

LEG. FINANCE - BILLS 1979 - 1980 1230

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

4 \* Sec. 21. AS 18.56.090 is amended to read:

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

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

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

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

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

28           (B) has determined that the purchase or participation  
29 will result in additional residential housing, taking into account

1 without limitation such factors as reinvestment of the proceeds of  
2 the sale in additional mortgage loans, increased availability of  
3 mortgage loans insured by the federal government, its agencies or  
4 departments, the reduction, if any, of interest payments to be made  
5 with respect to mortgage loans, or such other factors as will tend  
6 to increase or improve the supply of residential housing within the  
7 state;

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

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

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

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

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

29 (9) purchase, in order to meet the requirements of the sale

1 of its mortgages to the Federal National Mortgage Association, stock of  
2 the Federal National Mortgage Association:

3 (10) procure insurance against any loss in connection with its  
4 operation;

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

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

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

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

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

24 (16) promote research and development in scientific methods of  
25 constructing low-cost and energy-efficient residential housing of high  
26 durability;

27 (17) make and execute agreements, contracts and other in-  
28 struments necessary or convenient in the exercise of the powers and  
29 functions of the corporation under this chapter, including contracts

1 with any person, firm, corporation, governmental agency or other entity;

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

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

6 (20) adopt an official seal;

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

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

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

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

24 [(25) ESTABLISH A RURAL HOUSING INSURANCE ACCOUNT IN THE STATE  
25 MORTGAGE INSURANCE FUND ESTABLISHED BY THIS CHAPTER AND ADMINISTER A  
26 RURAL HOUSING MORTGAGE INSURANCE PROGRAM IN RURAL AREAS OF THE STATE; IN  
27 THE ADMINISTRATION OF THE PROGRAM ESTABLISHED UNDER THIS PARAGRAPH, THE  
28 BOARD OF DIRECTORS SHALL

29 (A) FROM SUMS RECEIVED FROM LOANS FROM THE DEPARTMENT OF

1 REVENUE, PURCHASE THE MORTGAGES OR OTHER COLLATERAL FOR RURAL  
2 RESIDENTIAL LOANS ISSUED BY A REGIONAL HOUSING AUTHORITY OR ANY  
3 OTHER PERSON;

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

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

11 (26) ESTABLISH A RURAL HOUSING HAZARD INSURANCE FUND AND A  
12 RURAL HOUSING HAZARD INSURANCE PROGRAM TO PROVIDE HAZARD INSURANCE FOR  
13 HOUSING LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE  
14 WHEN HAZARD INSURANCE FROM OTHER SOURCES SATISFACTORY TO PRIVATE MORT-  
15 GAGE LENDERS IS NOT AVAILABLE ON REASONABLE TERMS; THE CORPORATION MAY  
16 ENTER INTO AGREEMENTS WITH RESPECT TO THE FUND AND THE PROGRAM WITH THE  
17 HOLDERS OF BONDS OR NOTES ISSUED TO PROVIDE MONEY FOR THE RURAL HOUSING  
18 MORTGAGE PROGRAM OR WITH THE DEPARTMENT OF REVENUE WITH RESPECT TO LOANS  
19 MADE UNDER (25)(C) OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO,  
20 AGREEMENTS AS TO THE USE OF MONEY IN THE FUND, AND MAY OTHERWISE ESTAB-  
21 LISH THE TERMS AND CONDITIONS OF THE FUND AND OF THE PROGRAM OF HAZARD  
22 INSURANCE BY OR IN ACCORDANCE WITH REGULATIONS ADOPTED UNDER AS 18.56.-  
23 088;

24 (27) ESTABLISH A RURAL HOUSING TITLE INSURANCE FUND AND A  
25 RURAL HOUSING TITLE INSURANCE PROGRAM TO PROVIDE TITLE INSURANCE FOR  
26 HOUSING LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE  
27 WHEN TITLE INSURANCE FROM OTHER SOURCES SATISFACTORY TO PRIVATE MORTGAGE  
28 LENDERS IS NOT AVAILABLE ON REASONABLE TERMS; THE CORPORATION MAY ENTER  
29 INTO AGREEMENTS WITH RESPECT TO THE FUND AND THE PROGRAM WITH THE HOLDER

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

7 \* Sec. 22. AS 18.56 is amended by adding a new section to read:

8 Sec. 18.56.093. INSURANCE. (a) There is established in the  
9 corporation the housing insurance fund, the rural housing hazard insur-  
10 ance fund, and the rural housing title insurance fund. The funds shall  
11 be completely segregated from all other funds of the corporation, and  
12 are trust funds for the uses and purposes of this section. The corpora-  
13 tion may adopt regulations under AS 18.56.088 and enter into agreements  
14 with respect to the exercise of any power relating to the funds under  
15 this section, including, without limitation, agreements as to the use of  
16 the money in the funds, agreements with respect to the terms and condi-  
17 tions upon which payments from the funds must be made to the corporation  
18 with respect to mortgage loans insured under this section, agreements as  
19 to accounts or subaccounts in the funds for different categories of  
20 loans, and agreements regarding the payment of and security for bonds of  
21 the corporation. The corporation may pledge, assign, or grant other  
22 interests in the funds as may be necessary or appropriate in connection  
23 with the insurance of mortgage loans and to provide for the payment of  
24 and security for bonds of the corporation.

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

29 (c) A mortgage loan purchased by the corporation as part of its

1 special mortgage purchase program may be insured by the housing insur-  
2 ance fund, and a mortgage loan on a mobile home or residence located in  
3 a remote, underdeveloped, blighted or rural area of the state may also  
4 be insured (1) against hazard loss by the rural housing hazard insurance  
5 fund when hazard insurance from the r sources satisfactory to private  
6 mortgage lenders is not, in the opinion of the corporation, available on  
7 reasonable terms, and (2) against title defect by the rural housing  
8 title insurance fund when title insurance from other sources satisfactory  
9 to private mortgage lenders is not, in the opinion of the corporation,  
10 available on reasonable terms. The endorsement of the corporation on  
11 the mortgage that it is insured by any fund under this section at the  
12 time of purchase or acquisition of the mortgage loan is conclusive  
13 evidence that the mortgage loan is insured under the provisions of this  
14 section by the fund.

15 (d) Mortgage loans may be insured by a fund or an account in a  
16 fund under this section only when the amount in the fund or in the  
17 account as a percentage of the sum of all mortgage loans to be insured  
18 and all unpaid principal on mortgage loans to be insured by the fund or  
19 the account equals or exceeds the fund requirement. The fund requirement  
20 for each fund or account shall be calculated as the percentage which the  
21 corporation determines is actuarially sound for operation of the fund or  
22 account.

23 (e) When the corporation determines what is actuarially sound with  
24 respect to the operation of each fund or account in a fund, it shall  
25 consider means of providing sufficient revenues for the operation of the  
26 fund or account, without regard to amounts which may have been or may,  
27 after the date of determination of actuarial soundness, be appropriated  
28 under (f) of this section and it shall consider factors which must  
29 include, without limitation,

1 (1) as to the mortgages insured by the housing insurance  
2 fund, or an account of the housing insurance fund, estimates of future  
3 defaults and losses on mortgage loans insured under this section based  
4 on actual default and loss experience on those mortgage loans or on  
5 similar mortgage loans in Alaska or elsewhere, estimates of recoveries  
6 on defaulted or foreclosed mortgage loans based on that experience, the  
7 terms and conditions of the mortgage loans insured under this section,  
8 estimates of earnings and income of amounts on deposit in the fund, and  
9 any other appropriate factors;

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

15 (3) as to mortgages insured by the rural housing hazard  
16 insurance fund, or an account of the rural housing hazard insurance  
17 fund, estimates of default by reason of hazard losses which are otherwise  
18 uninsured, estimates of earnings and income of amounts on deposit in the  
19 fund or the account, and any other appropriate factors.

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

1 state.

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

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

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

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

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

25 (f) On December 1 of each year the commissioner of commerce and  
26 economic development shall determine the amount on deposit in the mort-  
27 gage insurance fund. If the amount in the fund is less than the fund  
28 requirement, the commissioner of commerce and economic development shall  
29 request the corporation to transfer from any available funds the amount

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

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

13 (4) "special mortgage loan insurance commitment fee" and  
14 "special mortgage loan insurance premium" mean, respectively, a fee of  
15 such percent of the principal amount of a mortgage loan to be insured  
16 under this section, and an annual insurance premium of such percent of  
17 the portion of the unpaid principal amount of a mortgage loan insured  
18 under this section which is not federally insured or guaranteed or  
19 insured by a private mortgage insurance company, which the corporation  
20 with the approval of the commissioner of commerce and economic develop-  
21 ment determines is actuarially sound for the operation of the mortgage  
22 insurance fund;

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

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

1           Sec. 18.56.097. COLLATERAL FOR LOANS. Under procedures estab-  
2           lished by regulations of the corporation adopted in accordance with the  
3           Administrative Procedure Act (AS 44.62) a person may pledge as security  
4           for the repayment of a loan made, purchased or insured by the corpora-  
5           tion under this chapter a preference right he holds to receive title to  
6           land he occupies as a primary place of residence, primary place of  
7           business, subsistence campsite, or as headquarters for reindeer hus-  
8           bandry. The preference right must be conveyed to the person by the  
9           Native corporation to which the land was granted under section 14 of the  
10          Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. secs.  
11          1601 - 1626, as amended by P.L. 94-204) before it may be pledged as  
12          security under this section. The Department of Community and Regional  
13          Affairs shall prescribe procedures and standard forms for establishing  
14          and appraising the value of a preference right held by a person to  
15          secure the repayment of a loan made, purchased or insured by the cor-  
16          poration under this chapter.

17          Sec. 18.56.098. SPECIAL MORTGAGE LOAN PURCHASE PROGRAM. (a) The  
18          corporation shall establish a special mortgage loan purchase program.  
19          Under the special mortgage loan purchase program, the corporation may  
20          purchase mortgage loans made (1) for the purchase of residences; or (2)  
21          for the refinancing of a mortgage loan on a residence if the purpose of  
22          the refinancing is to provide money for the improvement or rehabilita-  
23          tion of the residence.

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

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

5 (c) The corporation may pledge mortgage loans purchased by the  
6 corporation under (a) of this section, mortgage loans assigned to the  
7 corporation for the special mortgage loan purchase program, and mortgage  
8 loans purchased with amounts appropriated to the corporation for the  
9 special mortgage loan purchase program to pay the principal, interest,  
10 and redemption premium, if any, on bonds or bond anticipation notes  
11 issued by the corporation for the special mortgage loan purchase pro-  
12 gram.

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

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

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

20 (3) an interest rate determined by the corporation which is  
21 less than the interest rate in (1) or (2) of this subsection to the  
22 extent that the lesser interest rate is necessary in connection with the  
23 issuance of bonds of the corporation the interest on which is exempt  
24 from federal income taxation.

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

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

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

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

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

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

19 (e) The corporation may provide for the issuance, at one time or  
20 from time to time, of housing development fund notes for the purpose of  
21 providing money [FUNDS] for the fund. [THE COMMISSIONER OF REVENUE IS  
22 AUTHORIZED TO PURCHASE FUND NOTES WITH SURPLUS FUNDS IN THE STATE TREA-  
23 SUREY. BEFORE SUBMISSION OF THE EXECUTIVE BUDGET TO THE LEGISLATURE, THE  
24 COMMISSIONER OF REVENUE SHALL ANNUALLY RECOMMEND TO THE GOVERNOR THE  
25 ANTICIPATED AMOUNTS OF SURPLUS FUNDS AVAILABLE FOR PURCHASE OF FUND  
26 NOTES IN THE FISCAL YEAR ENCOMPASSED BY THE BUDGET. IN MAKING HIS  
27 RECOMMENDATION TO THE GOVERNOR, THE COMMISSIONER OF REVENUE SHALL CON-  
28 sider THE EXPENDITURE AND REVENUE PROJECTIONS CONTAINED IN THE MOST  
29 RECENT REVENUE SOURCE DOCUMENT PREPARED FOR AND SUBMITTED TO THE LEGIS-

1 LATURE BY THE ADMINISTRATION. IF THE GOVERNOR AGREES WITH THE RECOM-  
2 MENDATION OF THE COMMISSIONER OF REVENUE HE SHALL FORWARD THE RECOMMEN-  
3 DATION TO THE CORPORATION.]

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

5 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
6 following persons are eligible veterans for the purposes of AS 18.56.-  
7 098(d):

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

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

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

24 (C) whose discharge was other than dishonorable;

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

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

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

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

2 (C) his discharge was other than dishonorable;

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

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

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

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

1 board may also publish other reports it considers desirable to carry out  
2 its purpose.

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

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

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

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

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

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

29 Sec. 44.58.095. REGULATIONS. The bond bank authority shall adopt

1 regulations, in accordance with the Administrative Procedure Act  
2 (AS 44.62), to implement this chapter.

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

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

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

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

15 (1) the purchase of municipal bonds;

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

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

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

26 \* Sec. 36. On the effective date of this section the Alaska State De-  
27 velopment Corporation (AS 44.59.010) shall transfer its assets and liabili-  
28 ties to the Alaska Industrial Development Authority (AS 44.61.020). On the  
29 effective date of this section the Small Business Development Corporation

1 (AS 44.60.020) shall transfer its assets and liabilities to the Alaska In-  
2 dustrial Development Authority (AS 44.61.020). On the effective date of this  
3 section the Alaska Toll Bridge Authority (AS 44.57.010) shall transfer its  
4 assets and liabilities to the Alaska Industrial Development Authority (AS 44.-  
5 61.020). The Alaska Industrial Development Authority is responsible for the  
6 management of the assets and liabilities transferred to it under this section.

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

8 (23) the executive director and other employees of the Alaska  
9 Industrial Development Authority.

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

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

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

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

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

26 (5) the achievement of the goal of full employment, and of  
27 establishment and continuing operation and development of industrial,  
28 [AND] manufacturing, small business, tourism, mining, and commercial  
29 fishing enterprises [PLANTS] in the state, including facilities for air

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

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

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

24 (7) it is in the state's interest to import private captial  
25 to create new economic activity which would not otherwise take place in  
26 the state.

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

28 (b) It is declared to be the policy of the state, in the interests  
29 of promoting the health, security and general welfare of all the people

1 of the state, and a public purpose, to increase job opportunities and  
2 otherwise to encourage the economic growth of the state, including the  
3 development of its natural resources, through the establishment of  
4 manufacturing, [AND] industrial, small business, tourism, mining, and  
5 commercial fishing enterprises by creating the public corporation with  
6 power, duties and functions as provided in this chapter.

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

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

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

21 (c) If a vacancy occurs in the membership of the authority, the  
22 governor shall immediately appoint a member for the unexpired portion of  
23 the term.

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

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

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

6 \* Sec. 45. AS 44.61.040 is amended to read:

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

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

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

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

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

28 \* Sec. 48. AS 44.61.070 is amended to read;

29 Sec. 44.61.070. PURPOSE OF THE AUTHORITY. The purpose of the

1 authority is to promote, develop and advance the general prosperity and  
2 economic welfare of the people of Alaska, to relieve problems of un-  
3 employment and to create additional employment by providing various [A]  
4 means of financing and means of facilitating the financing of indus-  
5 trial, [AND] manufacturing, small business, tourism, mining, and com-  
6 mercial fishing enterprises [PLANT CONSTRUCTION, CONVERSION OR EXPANSION]  
7 within the state [, INCLUDING THE ACQUISITION OF REAL PROPERTY, FOR  
8 LEASE OR SALE TO BUSINESS ENTERPRISES FOR INDUSTRIAL OR MANUFACTURING  
9 PURPOSES].

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

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

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

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

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

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

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

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

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

2 (12) to purchase or insure loans to finance the costs of  
3 manufacturing, industrial, small business, tourism, mining, and commer-  
4 cial fishing enterprise projects;

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

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

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

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

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

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

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

24 (a) Subject to (g) of this section, the [THE] authority may borrow  
25 money and may issue bonds [THEREFOR], including but not limited to bonds  
26 on which the principal and interest are payable, (1) exclusively from  
27 the income and receipts or other money derived from the project financed  
28 with the proceeds of the bonds, (2) exclusively from the income and  
29 receipts or other money derived from designated projects whether or not

1 they are financed in whole or in part with the proceeds of the bonds, or  
2 (3) from its income and receipts or other assets generally, or a desig-  
3 nated part or parts of them.

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

5 (g) The authority may not

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

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

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

18 \* Sec. 56. AS 44.61 is amended by adding a new section to

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

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

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

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

26 (d) The chairman of the authority shall annually, no later than  
27 January 2, certify in writing to the governor and the legislature the  
28 amount, if any, required to restore a capital reserve fund to the capi-  
29 tal reserve fund requirement. The legislature may appropriate to the

1 authority the amount certified by the chairman of the authority. The  
2 authority shall deposit the amounts appropriated under this subsection  
3 during a fiscal year in the proper capital reserve fund. Nothing in  
4 this section creates a debt or liability of the state.

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

8 \* Sec. 57. AS 44.61 is amended by adding new sections to article 3 to  
9 read:

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

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

27 (c) Money realized from the payment of principal or interest on  
28 loans held in the enterprise development fund may be held and invested  
29 by the authority in investments authorized under AS 37.10.070(a)(1) -

1 (6) and may be used for other purposes only if appropriated by the  
2 legislature for those purposes.

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

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

29 (1) shall be held by the authority or by a lender approved by

1 the authority as responsible and able to service the loan;

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

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

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

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

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

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

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repay the loan insurance account.

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

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

(g) On December 1 of each year the authority shall determine the amount on deposit in the loan insurance account and in each subaccount in the loan insurance account. If the amount in the loan insurance account or the amount in a subaccount in the loan insurance account is less than the fund requirement for the account or for the subaccount,

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

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

22 (i) In this section:

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

27 (2) "loan insurance premium" means an annual insurance pre-  
28 mium which is a percentage of the portion of the unpaid principal amount  
29 of a loan insured under this section determined by the authority to be

1 actuarially sound for the operation of the loan insurance account or any  
2 subaccount.

3 Sec. 44.61.158. SMALL BUSINESS, TOURISM, MINING, AND COMMERCIAL  
4 FISHING ENTERPRISES LOAN ACCOUNT. (a) The authority may use the assets  
5 of the small business, tourism, mining, and commercial fishing enter-  
6 prises loan account to purchase loans made by others to small business  
7 enterprises, tourism enterprises, mining enterprises, and commercial  
8 fishing enterprises to pay the costs of projects, as defined in AS 4+.-  
9 61.220, which are not eligible to be financed with the proceeds of bonds  
10 of the authority the interest on which is exempt from federal income tax.

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

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

18 (1) may not exceed

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

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

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

27 (2) may not exceed 90 percent of the cost of the project or  
28 90 percent of the appraised value of the project, whichever is less;

29 (3) may not be made for a term longer than three-quarters of

1 the authority's estimate of the life of the project or 25 years from the  
2 date the loan is made, whichever is earlier;

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

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

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

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

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

27 \* Sec. 58. AS 44.61.160 is amended to read:

28 Sec. 44.61.160. FINDINGS OF THE AUTHORITY. Before entering into a  
29 lease or other agreement as provided in AS 44.61.090(e) regarding a

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

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

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

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

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

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

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

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

1 terms are used in AS 29, or (3) except as provided in AS 44.61.205, a  
2 state agency as the term is used in AS 37, but for all other purposes  
3 the authority constitutes a political subdivision and an instrumentality  
4 of the state as provided in this chapter.

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

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

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

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

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

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

29 (2) an estimate of the amount of bonds to be issued for the

1 investments.

2 \* Sec. 62. AS 44.61.220 is amended to read:

3 Sec. 44.61.220. DEFINITIONS. In this chapter

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

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

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

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

17 (5) "project" includes ["INDUSTRIAL PLANT" OR "MANUFACTURING  
18 PLANT" MEANS]

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

1 disposal of sewage or solid waste, [OR] for the local furnishing  
2 of [ELECTRIC ENERGY OR] gas, or for the furnishing of water;

3 (B) a small business enterprise, tourism enterprise,  
4 mining enterprise, and commercial fishing enterprise as defined in  
5 (12), (13), (14), and (15) of this section;

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

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

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

1 mination of the feasibility, planning, design or engineering of the  
2 project and, to the extent determined necessary by the authority, ad-  
3 ministrative expenses, the cost of machinery or equipment to be used in  
4 the operation of the project and expenses of installation, replacement  
5 or rehabilitation, and all other costs, charges, fees and expenses which  
6 may be determined by the authority to be necessary to finance the con-  
7 struction or acquisition;

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

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

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

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

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

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

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

27 \* Sec. 63. After July 1, 1981,

28 (1) no further loans may be made under AS 16.10.310 and 16.10.-  
29 320(a) except for loans authorized under AS 16.10.333 pursuant to AS 16.10.-

1 310 and 16.10.320(a); and

2 (2) no further loans may be made under AS 45.90.020, AS 45.95.020  
3 and AS 20.15.040(3).

4 \* Sec. 64. FINDINGS RELATING TO THE DIVISION OF HOUSING ASSISTANCE. The  
5 legislature finds that

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

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

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

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

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

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

20 ARTICLE 9. DIVISION OF HOUSING ASSISTANCE.

21 Sec. 44.47.360. DIVISION OF HOUSING ASSISTANCE CREATED. There is  
22 created in the Department of Community and Regional Affairs the division  
23 of housing assistance.

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

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

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

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

3 (4) purchase or participate in the purchase of loans for  
4 building materials for nonconforming housing in accordance with AS 44.-  
5 47.360 - 44.47.560;

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

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

15 (7) do all acts necessary, convenient or desirable to carry  
16 out the powers expressly granted or necessarily implied in AS 44.47.360 -  
17 44.47.560.

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

25 (1) nonconforming housing mortgage loans; and

26 (2) loans made for building materials for nonconforming  
27 housing;

28 (3) loans made for renovations or improvements to nonconform-  
29 ing housing.

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

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

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

7           (B) the monthly loan repayment on which exceeds 25  
8 percent of the borrower's gross monthly income; or

9           (C) the term of which exceeds 30 years;

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

12          (A) which exceeds

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

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

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

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

25           (i) three years; or

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

1 materials;

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

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

10 (b) In this section, "monthly loan repayment" means the accrued  
11 monthly liability of the borrower for principal and interest payments,  
12 including amortized insurance payments, property tax payments, service  
13 charges and other charges and fees, under the terms of the loan agree-  
14 ment.

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

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

1           ference right held by a person to secure the repayment of a loan pur-  
2           chased in whole or in part under AS 44.47.380.

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

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

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

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

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

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

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

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

28                           (A) the borrower is an Alaska Native;

29                           (B) title to the property was originally transferred

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

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

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

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

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

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

29 Sec. 44.47.470. APPRAISALS. Before purchasing or participating in

1 the purchase of a nonconforming housing mortgage loan, the director may  
2 have or may require the borrower to have an appraisal made of the fair  
3 market value of the real property, including structures on the real  
4 property, for which the loan is made. In conducting an appraisal under  
5 this section, the appraiser shall give full value to insulation and  
6 other features of construction in structures on the real property which  
7 add to the energy efficiency of the structures.

8 Sec. 44.47.480. TOLL-FREE TELEPHONE NUMBER. The director shall  
9 arrange for and maintain a toll-free telephone number for the division  
10 so that private financial institutions and their borrowers may contact  
11 the division from any location in the state by telephone without a toll  
12 charge.

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

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

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

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

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

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

5           (b) Unless otherwise required by an appropriation, the director  
6 shall allocate the money in the nonconforming housing loan fund among  
7 the regions established under (a) of this section for the purpose of  
8 purchasing each type of loan described in AS 44.47.380. In making an  
9 allocation under this subsection, the director shall consider the past  
10 and potential lending activity of private financial institutions in the  
11 region as well as the need for loans in the region. The director may  
12 reallocate the money among the regions if he considers necessary.

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

14           (1) "director" means the director of the division of housing  
15 assistance;

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

17           (3) "housing" means owner-occupied, single-family housing and  
18 owner-occupied duplexes;

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

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

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

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

4 \* Sec. 69. Section 7 of this Act is retroactive to June 19, 1976, and  
5 applies to loans made under AS 16.10.510 after June 18, 1976.

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

9 \* Sec. 71. Sections 14 and 44 of this Act take effect on the effective  
10 date of an amendment to the Constitution of the State of Alaska which provides  
11 for confirmation by the legislature of appointments as provided in secs. 14  
12 and 44 of this Act.

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

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

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5/19/80

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

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 consist'ng 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

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meeting.

(b) All board members serve two-year terms. However; the initial appointment of one public member and two members who are heads of principal departments of the executive branch of state government shall be for one year terms.

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

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

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

(e) The appointment or reappointment of a member to the board, including a member who is the head of a principal department of the executive branch, 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 the head of a principal department of the executive branch as a member, the governor shall appoint the head of another principal department of the executive branch to serve as a member, subject to confirmation under this subsection. A member appointed to fill a vacancy under (c) of this section is subject to confirmation under this subsection.

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

Sec. 18.56.050. ADMINISTRATION OF AFFAIRS. The board shall manage the assets and business of the corporation and may prescribe, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are 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:

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

4 \* Sec. 21. AS 18.56.090 is amended to read:

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

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

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

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

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

28           (B) has determined that the purchase or participation  
29 will result in additional residential housing, taking into account

1 without limitation such factors as reinvestment of the proceeds of  
2 the sale in additional mortgage loans, increased availability of  
3 mortgage loans insured by the federal government, its agencies or  
4 departments, the reduction, if any, of interest payments to be made  
5 with respect to mortgage loans, or such other factors as will tend  
6 to increase or improve the supply of residential housing within the  
7 state;

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

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

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

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

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

29 (9) purchase, in order to meet the requirements of the sale

1 of its mortgages to the Federal National Mortgage Association, stock of  
2 the Federal National Mortgage Association;

3 (10) procure insurance against any loss in connection with its  
4 operation;

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

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

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

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

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

24 (16) promote research and development in scientific methods of  
25 constructing low-cost and energy-efficient residential housing of high  
26 durability;

27 (17) make and execute agreements, contracts and other in-  
28 struments necessary or convenient in the exercise of the powers and  
29 functions of the corporation under this chapter, including contracts

1 with any person, firm, corporation, governmental agency or other entity;

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

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

6 (20) adopt an official seal;

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

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

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

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

24 [(25) ESTABLISH A RURAL HOUSING INSURANCE ACCOUNT IN THE STATE  
25 MORTGAGE INSURANCE FUND ESTABLISHED BY THIS CHAPTER AND ADMINISTER A  
26 RURAL HOUSING MORTGAGE INSURANCE PROGRAM IN RURAL AREAS OF THE STATE; IN  
27 THE ADMINISTRATION OF THE PROGRAM ESTABLISHED UNDER THIS PARAGRAPH, THE  
28 BOARD OF DIRECTORS SHALL

29 (A) FROM SUMS RECEIVED FROM LOANS FROM THE DEPARTMENT OF

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REVENUE, PURCHASE THE MORTGAGES OR OTHER COLLATERAL FOR RURAL RESIDENTIAL LOANS ISSUED BY A REGIONAL HOUSING AUTHORITY OR ANY OTHER PERSON;

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

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

(26) ESTABLISH A RURAL HOUSING HAZARD INSURANCE FUND AND A RURAL HOUSING HAZARD INSURANCE PROGRAM TO PROVIDE HAZARD INSURANCE FOR HOUSING LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE WHEN HAZARD INSURANCE FROM OTHER SOURCES SATISFACTORY TO PRIVATE MORTGAGE LENDERS IS NOT AVAILABLE ON REASONABLE TERMS; THE CORPORATION MAY ENTER INTO AGREEMENTS WITH RESPECT TO THE FUND AND THE PROGRAM WITH THE HOLDERS OF BONDS OR NOTES ISSUED TO PROVIDE MONEY FOR THE RURAL HOUSING MORTGAGE PROGRAM OR WITH THE DEPARTMENT OF REVENUE WITH RESPECT TO LOANS MADE UNDER (25)(C) OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO, AGREEMENTS AS TO THE USE OF MONEY IN THE FUND, AND MAY OTHERWISE ESTABLISH THE TERMS AND CONDITIONS OF THE FUND AND OF THE PROGRAM OF HAZARD INSURANCE BY OR IN ACCORDANCE WITH REGULATIONS ADOPTED UNDER AS 18.56.-088;

(27) ESTABLISH A RURAL HOUSING TITLE INSURANCE FUND AND A RURAL HOUSING TITLE INSURANCE PROGRAM TO PROVIDE TITLE INSURANCE FOR HOUSING LOCATED IN REMOTE, UNDERDEVELOPED OR BLIGHTED AREAS OF THE STATE WHEN TITLE INSURANCE FROM OTHER SOURCES SATISFACTORY TO PRIVATE MORTGAGE LENDERS IS NOT AVAILABLE ON REASONABLE TERMS; THE CORPORATION MAY ENTER INTO AGREEMENTS WITH RESPECT TO THE FUND AND THE PROGRAM WITH THE HOLDER

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

7 \* Sec. 22. AS 18.56 is amended by adding a new section to read:

8       Sec. 18.56.093. INSURANCE. (a) There is established in the  
9 corporation the housing insurance fund, the rural housing hazard insur-  
10 ance fund, and the rural housing title insurance fund. The funds shall  
11 be completely segregated from all other funds of the corporation, and  
12 are trust funds for the uses and purposes of this section. The corpora-  
13 tion may adopt regulations under AS 18.56.088 and enter into agreements  
14 with respect to the exercise of any power relating to the funds under  
15 this section, including, without limitation, agreements as to the use of  
16 the money in the funds, agreements with respect to the terms and condi-  
17 tions upon which payments from the funds must be made to the corporation  
18 with respect to mortgage loans insured under this section, agreements as  
19 to accounts or subaccounts in the funds for different categories of  
20 loans, and agreements regarding the payment of and security for bonds of  
21 the corporation. The corporation may pledge, assign, or grant other  
22 interests in the funds as may be necessary or appropriate in connection  
23 with the insurance of mortgage loans and to provide for the payment of  
24 and security for bonds of the corporation.

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

29       (c) A mortgage loan purchased by the corporation as part of its

1 special mortgage purchase program may be insured by the housing insur-  
2 ance fund, and a mortgage loan on a mobile home or residence located in  
3 a remote, underdeveloped, blighted or rural area of the state may also  
4 be insured (1) against hazard loss by the rural housing hazard insurance  
5 fund when hazard insurance from the other sources satisfactory to private  
6 mortgage lenders is not, in the opinion of the corporation, available on  
7 reasonable terms, and (2) against title defect by the rural housing  
8 title insurance fund when title insurance from other sources satisfactory  
9 to private mortgage lenders is not, in the opinion of the corporation,  
10 available on reasonable terms. The endorsement of the corporation on  
11 the mortgage that it is insured by any fund under this section at the  
12 time of purchase or acquisition of the mortgage loan is conclusive  
13 evidence that the mortgage loan is insured under the provisions of this  
14 section by the fund.

15 (d) Mortgage loans may be insured by a fund or an account in a  
16 fund under this section only when the amount in the fund or in the  
17 account as a percentage of the sum of all mortgage loans to be insured  
18 and all unpaid principal on mortgage loans to be insured by the fund or  
19 the account equals or exceeds the fund requirement. The fund requirement  
20 for each fund or account shall be calculated as the percentage which the  
21 corporation determines is actuarially sound for operation of the fund or  
22 account.

23 (e) When the corporation determines what is actuarially sound with  
24 respect to the operation of each fund or account in a fund, it shall  
25 consider means of providing sufficient revenues for the operation of the  
26 fund or account, without regard to amounts which may have been or may,  
27 after the date of determination of actuarial soundness, be appropriated  
28 under (f) of this section and it shall consider factors which must  
29 include, without limitation,

1 (1) as to the mortgages insured by the housing insurance  
2 fund, or an account of the housing insurance fund, estimates of future  
3 defaults and losses on mortgage loans insured under this section based  
4 on actual default and loss experience on those mortgage loans or on  
5 similar mortgage loans in Alaska or elsewhere, estimates of recoveries  
6 on defaulted or foreclosed mortgage loans based on that experience, the  
7 terms and conditions of the mortgage loans insured under this section,  
8 estimates of earnings and income of amounts on deposit in the fund, and  
9 any other appropriate factors;

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

15 (3) as to mortgages insured by the rural housing hazard  
16 insurance fund, or an account of the rural housing hazard insurance  
17 fund, estimates of default by reason of hazard losses which are otherwise  
18 uninsured, estimates of earnings and income of amounts on deposit in the  
19 fund or the account, and any other appropriate factors.

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

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state.

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

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

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

(1) in the case of federally insured or guaranteed mortgage loans, or mortgage loans [, INCLUDING STATE VETERANS' LOANS,] insured by a qualified mortgage insurance company or, if not so insured or guaranteed, with a loan to value ratio at the time of the mortgage insurance application less than 80 percent, the greater of (A) two percent of the unpaid principal amount of those mortgage loans, or (B) a percentage which the corporation with the approval of the commissioner of commerce and economic development determines is actuarially sound for operation of the mortgage insurance fund;

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

(f) On December 1 of each year the commissioner of commerce and economic development shall determine the amount on deposit in the mortgage insurance fund. If the amount in the fund is less than the fund requirement, the commissioner of commerce and economic development shall request the corporation to transfer from any available funds the amount

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

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

13 (4) "special mortgage loan insurance commitment fee" and  
14 "special mortgage loan insurance premium" mean, respectively, a fee of  
15 such percent of the principal amount of a mortgage loan to be insured  
16 under this section, and an annual insurance premium of such percent of  
17 the portion of the unpaid principal amount of a mortgage loan insured  
18 under this section which is not federally insured or guaranteed or  
19 insured by a private mortgage insurance company, which the corporation  
20 with the approval of the commissioner of commerce and economic develop-  
21 ment determines is actuarially sound for the operation of the mortgage  
22 insurance fund;

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

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

1           Sec. 18.56.097. COLLATERAL FOR LOANS. Under procedures estab-  
2           lished by regulations of the corporation adopted in accordance with the  
3           Administrative Procedure Act (AS 44.62) a person may pledge as security  
4           for the repayment of a loan made, purchased or insured by the corpora-  
5           tion under this chapter a preference right he holds to receive title to  
6           land he occupies as a primary place of residence, primary place of  
7           business, subsistence campsite, or as headquarters for reindeer hus-  
8           bandry. The preference right must be conveyed to the person by the  
9           Native corporation to which the land was granted under section 14 of the  
10          Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. secs.  
11          1601 - 1626, as amended by P.L. 94-204, before it may be pledged as  
12          security under this section. The Department of Community and Regional  
13          Affairs shall prescribe procedures and standard forms for establishing  
14          and appraising the value of a preference right held by a person to  
15          secure the repayment of a loan made, purchased or insured by the cor-  
16          poration under this chapter.

17           Sec. 18.56.098. SPECIAL MORTGAGE LOAN PURCHASE PROGRAM. (a) The  
18          corporation shall establish a special mortgage loan purchase program.  
19          Under the special mortgage loan purchase program, the corporation may  
20          purchase mortgage loans made (1) for the purchase of residences; or (2)  
21          for the refinancing of a mortgage loan on a residence if the purpose of  
22          the refinancing is to provide money for the improvement or rehabilita-  
23          tion of the residence.

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

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

5 (c) The corporation may pledge mortgage loans purchased by the  
6 corporation under (a) of this section, mortgage loans assigned to the  
7 corporation for the special mortgage loan purchase program, and mortgage  
8 loans purchased with amounts appropriated to the corporation for the  
9 special mortgage loan purchase program to pay the principal, interest,  
10 and redemption premium, if any, on bonds or bond anticipation notes  
11 issued by the corporation for the special mortgage loan purchase pro-  
12 gram.

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

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

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

20 (3) an interest rate determined by the corporation which is  
21 less than the interest rate in (1) or (2) of this subsection to the  
22 extent that the lesser interest rate is necessary in connection with the  
23 issuance of bonds of the corporation the interest on which is exempt  
24 from federal income taxation.

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

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(f) In this section and in AS 18.56.099,

(1) "mortgage loan" includes a beneficial interest or participation in a mortgage loan;

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

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

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

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

(e) The corporation may provide for the issuance, at one time or from time to time, of housing development fund notes for the purpose of providing money [FUNDS] for the fund. [THE COMMISSIONER OF REVENUE IS AUTHORIZED TO PURCHASE FUND NOTES WITH SURPLUS FUNDS IN THE STATE TREASURY. BEFORE SUBMISSION OF THE EXECUTIVE BUDGET TO THE LEGISLATURE, THE COMMISSIONER OF REVENUE SHALL ANNUALLY RECOMMEND TO THE GOVERNOR THE ANTICIPATED AMOUNTS OF SURPLUS FUNDS AVAILABLE FOR PURCHASE OF FUND NOTES IN THE FISCAL YEAR ENCOMPASSED BY THE BUDGET. IN MAKING HIS RECOMMENDATION TO THE GOVERNOR, THE COMMISSIONER OF REVENUE SHALL CONSIDER THE EXPENDITURE AND REVENUE PROJECTIONS CONTAINED IN THE MOST RECENT REVENUE SOURCE DOCUMENT PREPARED FOR AND SUBMITTED TO THE LEGIS-

1 LATURE BY THE ADMINISTRATION. IF THE GOVERNOR AGREES WITH THE RECOM-  
2 MENDATION OF THE COMMISSIONER OF REVENUE HE SHALL FORWARD THE RECOMMEN-  
3 DATION TO THE CORPORATION.]

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

5 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
6 following persons are eligible veterans for the purposes of AS 18.56.-  
7 098(d):

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

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

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

24 (C) whose discharge was other than dishonorable;

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

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

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

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

2 (C) his discharge was other than dishonorable;

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

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

16 \* Sec. 30. AS 19.56.200 is amended by adding new subsections to read:

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

1 board may also publish other reports it considers desirable to carry out  
2 its purpose.

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

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

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

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

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

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

29 Sec. 44.58.095. REGULATIONS. The bond bank authority shall adopt

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

2 (C) his discharge was other than dishonorable;

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

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

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

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

1 regulations, in accordance with the Administrative Procedure Act  
2 (AS 44.62), to implement this chapter.

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

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

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

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

15 (1) the purchase of municipal bonds;

16 (2) the making of loans through the purchase of municipal

17 bonds;

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

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

26 \* Sec. 36. On the effective date of this section the Alaska State De-  
27 velopment Corporation (AS 44.59.010) shall transfer its assets and liabili-  
28 ties to the Alaska Industrial Development Authority (AS 44.61.020). On the  
29 effective date of this section the Small Business Development Corporation

1 (AS 44.60.020) shall transfer its assets and liabilities to the Alaska In-  
2 dustrial Development Authority (AS 44.61.020). On the effective date of this  
3 section the Alaska Toll Bridge Authority (AS 44.57.010) shall transfer its  
4 assets and liabilities to the Alaska Industrial Development Authority (AS 44.-  
5 61.020). The Alaska Industrial Development Authority is responsible for the  
6 management of the assets and liabilities transferred to it under this section.

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

8 (23) the executive director and other employees of the Alaska  
9 Industrial Development Authority.

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

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

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

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

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

26 (5) the achievement of the goal of full employment, and of  
27 establishment and continuing operation and development of industrial,  
28 [AND] manufacturing, small business, tourism, mining, and commercial  
29 fishing enterprises [PLANTS] in the state, including facilities for air

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

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

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

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

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

28 (b) It is declared to be the policy of the state, in the interests  
29 of promoting the health, security and general welfare of all the people

1 of the state, and a public purpose, to increase job opportunities and  
2 otherwise to encourage the economic growth of the state, including the  
3 development of its natural resources, through the establishment of  
4 manufacturing, [AND] industrial, small business, tourism, mining, and  
5 commercial fishing enterprises by creating the public corporation with  
6 power, duties and functions as provided in this chapter.

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

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

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

21 (c) If a vacancy occurs in the membership of the authority, the  
22 governor shall immediately appoint a member for the unexpired portion of  
23 the term.

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

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

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

6 \* Sec. 45. AS 44.61.040 is amended to read:

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

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

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

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

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

28 \* Sec. 48. AS 44.61.070 is amended to read;

29 Sec. 44.61.070. PURPOSE OF THE AUTHORITY. The purpose of the

1 authority is to promote, develop and advance the general prosperity and  
2 economic welfare of the people of Alaska, to relieve problems of un-  
3 employment and to create additional employment by providing various [A]  
4 means of financing and means of facilitating the financing of indus-  
5 trial, [AND] manufacturing, small business, tourism, mining, and com-  
6 mercial fishing enterprises [PLANT CONSTRUCTION, CONVERSION OR EXPANSION]  
7 within the state [, INCLUDING THE ACQUISITION OF REAL PROPERTY, FOR  
8 LEASE OR SALE TO BUSINESS ENTERPRISES FOR INDUSTRIAL OR MANUFACTURING  
9 PURPOSES].

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

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

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

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

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

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

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

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

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

2 (12) to purchase or insure loans to finance the costs of  
3 manufacturing, industrial, small business, tourism, mining, and commer-  
4 cial fishing enterprise projects;

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

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

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

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

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

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

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

24 (a) Subject to (g) of this section, the [THE] authority may borrow  
25 money and may issue bonds [THEREFOR], including but not limited to bonds  
26 on which the principal and interest are payable, (1) exclusively from  
27 the income and receipts or other money derived from the project financed  
28 with the proceeds of the bonds, (2) exclusively from the income and  
29 receipts or other money derived from designated projects whether or not

1 they are financed in whole or in part with the proceeds of the bonds, or  
2 (3) from its income and receipts or other assets generally, or a design-  
3 nated part or parts of them.

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

5 (g) The authority may not

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

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

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

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

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