaska State De-
24 velopment Corporation (AS 44.59.010) shall transfer its assets and liabili-
25 ties to the Alaska Industrial Development Authority (AS 44.61.020). On the
26 effective date of this section the Small Business Development Corporation
27 (AS 44.60.020) shall transfer its assets and liabilities to the Alaska In-
28 dustrial Development Authority (AS 44.61.020). On the effective date of this
29 section the Alaska Toll Bridge Authority (AS 44.57.010) shall transfer its

1 assets and liabilities to the Alaska Industrial Development Authority (AS 44.-
2 61.020). The Alaska Industrial Development Authority is responsible for the
3 management of the assets and liabilities transferred to it under this section.

4 * Sec. 37. AS 39.25.110 is amended by adding a new paragraph to read:

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

7 * Sec. 38. AS 44.61.010(a)(3) is amended to read;

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

12 * Sec. 39. AS 44.61.010(a)(4) is amended to read:

13 (4) the establishment of industrial, [AND] manufacturing,
14 small business, tourism, mining, and commercial fishing enterprises
15 [PLANTS] in Alaska, including facilities for air and water transporta-
16 tion, facilities for pollution control and waste disposal, facilities
17 [AND] for the local furnishing of [ELECTRIC ENERGY OR] gas, facilities
18 for water, and facilities for industrial parks, is essential to the de-
19 velopment of the natural resources and the long term economic growth of
20 the state, and will directly and indirectly alleviate unemployment in
21 the state;

22 * Sec. 40. AS 44.61.010(a)(5) is amended to read:

23 (5) the achievement of the goal of full employment, and of
24 establishment and continuing operation and development of industrial,
25 [AND] manufacturing, small business, tourism, mining, and commercial
26 fishing enterprises [PLANTS] in the state, including facilities for air
27 and water transportation, facilities for pollution control and waste
28 disposal, facilities [AND] for the local furnishing of [ELECTRIC ENERGY
29 OR] gas, facilities for water, and facilities for industrial parks, will

1 be accelerated and facilitated by the creation of an instrumentality of
2 the state with powers to incur debt and to make and insure loans to fi-
3 nance, and to assist private lenders to make loans to finance, the estab-
4 lishment, operation, and development of [FOR ACQUIRING OR CONSTRUCTING]
5 industrial, [AND] manufacturing, small business, tourism, mining, and
6 commercial fishing enterprises [PLANTS], including facilities for air
7 and water transportation, facilities for pollution control and waste
8 disposal, facilities [AND] for the local furnishing of [ELECTRIC ENERGY
9 OR] gas, facilities for water, and facilities for industrial parks, for
10 private operation [AND THUS PROVIDE FINANCIAL ASSISTANCE FOR THE ESTAB-
11 LISHMENT, OPERATION AND DEVELOPMENT OF THESE PLANTS ON A BASIS OFFSETTING
12 IN WHOLE OR IN PART THE CONSTRUCTION, MARKETING OR OTHER COSTS INVOLVED
13 IN THE PROJECTS].

14 * Sec. 41. AS 44.61.010(a) is amended by adding new paragraphs to read:

15 (6) it is in the public interest to promote the prosperity
16 and general welfare of all citizens of the state by stimulating commer-
17 cial and industrial growth and expansion by encouraging an increase of
18 private investment by banks, investment houses, insurance companies, and
19 other financial institutions, including pension and retirement funds, to
20 help satisfy the need for economic expansion;

21 (7) it is in the state's interest to import private capital
22 to create new economic activity which would not otherwise take place in
23 the state.

24 * Sec. 42. AS 44.61.010(b) is amended to read:

25 (b) It is declared to be the policy of the state, in the interests
26 of promoting the health, security and general welfare of all the people
27 of the state, and a public purpose, to increase job opportunities and
28 otherwise to encourage the economic growth of the state, including the
29 development of its natural resources, through the establishment of

1 manufacturing, [AND] industrial, small business, tourism, mining, and
2 commercial fishing enterprises by creating the public corporation with
3 power, duties and functions as provided in this chapter.

4 * Sec. 43. AS 44.61.030 is repealed and re-enacted to read:

5 Sec. 44.61.030. MEMBERSHIP OF AUTHORITY. (a) The membership of
6 the authority consists of three persons appointed by the governor who
7 serve as heads of principal departments of the executive branch and two
8 public members appointed by the governor. If a member who serves as the
9 head of a principal department of the executive branch is unable to
10 attend a meeting of the authority, he may by an instrument in writing
11 filed with the authority, designate his deputy or assistant to act in
12 his place as a member at the meeting. For all purposes of this chapter,
13 the designee is a member of the authority at the meeting.

14 (b) Members of the authority serve for two-year terms. However,
15 the initial appointment of one public member and two members who serve
16 as heads of principal departments of the executive branch shall be for a
17 one-year term.

18 (c) If a vacancy occurs in the membership of the authority, the
19 governor shall immediately appoint a member for the unexpired portion of
20 the term.

21 * Sec. 44. AS 44.61.030 is amended by adding a new subsection to read:

22 (d) The appointment or reappointment of a member of the authority,
23 including a member who serves as the head of a principal department of
24 the executive branch, is subject to confirmation by a majority vote of
25 the members of the legislature in joint session. If the legislature
26 fails to confirm the appointment of the head of a principal department
27 of the executive branch as a member, the governor shall appoint the head
28 of another principal department of the executive branch to serve as a
29 member subject to confirmation under this subsection. A member appointed

1 to fill a vacancy under (c) of this section is subject to confirmation
2 under this subsection.

3 * Sec. 45. 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. 46. AS 44.61.050(b) is repealed and re-enacted to read:

14 (b) The public members of the authority receive \$100 compensation
15 for each day spent on official business of the authority and may be
16 reimbursed by the authority for actual and necessary expenses at the
17 same rate paid to members of state boards under AS 39.20.180.

18 * Sec. 47. AS 44.61.050(c) is amended to read:

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

25 * Sec. 48. AS 44.61.070 is amended to read;

26 Sec. 44.61.070. PURPOSE OF THE AUTHORITY. The purpose of the
27 authority is to promote, develop and advance the general prosperity and
28 economic welfare of the people of Alaska, to relieve problems of un-
29 employment and to create additional employment by providing various [A]

1 means of financing and means of facilitating the financing of indus-
2 trial, [AND] manufacturing, small business, tourism, mining, and com-
3 mercial fishing enterprises [PLANT CONSTRUCTION, CONVERSION OR EXPANSION]
4 within the state [, INCLUDING THE ACQUISITION OF REAL PROPERTY, FOR
5 LEASE OR SALE TO BUSINESS ENTERPRISES FOR INDUSTRIAL OR MANUFACTURING
6 PURPOSES].

7 * Sec. 49. AS 44.61.080(4) is amended to read:

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

10 * Sec. 50. AS 44.61.080(5) is amended to read:

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

15 * Sec. 51. AS 44.61.080(7) is amended to read:

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

20 * Sec. 52. AS 44.61.080(8) is amended to read:

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

27 * Sec. 53. AS 44.61.080 is amended by adding new paragraphs to read:

28 (12) to purchase or insure loans to finance the costs of
29 manufacturing, industrial, small business, tourism, mining, and commer-

1 cial fishing enterprise projects;

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

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

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

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

13 (17) to enter into contracts or other transactions with a
14 federal agency, with an agency or instrumentality of the state or of a
15 municipality, or with a private organization or other entity consistent
16 with the exercise of any power under this chapter;

17 (18) to facilitate the expansion of a secondary market for the
18 resale of federally or commercially insured loans held by commercial
19 banks in Alaska.

20 * Sec. 54. AS 44.61.090(a) is amended to read:

21 (a) Subject to (g) of this section, the [THE] authority may borrow
22 money and may issue bonds [THEREFOR], including but not limited to bonds
23 on which the principal and interest are payable, (1) exclusively from
24 the income and receipts or other money derived from the project financed
25 with the proceeds of the bonds, (2) exclusively from the income and
26 receipts or other money derived from designated projects whether or not
27 they are financed in whole or in part with the proceeds of the bonds, or
28 (3) from its income and receipts or other assets generally, or a desig-
29 nated part or parts of them.

1 * Sec. 55. AS 44.61.090 is amended by adding new subsections to read:

2 (g) The authority may not

3 (1) issue bonds other than refunding bonds during any 12-month
4 period beginning after June 30, 1981, unless the legislature, by law,
5 approves the estimates included in the authority's annual report under
6 AS 44.61.210(b)(1) and (2) for that 12-month period; or

7 (2) issue revenue bonds other than refunding bonds for a
8 project under this chapter in an amount greater than \$50,000,000 during
9 any 12-month period beginning after June 30, 1981, unless the issuance
10 is included separately in the estimates required in the report of the
11 authority under AS 44.61.210(b) and unless the legislature, by law,
12 approves the issuance.

13 (h) The authority may combine, for the purposes of a single offer-
14 ing, bonds financing more than one project under this chapter.

15 * Sec. 56. AS 44.61 is amended by adding a new section to read:

16 Sec. 44.61.105. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND
17 REQUIREMENT. (a) For the purpose of securing one or more issues of its
18 bonds, the authority may establish one or more special funds, called
19 "capital reserve funds", and shall pay into those capital reserve funds
20 the proceeds of the sale of its bonds and other money which may be made
21 available to the authority from other sources for the purposes of the
22 capital reserve funds. A capital reserve fund may be established only
23 if the authority determines that the establishment of the fund would
24 enhance the marketability of the bonds. Money in a capital reserve
25 fund, except as provided in this section, may be used as required only
26 for (1) the payment of the principal of, and interest on, bonds or of
27 the sinking fund payments with respect to those bonds; (2) the purchase
28 or redemption of the bonds; or (3) the payment of a redemption premium
29 required to be paid when the bonds are redeemed before maturity. How-

1 ever, money in a capital reserve fund may not be withdrawn if the with-
2 drawal would reduce the amount in the capital reserve fund to less than
3 the capital reserve requirement, except for the purpose of making pay-
4 ment, when due, of principal, interest, redemption premiums on the
5 bonds, and sinking fund payments when other money of the authority is
6 not available for the payments. Income or interest earned by, or in-
7 crement to, a capital reserve fund, from the investment of all or part
8 of the fund, may be transferred by the authority to other funds or
9 accounts of the authority if the transfer does not reduce the amount of
10 the capital reserve fund below the capital reserve fund requirement.

11 (b) If the authority decides to issue bonds secured by a capital
12 reserve fund, the bonds may not be issued if the amount in the capital
13 reserve fund is less than the capital reserve fund requirement, unless
14 the authority, at the time of issuance of the bonds, deposits in the
15 capital reserve fund from the proceeds of the bonds to be issued or from
16 other sources, an amount which, together with the amount then in the
17 fund, is not less than the capital reserve fund requirement.

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

23 (d) The chairman of the authority shall annually, no later than
24 January 2, certify in writing to the governor and the legislature the
25 amount, if any, required to restore a capital reserve fund to the capi-
26 tal reserve fund requirement. The legislature may appropriate to the
27 authority the amount certified by the chairman of the authority. The
28 authority shall deposit the amounts appropriated under this subsection
29 during a fiscal year in the proper capital reserve fund. Nothing in

1 this section creates a debt or liability of the state.

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

5 * Sec. 57. AS 44.61 is amended by adding new sections to article 3 to
6 read:

7 Sec. 44.61.155. ENTERPRISE DEVELOPMENT FUND. (a) There is estab-
8 lished in the authority the enterprise development fund. The enterprise
9 development fund is a trust fund for the uses and purposes of this
10 chapter. Money may be paid into and out of the enterprise development
11 fund only as provided in this chapter. The enterprise development fund
12 may be composed of money or assets appropriated or transferred to the
13 authority, interest on investments and loans of the enterprise develop-
14 ment fund, and other money deposited in it by the authority.

15 (b) The authority shall establish within the enterprise develop-
16 ment fund a loan insurance account, a small business, tourism, mining,
17 and commercial fishing enterprises loan account and other accounts it
18 considers appropriate. Amounts in the enterprise development fund shall
19 be held and invested by the authority in investments authorized under AS
20 37.10.070(a)(1) - (6) or as may be authorized in agreements with bond-
21 holders respecting amounts in the loan insurance account, the small
22 business, tourism, mining, and commercial fishing enterprises loan
23 account, and other accounts within the enterprise development fund.

24 (c) Money realized from the payment of principal or interest on
25 loans held in the enterprise development fund may be held and invested
26 by the authority in investments authorized under AS 37.10.070(a)(1) -
27 (6) and may be used for other purposes after June 30, 1981, only if
28 appropriated by the legislature for those purposes.

29 Sec. 44.61.157. LOAN INSURANCE AND LOAN INSURANCE ACCOUNT. (a)

1 The purpose of the loan insurance account is to provide insurance of
2 mortgage loans and other loans made or purchased by the authority, or
3 made by others and approved for insurance by the authority, for a pro-
4 ject. The authority may enter into agreements as to the use of money in
5 the loan insurance account and may pledge, assign, or grant interests in
6 the loan insurance account as provided in this section. The authority
7 may adopt regulations and enter into agreements with respect to the
8 exercise of any power or approval relating to the loan insurance account
9 under this section, including, without limitation, agreements as to the
10 use of money in the loan insurance account, agreements with respect to
11 the terms and conditions upon which payments from the loan insurance
12 account will be made with respect to a loan insured under this section,
13 agreements as to separate subaccounts in the loan insurance account for
14 different categories of loans or as to loans made by the authority or
15 any other person, and agreements regarding the payment of and security
16 for bonds issued by the authority. An agreement, the rights of the
17 authority under an agreement, or payments received or to be received
18 under an agreement may be pledged or assigned by the authority for the
19 benefit of the holders of bonds issued by the authority.

20 (b) The authority may, upon application of a borrower or proposed
21 borrower, insure and make advance commitments to insure loan repayments
22 required under the terms of a loan made by it or by another lender with
23 respect to a project, upon the terms and conditions the authority pre-
24 scribes. To be eligible for insurance under this chapter, a loan for a
25 project

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

28 (2) may not exceed \$10,000,000 for a project, or 90 percent
29 of the cost of the project or 90 percent of the appraised value of the

1 project, whichever is less;

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

5 (4) shall contain complete amortization provisions satis-
6 factory to the authority requiring periodic payments by the borrower;
7 and

8 (5) shall be in the form and contain the terms with respect
9 to insurance, repairs, alterations, payment of taxes and assessments,
10 default reserves, delinquency charges, default remedies, acceleration of
11 maturity, additional and secondary liens, and other matters that the
12 authority prescribes.

13 (c) In addition to other fees which the authority may charge on
14 loans, the authority may collect or cause to be collected on loans
15 insured under this section, either a loan insurance commitment fee or a
16 loan insurance premium or both. Loan insurance fees and loan insurance
17 premiums are not required to be uniform among the various loans insured.
18 Loan insurance commitment fees and loan insurance premiums shall be
19 deposited in the insurance account by the loan servicer, trustee, or
20 agent designated by the authority to receive them.

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

28 (e) Loans may be insured only when the amount either in the loan
29 insurance account insuring the loans or a subaccount in the loan in-

1 insurance account insuring the loans, as a percentage of the sum of the
2 loans to be insured and all unpaid principal on loans insured by the
3 loan insurance account or the subaccount, equals or exceeds the fund re-
4 quirement. The fund requirement is calculated as a percentage which the
5 authority determines is actuarially sound for operation of the loan
6 account or a subaccount.

7 (f) When the authority determines what is "actuarially sound" with
8 respect to the operation of the loan insurance account or a subaccount
9 in the loan insurance account, it shall consider means of providing
10 sufficient revenue for the operation of the account or subaccount,
11 without regard to amounts which may have been or may, after the date of
12 determination of actuarial soundness, be appropriated under (g) of this
13 section. The authority shall also consider factors including, without
14 limitation, estimates of future defaults and losses of loans insured
15 under this section based on actual default and loss experience on those
16 loans or on similar loans in the state or elsewhere, estimates of re-
17 coveries on defaulted or foreclosed loans based on actual default and
18 foreclosure experience on those loans or similar loans in the state or
19 elsewhere, the terms and conditions of the loans insured under this
20 section, estimates of earnings and income of amounts on deposit in the
21 loan insurance account, and other appropriate factors.

22 (g) On December 1 of each year the authority shall determine the
23 amount on deposit in the loan insurance account and in each subaccount
24 in the loan insurance account. If the amount in the loan insurance
25 account or the amount in a subaccount in the loan insurance account is
26 less than the fund requirement for the account or for the subaccount,
27 the authority shall transfer the amount necessary to restore the loan
28 insurance account or the subaccount to the fund requirement. The trans-
29 fer shall be made from available money which is not encumbered or re-

1 stricted for other use under the terms of contracts with bondholders or
2 others. If sufficient money is not available for transfer, the chairman
3 of the authority shall, no later than January 2 of the following year,
4 certify in writing to the governor and to the legislature the amount, if
5 any, required to restore the account or a subaccount to the fund require-
6 ment. The legislature may appropriate the amount certified and the
7 authority shall deposit in the account or proper subaccount the amounts
8 appropriated by the legislature for the purposes of this subsection
9 during the then current state fiscal year. Nothing in this subsection
10 creates a debt or liability of the state.

11 (h) A contract of insurance executed by the authority under this
12 section is conclusive evidence of eligibility for the insurance. The
13 validity of a contract of insurance executed by the authority or of an
14 advance commitment to insure is incontestable from the date of the
15 execution of the contract or commitment, except for fraud or misrepre-
16 sentation on the part of the insured or, as to commitments to insure,
17 noncompliance with the terms of the advance commitment or authority
18 regulations in force at the time of issuance of the advance commitment.

19 (i) In this section:

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

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

29 Sec. 44.61.158. SMALL BUSINESS, TOURISM, MINING, AND COMMERCIAL

1 FISHING ENTERPRISES LOAN ACCOUNT. (a) The authority may use the assets
2 of the small business, tourism, mining, and commercial fishing enter-
3 prises loan account to purchase loans made by others to small business
4 enterprises, tourism enterprises, mining enterprises, and commercial
5 fishing enterprises to pay the costs of projects, as defined in AS 44.-
6 61.220, which are not eligible to be financed with the proceeds of bonds
7 of the authority the interest on which is exempt from federal income tax.

8 (b) The interest rate on a loan purchased with money in the small
9 business, tourism, mining, and commercial fishing enterprises loan
10 account must equal the interest rate which the authority estimates would
11 be payable on bonds issued by the authority to provide money to make the
12 loan.

13 (c) A loan purchased with money in the small business, tourism,
14 mining, and commercial fishing enterprises loan account

15 (1) may not exceed

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

18 (B) \$1,000,000 if the loan is made to a mining enterprise
19 or to a small business enterprise that is not a tourism enterprise
20 or a commercial fishing enterprise; or

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

24 (2) may not exceed 90 percent of the cost of the project or
25 90 percent of the appraised value of the project, whichever is less;

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

29 (4) shall contain complete amortization provisions satis-

1 factory to the authority requiring periodic payments by the borrower;

2 (5) shall be in the form and contain the terms and provisions
3 with respect to insurance, repairs, alterations, payment of taxes and
4 assessments, default reserves, delinquency charges, default remedies,
5 acceleration of maturity, secondary liens and other matters the author-
6 ity prescribes; and

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

11 (d) The authority may adopt regulations for the administration of
12 the small business, tourism, mining, and commercial fishing enterprises
13 loan account which may include, without limitation, provisions for fees
14 and agreements relating to application, loan commitment, servicing, and
15 origination of loans by other lenders.

16 (e) The authority may enter into agreements as to the use of the
17 money in the small business, tourism, mining, and commercial fishing
18 enterprises loan account, including without limitation, trust or custody
19 arrangements with banks or trust companies. It may also pledge, assign,
20 or grant the agreement, interests under an agreement, or interests in
21 the small business, tourism, mining, and commercial fishing enterprises
22 loan account as may be necessary or appropriate to provide for payment
23 and security for bonds of the authority.

24 * Sec. 58. AS 44.61.160 is amended to read:

25 Sec. 44.61.160. FINDINGS OF THE AUTHORITY. Before entering into a
26 lease or other agreement as provided in AS 44.61.090(e) regarding a
27 project for which bonds are agreed to be issued by the authority in an
28 amount in excess of \$6,000,000, or before approving insurance or a
29 commitment to insure a loan as provided in AS 44.61.157(b) with a prin-

1 cipal amount in excess of \$6,000,000, [AS MENTIONED IN AS 44.61.090(e)]
2 there must have been filed with the authority a certified copy of
3 resolution of the governing body of the political subdivision of the
4 state, if any, in which the project is to be located, consenting to the
5 location (which consent need only refer to the general nature of the
6 project ultimately to be acquired as set out in a request of the pro-
7 posed project occupant). Before entering into a lease or other agree-
8 ment as provided in AS 44.61.090(e) regarding a project, [AND] the
9 authority must find, on the basis of all information reasonably available
10 to it, that

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

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

15 (3) provision to meet increased demand upon public facilities
16 that might result from the project is reasonably assured;

17 (4) the project will provide or retain employment reasonably
18 related to the amount of the financing by the authority considering the
19 amount of investment per employee for comparable facilities and other
20 relevant factors;

21 (5) the scope of the project is sufficient to provide a rea-
22 sonable expectation of a benefit to the economy of the state.

23 * Sec. 59. AS 44.61.190(a) is amended to read:

24 (a) The authority shall not be considered or constitute (1) a
25 political subdivision of the state as the term is used in AS 37.10.085,
26 (2) a municipal corporation or political subdivision of the state as the
27 terms are used in AS 29, or (3) except as provided in AS 44.61.205, a
28 state agency as the term is used in AS 37, but for all other purposes
29 the authority constitutes a political subdivision and an instrumentality

1 of the state as provided in this chapter.

2 * Sec. 60. AS 44.61 is amended by adding a new section to read:

3 Sec. 44.61.205. OPERATING BUDGET. For fiscal years beginning
4 after June 30, 1981, the operating budget of the authority is subject to
5 the Executive Budget Act (AS 37.07).

6 * Sec. 61. AS 44.61.210 is repealed and re-enacted to read:

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

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

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

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

28 * Sec. 62. AS 44.61.220 is amended to read:

29 Sec. 44.61.220. DEFINITIONS. In this chapter

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

3 (2) "business enterprise" means a single proprietorship,
4 corporation, firm, partnership, or other association of persons or-
5 ganized in any manner, which is not organized on a nonprofit basis [OR A
6 SINGLE PROPRIETORSHIP];

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

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

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

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

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

1 mining enterprise, and commercial fishing enterprise as defined in
2 (12), (13), (14), and (15) of this section;

3 (6) "plant" or "facility" means real property, whether above
4 or below mean high water, or an interest in it, and the buildings,
5 improvements and structures constructed or to be constructed on or in
6 it, [WHETHER ABOVE, AT OR BELOW GROUND OR WATER LEVEL,] and may include
7 fixtures, machinery, and equipment on it or in it, and tangible personal
8 property, regardless of whether the tangible personal property is at-
9 tached to or connected with real property, if the owner has agreed not
10 to remove the tangible personal property permanently from the state for
11 the period the authority sets; "plant" or "facility" does not include
12 work in process or stock in trade;

13 [(7) "PROJECT" MEANS A MANUFACTURING OR INDUSTRIAL PLANT OR
14 PLANTS, THE CONSTRUCTION OR ACQUISITION OF WHICH IS TO BE FINANCED IN
15 WHOLE OR IN PART BY THE AUTHORITY UNDER THIS CHAPTER;]

16 (8) "project cost" or "cost of a project" means all or any
17 part of the aggregate costs determined by the authority to be necessary
18 to finance the construction or acquisition of a project, including
19 without limitation the cost of acquiring real or tangible personal
20 property, and, in connection with real property, the cost of construc-
21 ting buildings and improvements, the cost of constructing means of
22 access to and from the project, the cost of constructing extensions of
23 utility systems to the site of the project, the cost of a project in-
24 cludes, without limitation, the cost of financing the project, [IN-
25 CLUDING, WITHOUT LIMITATION,] interest charges before, during or after
26 construction or acquisition of the project, costs related to the deter-
27 mination of the feasibility, planning, design or engineering of the
28 project and, to the extent determined necessary by the authority, ad-
29 ministrative expenses, the cost of machinery or equipment to be used in

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 (15) "mining enterprise" means a business enterprise which is
23 directly involved in the mining industry.

24 * Sec. 63. After July 1, 1981,

25 (1) no further loans may be made under AS 16.10.310 and 16.10.-
26 320(a) except for loans authorized under AS 16.10.333 pursuant to AS 16.10.-
27 310 and 16.10.320(a); and

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

1 * Sec. 64. FINDINGS RELATING TO THE DIVISION OF HOUSING ASSISTANCE. The
2 legislature finds that

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

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

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

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

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

16 * Sec. 65. AS 44.47 is amended by adding new sections to read:

17 ARTICLE 9. DIVISION OF HOUSING ASSISTANCE.

18 Sec. 44.47.360. DIVISION OF HOUSING ASSISTANCE CREATED. There is
19 created in the Department of Community and Regional Affairs the division
20 of housing assistance.

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

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

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

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

29 (4) purchase or participate in the purchase of loans for

1 building materials for nonconforming housing in accordance with AS 44.-
2 47.360 - 44.47.560;

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

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

12 (7) do all acts necessary, convenient or desirable to carry
13 out the powers expressly granted or necessarily implied in AS 44.47.360 -
14 44.47.560.

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

22 (1) nonconforming housing mortgage loans; and

23 (2) loans made for building materials for nonconforming
24 housing;

25 (3) loans made for renovations or improvements to nonconform-
26 ing housing.

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

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

3 (A) which exceeds \$125,000; or

4 (B) the term of which exceeds 30 years;

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

7 (A) which exceeds

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

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

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

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

20 (i) three years; or

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

26 (3) purchase or participate in the purchase of a noncon-
27 forming housing mortgage loan which is secured by real property the
28 marketable title to which is shown in accordance with AS 44.47.420(b)(2)
29 if the total amount of outstanding nonconforming housing mortgage loans

1 held by the division exceeds 10 times the amount of money in the re-
2 stricted title loss reserve account (AS 44.47.430);

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

5 (b) In this section, "monthly loan repayment" means the accrued
6 monthly liability of the borrower for principal and interest payments,
7 including amortized insurance payments, property tax payments, service
8 charges and other charges and fees, under the terms of the loan agree-
9 ment.

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

14 (b) A person may pledge as security for the repayment of a loan
15 purchased in whole or in part under AS 44.47.380 a preference right he
16 holds to receive title to land he occupies as a primary place of resi-
17 dence, primary place of business, subsistence campsite, or as head-
18 quarters for reindeer husbandry. The preference right must be conveyed
19 to the person by the Native corporation to which the land was granted
20 under section 14 of the Alaska Native Claims Settlement Act (85 Stat.
21 688, 43 U.S.C. secs. 1601 - 1626, as amended by P.L. 94-204) before it
22 may be pledged as security under this subsection. The commissioner of
23 community and regional affairs shall prescribe procedures and standard
24 forms for establishing, pledging, and appraising the value of a pre-
25 ference right held by a person to secure the repayment of a loan pur-
26 chased in whole or in part under AS 44.47.380.

27 Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a
28 mortgage loan purchased in whole or in part under AS 44.47.380 must
29 equal

1 (1) nine and one-half percent for a mortgage loan made to a
2 person of lower and moderate income or to a person who is an eligible
3 veteran under AS 18.56.101;

4 (2) ten and one-half percent for a mortgage loan made to a
5 person other than a person described in (1) of this subsection.

6 (b) The director shall, by regulations adopted in accordance with
7 the Administrative Procedure Act (AS 44.62), define "person of lower and
8 moderate income" for the purposes of this section. In defining "person
9 of lower and moderate income", the director shall consider the factors
10 described in AS 18.56.210(10)(A) - (E).

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

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

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

19 (2) by delivering to the director a copy of a letter of
20 intent signed by an authorized representative of the United States
21 Department of the Interior which shows the transfer of title to the
22 property from the United States government to the borrower if

23 (A) the borrower is an Alaska Native;

24 (B) title to the property was originally transferred
25 from the United States government, directly or indirectly, to the
26 borrower under federal law; and

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

29 Sec. 44.47.430. RESTRICTED TITLE LOSS RESERVE ACCOUNT. (a) There

1 is established in the division the restricted title loss reserve account.
2 The restricted title loss reserve account consists of money appropriated
3 to it by the legislature and shall be administered by the director.

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

11 Sec. 44.47.440. FIRE INSURANCE. Before purchasing or partici-
12 pating in the purchase of a nonconforming housing mortgage loan, the
13 director may require the borrower to agree to purchase and maintain fire
14 insurance for the real property for which the loan is made in an amount
15 not less than the outstanding principal balance of the loan.

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

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

1 other features of construction in structures on the real property which
2 add to the energy efficiency of the structures.

3 Sec. 44.47.480. TOLL-FREE TELEPHONE NUMBER. The director shall
4 arrange for and maintain a toll-free telephone number for the division
5 so that private financial institutions and their borrowers may contact
6 the division from any location in the state by telephone without a toll
7 charge.

8 Sec. 44.47.490. ASSISTANCE BY DIVISION PERSONNEL. (a) The direc-
9 tor shall hire at least one lending officer and shall contract for the
10 services of

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

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

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

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

25 Sec. 44.47.510. REGIONAL ALLOCATION. (a) The director, by regu-
26 lations adopted in accordance with the Administrative Procedure Act
27 (AS 44.62), shall establish and may amend the boundaries of reasonably
28 compact and contiguous regions in the state.

29 (b) Unless otherwise required by an appropriation, the director

1 shall allocate the money in the nonconforming housing loan fund among
2 the regions established under (a) of this section for the purpose of
3 purchasing each type of loan described in AS 44.47.380. In making an
4 allocation under this subsection, the director shall consider the past
5 and potential lending activity of private financial institutions in the
6 region as well as the need for loans in the region. The director may
7 reallocate the money among the regions as he considers necessary.

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

9 (1) "director" means the director of the division of housing
10 assistance;

11 (2) "division" means the division of housing assistance;

12 (3) "housing" means owner-occupied, single-family housing and
13 owner-occupied duplexes;

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

17 * Sec. 66. MOBILE HOME STUDY. The director of the division of housing
18 assistance (AS 44.47.360) shall conduct a study to determine (1) the need to
19 include loans for the purchase of mobile homes as an eligible type of loan
20 for purchase by the division of housing assistance; and (2) methods available
21 to modify or improve mobile homes for adaptation to arctic, subarctic and
22 rural areas. The director shall report the findings of his study to the
23 governor and to the legislature by January 20, 1981, and shall include in his
24 report suggestions for legislation which he considers appropriate.

25 * Sec. 67. AS 16.10.510(8); AS 18.56.085, 18.56.092, 18.56.094, 18.56.-
26 095(e)(2), 18.56.095(g), 18.56.095(h)(5), 18.56.125(f); and AS 26.15.040(2)
27 are repealed.

28 * Sec. 68. AS 44.57, AS 44.59, and AS 44.60 are repealed.

29 * Sec. 69. Section 7 of this Act is retroactive to June 19, 1976, and

1 applies to loans made under AS 16.10.510 after June 18, 1976.

2 * Sec. 70. Sections 36 and 68 of this Act take effect 60 days after the
3 effective date of secs. 1 - 12, 15 - 35, 37 - 42, 45, and 47 - 73 of this
4 Act.

5 * Sec. 71. Sections 14 and 44 of this Act take effect on the effective
6 date of an amendment to the Constitution of the State of Alaska which provides
7 for confirmation by the legislature of appointments as provided in secs. 14
8 and 44 of this Act.

9 * Sec. 72. Sections 13, 43, and 46 of this Act take effect July 1, 1980.

10 * Sec. 73. Sections 1 - 12, 15 - 35, 37 - 42, 45, and 47 - 73 of this Act
11 take effect immediately in accordance with AS 01.10.070(c).

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5/19/80
(Draft # 2)

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:

10 * Section 1. AS 16.10.333 is amended by adding a new subsection to read:

11 (f) In determining whether an individual commercial fisherman is
12 reasonably likely to be able to repay a loan made under this section,
13 the commissioner shall consider the individual commercial fisherman's
14 income from commercial fishing and from all other sources.

15 * Sec. 2. AS 16.10.500 is amended to read:

16 Sec. 16.10.500. DECLARATION OF POLICY. It is the policy of the
17 state, under AS 16.10.500 - 16.10.550, to promote the enhancement of the
18 state's fisheries by means of grants for organizational and planning
19 purposes to regional associations described in AS 16.10.510 which have
20 qualified under AS 16.10.380, and by means of long-term, low interest
21 loans for hatchery planning, construction, and operation and for plan-
22 ning and implementation of enhancement and rehabilitation activities
23 including, but not limited to, lake fertilization and habitat improve-
24 ment.

25 * Sec. 3. AS 16.10.510(5) is amended to read:

26 (5) establish amortization plans for repayment of loans, not
27 to exceed 30 [25] years;

28 * Sec. 4. AS 16.10.510 is amended by adding a new paragraph to read:

29 (10) make loans to qualified regional associations which have

1 formed a nonprofit corporation or to local nonprofit corporations ap-
2 proved by qualified regional associations for planning and implementa-
3 tion of fisheries enhancement and rehabilitation activities including,
4 but not limited to, lake fertilization and habitat improvement.

5 * Sec. 5. AS 16.10.520(a) is amended to read:

6 (a) A single fisheries enhancement loan may not exceed \$6,000,000
7 [\$3,000,000] for a hatchery or other enhancement or rehabilitation acti-
8 viety conducted [CONSTRUCTED] under a permit granted to a qualified
9 regional association which has formed a nonprofit corporation, or to a
10 local nonprofit corporation approved by a qualified regional associa-
11 tion. A loan for any other nonprofit hatchery corporation project may
12 not exceed \$1,000,000 [\$300,000].

13 * Sec. 6. AS 16.10.520(b) is amended to read:

14 (b) Loans for the total project costs may be made if the commis-
15 sioner determines that the applicant has sufficient financial resources
16 to insure the establishment of an equity position in the project equal
17 to 10 percent of the loan within 10 [SIX] years or less, either through
18 a royalty assessment levied under AS 16.10.530 or AS 16.10.540 or other
19 means approved by the commissioner. For purposes of this subsection,
20 "total project costs" includes planning and construction costs for the
21 facility and the cost of operations for not more than the first 10 [SIX]
22 years. The costs for operations shall be loaned on an annual basis.

23 * Sec. 7. AS 16.10 is amended by adding a new section to read:

24 Sec. 16.10.525. REPAYMENT OF PRINCIPAL AND INTEREST ON LOANS. The
25 commissioner may not require the repayment of principal on a loan made
26 under AS 16.10.510 for the initial period of the loan. Interest on the
27 principal of a loan made under AS 16.10.510 does not accrue during the
28 initial period of the loan. In this subsection, the "initial period of
29 the loan" means a period of time determined by the commissioner which is

1 not less than six years or more than 10 years from the date the loan is
2 made.

3 * Sec. 8. FINDINGS AND PURPOSE RELATING TO THE FISHERMEN'S MORTGAGE AND
4 NOTE PROGRAM. (a) The legislature finds

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

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

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

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

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

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

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

20 (2) alleviate the problems described in (a)(2) - (4) of this
21 section by assisting fishermen in those small, rural communities, as well as
22 fishermen throughout the state, to obtain the financing necessary to enter
23 the state's fisheries and to rebuild the economies of the areas in which they
24 live, thereby assisting in the preservation of a traditional way of life as
25 set out in (a)(5) of this section.

26 * Sec. 9. AS 16.10 is amended by adding new sections to read:

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

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

29 There is established in the Department of Commerce and Economic Develop-

1 ment the fishermen's mortgage and note fund. The commissioner of com-
2 merce and economic development shall administer the fund.

3 Sec. 16.10.660. POWERS AND DUTIES OF COMMISSIONER. (a) The
4 commissioner may

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

7 (2) make and execute agreements, contracts, and other instru-
8 ments necessary or convenient in the exercise of his powers and func-
9 tions under AS 16.10.650 - 16.10.720, including contracts with any
10 person, firm, corporation, governmental agency or other entity;

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

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

15 (5) acquire real or personal property, or an interest in real
16 or personal property, by purchase, transfer or foreclosure, when the
17 acquisition is necessary or appropriate to protect a mortgage or note in
18 which the fund has an interest; sell, transfer and convey that property
19 to a buyer; and, if the sale, transfer or conveyance cannot be effected
20 with reasonable promptness or at a reasonable price, rent or lease the
21 property to a tenant pending the sale, transfer or conveyance;

22 (6) do all acts necessary, convenient or desirable to carry
23 out the powers expressly granted or necessarily implied in AS 16.10.650 -
24 16.10.720.

25 (b) In accordance with AS 16.10.670 - 16.10.720, the commissioner
26 shall use the money in the fund to purchase mortgages and notes received
27 by private financial institutions or by the Alaska Commercial Fishing
28 and Agriculture Bank to secure loans described in AS 16.10.670 - 16.10.-
29 720.

1 (c) In the event of a default on a loan purchased by the com-
2 missioner under AS 16.10.670(a) which is secured by a limited entry
3 permit, the commissioner shall follow the procedures described in AS 16.-
4 10.335 - 16.10.337.

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

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

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

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

28 (d) At least 51 percent of a loan described in (a) of this section
29 shall be made for the purposes described in (a)(1) - (4) of this section,

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

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

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

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

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

13 (b) In addition to the requirements of (a)(1) - (3) of this sec-
14 tion, the commissioner may purchase a mortgage or note under AS 16.10.-
15 660(b) only if it secures a loan to an individual who demonstrated to
16 the satisfaction of the private financial institution which made the
17 loan that

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

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

24 (c) The commissioner may not purchase a mortgage or note from a
25 private financial institution under AS 16.10.660(b) if ownership of a
26 fishing vessel is a prerequisite to obtaining a loan from the private
27 financial institution for the purchase of an entry permit or is con-
28 sidered by the private financial institution in determining the eligi-
29 bility of an applicant for a loan for the purchase of an entry permit.

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

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

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

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

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

- (1) a corporation or other organization of which the borrower is an officer, director or partner, or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities;
- (2) a person who is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities of the borrower;
- (3) a trust or other estate in which the borrower has a

1 substantial beneficial interest or as to which the borrower serves as
2 trustee or in a similar fiduciary capacity.

3 (c) The commissioner may purchase a mortgage or note under AS 16.-
4 10.660(b) if it secures a loan made to two or more individuals jointly
5 who each satisfy the requirements specified in AS 16.10.680 for the
6 construction of a fishing vessel or the purchase of an existing fishing
7 vessel. A loan secured by a mortgage or note purchased under this
8 subsection

9 (1) may not exceed the amount specified in (a)(1) of this
10 section multiplied by the number of eligible individuals applying for
11 the loan;

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

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

15 (4) may not bear interest exceeding 10-1/2 percent.

16 (d) The commissioner may purchase a mortgage or note under AS 16.-
17 10.660(b) if the terms of the loan secured by the mortgage or note allow
18 for repayment of the loan in accordance with

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

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

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

29 (f) The commissioner may not purchase a mortgage or note under

1 AS 16.10.660(b) if the loan it secures exceeds 90 percent of the ap-
2 praised value of the collateral used to secure the loan, except as
3 provided in (g) of this section.

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

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

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

27 Sec. 16.10.710. PREQUALIFICATION FOR LOANS. (a) The commissioner
28 may not purchase mortgages and notes from a private financial institu-
29 tion under AS 16.10.660(b) unless the private financial institution

1 (1) agrees to accept an application for a loan for the pur-
2 chase of an entry permit although the applicant has not located an entry
3 permit to purchase at the time of submitting the application; and

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

6 (b) The private financial institution shall process loan applica-
7 tions received under this section to determine the eligibility of an
8 applicant for a loan for the purchase of an entry permit and shall
9 notify the applicant of its determination.

10 (c) If the private financial institution determines that an appli-
11 cant is eligible for a loan for the purchase of an entry permit, the
12 private financial institution shall retain the application until the
13 applicant locates an entry permit to purchase and informs the private
14 financial institution of his decision to proceed with the loan applica-
15 tion to purchase the entry permit. However, the private financial
16 institution is not required to retain the application more than six
17 months after it has been submitted. If the applicant locates an entry
18 permit to purchase and decides to proceed with his loan application, he
19 shall complete any parts of the application which were previously uncom-
20 pleted because of the lack of an entry permit to purchase, and bring the
21 application up to date so that the information in the application is
22 current at the time of the loan. The private financial institution
23 shall then proceed with the processing of the application.

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

25 (1) "department" means the Department of Commerce and Eco-
26 nomic Development;

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

28 * Sec. 10. FINDINGS AND INTENT RELATING TO THE ALASKA HOUSING FINANCE
29 CORPORATION. The legislature finds that

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

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

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

23 * Sec. 11. PRIORITIES IN PURCHASE OF MORTGAGE LOANS BY THE ALASKA HOUSING
24 FINANCE CORPORATION. In purchasing mortgage loans under the special mortgage
25 purchase program established under AS 18.56.098, enacted in sec. 27 of this
26 Act, the Alaska Housing Finance Corporation shall give the highest priority
27 to the purchase of a mortgage loan made to an applicant who has vacated his
28 home because it was sold under the Department of Revenue emergency home
29 mortgage loan program of February 28, 1980, and who now cannot close on the

1 purchase of a new home because of the exhaustion of the \$105,000,000 in the
2 Department of Revenue emergency home mortgage loan program of February 28,
3 1980. The Alaska Housing Finance Corporation shall give the next highest
4 priority, on the basis of the immediacy with which the applicant will have to
5 vacate his present home, to the purchase of a mortgage loan made to an appli-
6 cant who has failed to close on the purchase of a new home because of the
7 exhaustion of the \$105,000,000 in the Department of Revenue emergency home
8 mortgage loan program of February 28, 1980. The priorities established under
9 this section shall be observed to the extent the Alaska Housing Finance
10 Corporation determines that it is reasonable to do so on the basis of evidence
11 of the circumstances giving rise to the priority.

12 * Sec. 12. AS 18.56.020 is amended to read:

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

20 * Sec. 13. AS 18.56.030 is repealed and re-enacted to read:

21 Sec. 18.56.030. CORPORATION GOVERNING BODY. (a) The corporation
22 shall be governed by a board of directors consisting of three members
23 who are heads of principal departments of the executive branch of state
24 government appointed by the governor and two public members appointed by
25 the governor. If a member who is the head of a principal department of
26 the executive branch is unable to attend a meeting of the board, he may
27 by an instrument in writing filed with the board, designate his deputy
28 or assistant to act in his place as a member at the meeting. For all
29 purposes of this chapter, the designee is a member of the board at the

1 meeting.

2 (b) All board members serve two-year terms. However, the initial
3 appointment of one public member and two members who are heads of princi-
4 pal departments of the executive branch of state government shall be for
5 one year terms.

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

9 (d) The public members of the board receive \$100 compensation for
10 each day spent on official business of the corporation and may be reim-
11 bursed by the corporation for actual and necessary expenses at the same
12 rate paid to members of state boards under AS 39.20.180.

13 * Sec. 14. AS 18.56.030 is amended by adding a new subsection to read:

14 (e) The appointment or reappointment of a member to the board,
15 including a member who is the head of a principal department of the
16 executive branch, is subject to confirmation by a majority vote of the
17 members of the legislature in joint session. If the legislature fails
18 to confirm the appointment of the head of a principal department of the
19 executive branch as a member, the governor shall appoint the head of
20 another principal department of the executive branch to serve as a
21 member, subject to confirmation under this subsection. A member ap-
22 pointed to fill a vacancy under (c) of this section is subject to con-
23 firmation under this subsection.

24 * Sec. 15. AS 18.56.050 is amended to read:

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

1 the corporation to the executive director, appointed in accordance with
2 AS 18.56.052 [, AND MAY DELEGATE TO HIM OTHER DUTIES IT CONSIDERS
3 PROPER].

4 * Sec. 16. AS 18.56.060 is amended to read:

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

12 * Sec. 17. AS 18.56.070 is amended to read:

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

16 * Sec. 18. AS 18.56.080 is amended to read:

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

24 * Sec. 19. AS 18.56.088 is amended by adding a new subsection to read:

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

29 * Sec. 20. AS 18.56 is amended by adding a new section to read: