

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3205

**Sectional Analysis CSHB 162 Mortgage Lending -Version V**

Prepared on: April 17, 2007

Prepared by: Roger W. Prince, Division of Banking and Securities

- (A) the person's generally published or advertised rates, terms, or costs, if any, change for a borrower's loan program; or
- (B) new or changed information from the borrower makes it necessary to change the loan program offered to the borrower;
- (11) represent that the person has a license, title, certification, sponsorship, approval, status, affiliation or connection that the person does not have;
- (12) engage in unfair, deceptive, or fraudulent mortgage loan practices or advertising established by the department in regulation.

**ANALYSIS: In this section, additional actions or activities are added that would be considered a violation of this chapter for either a mortgage licensee or originator licensee.**

**Sec. 06.60.350. Certain refinancing prohibited.** (a) A covered person may not refinance a mortgage loan within 12 months after the date the mortgage loan is closed, unless the refinancing is beneficial to the borrower.

(b) The factors to be considered when determining if refinancing is beneficial to the borrower under (a) of this section may include

- (1) the borrower's new monthly payment is lower than the total of all monthly obligations being refinanced, after taking into account the costs and fees of the refinancing;
- (2) the amortization period of the new mortgage loan is different from the amortization period of the mortgage loan being refinanced;
- (3) the borrower receives cash in excess of the costs and fees of the refinancing;
- (4) the rate of interest of the borrower's promissory note is reduced;
- (5) the mortgage loan changes from an adjustable rate loan to a fixed rate loan after taking into account costs and fees;
- (6) the refinancing is necessary to respond to a bona fide personal need or an order of a court of competent jurisdiction;
- (7) the original term of the mortgage loan being refinanced is two years or less; and
- (8) the refinancing is being made to prevent a foreclosure on an existing mortgage loan.

**ANALYSIS: This section defines when a loan can be refinanced. It is intended to limit rolling-refinances where the only intent is to generate fees for the licensees.**

**Sec. 06.60.360. Escrow accounts.** (a) A covered person and a borrower may agree that the covered person will keep in an escrow account all money that the borrower is required to pay to defray future taxes or insurance premiums or for other lawful purposes. The escrow account must be segregated from the other accounts of the covered person. The covered person may not commingle the borrower's money with the general funds of the covered person. Money deposited in an escrow account under this subsection shall be maintained in the account until it is disbursed in accordance with a written escrow agreement.

(b) A covered person may not require a borrower to pay money into escrow to defray future taxes, to defray insurance premiums, or for another purpose, in connection with a subordinate

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mortgage loan, unless an escrow account for that purpose is not being maintained for the mortgage loan that is superior to the subordinate mortgage loan.

(c) If the billing address of a covered person who is holding money in escrow for insurance premiums changes, the covered person shall notify the insurer in writing about the changed billing address within 30 days after the change, or 60 days before the renewal date of the insurance policy, whichever is later.

(d) A covered person who accepts money belonging to a borrower in connection with a mortgage loan shall deposit all of the money into an escrow account maintained by the covered person in a bank or another recognized depository institution. In this subsection, "recognized depository institution" means a person who is organized as a financial institution under the laws of a state or the federal government and whose deposits are insured by a federal agency.

(e) Money held in an escrow account under this section is exempt from execution, attachment, or garnishment under AS 09.38 and is not subject to a claim under AS 09.38.065.

**ANALYSIS: This section provides guidelines for mortgage licensees for record keeping in the event they provide escrow services as part of servicing a loan. Depending on the type of mortgage, some require reserves to be paid with each monthly payment and be stored in an escrow account to pay annual real property taxes and property insurance.**

**Sec. 06.60.370. Criminal liability of licensee.** (a) In addition to the authority provided in AS 06.60.880, the department may report the violations of (b) - (c) of this section to the attorney general, who may institute the proper proceedings to enforce the criminal penalties provided in (b) - (c) of this section.

(b) A person who knowingly provides false or misleading information to the department that is material under this chapter is guilty of a class A misdemeanor.

(c) A licensee or person who is exempt under AS 06.60.015 who knowingly fails to account for or deliver to a person money, deposits, or checks or other forms of negotiable instruments in violation of the provisions of this chapter is guilty of a class A misdemeanor.

(d) A licensee who knowingly fails to disburse without just cause money belonging to the borrower is guilty of a class A misdemeanor.

(e) A mortgage lender, mortgage broker, or originator who knowingly operates without a license or is not exempt under AS 06.60.015 is guilty of a class A misdemeanor.

**ANALYSIS: This is a new section intended to provide notice of criminal penalties for licensees who violate this chapter.**

**Sec. 06.60.380. Definition of "covered person."** In AS 06.60.320 06.60.380, "covered person" means a mortgage licensee or a person who is licensed under AS 06.20.

**ANALYSIS: Provides definition for this article of the chapter.**

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**Article 6. Enforcement.**

**Sec. 06.60.400. Cease and desist orders.** The department may issue, under AS 06.01.030, an order directing a person to cease and desist. The department shall determine the form and content of the order.

**ANALYSIS:** This section provides the department with the ability to issue orders to a licensee to stop them from conducting activities that violate any portion of this chapter.

**Sec. 06.60.410. Censure, suspension, or bar.** (a) In addition to any other remedy provided under this chapter, the department may, by order after appropriate notice and opportunity for a hearing, censure a person, suspend the license of a person for a period not to exceed 12 months, or bar a person from a position of employment, management, or control of a licensee, if the department finds that

(1) the censure, suspension, or bar is in the public interest;

(2) the person has knowingly committed or caused a violation of this chapter or a regulation adopted under this chapter; and

(3) the violation has caused material damage to the licensee or to the public.

(b) When the person who is the subject of a proposed order under this section receives a notice of the department's intention to issue an order under this section, the person is immediately prohibited from engaging in any activities for which a license is required under this chapter.

(c) A person who is suspended or barred under this section is prohibited from participating in a business activity of a licensee and from engaging in a business activity on the premises where a licensee is conducting the licensee's business. This subsection may not be construed to prohibit a suspended or barred person from having the person's personal transactions processed by a licensee.

**ANALYSIS:** This section allows the department to take additional actions to remove a licensee who exhibited conduct that warrants protection of the public by removing from the mortgage industry.

**Sec. 06.60.420. Civil penalty for violations.** (a) A person who violates a provision of this chapter or a regulation adopted under this chapter is liable for a civil penalty not to exceed \$10,000 for each violation.

(b) The remedies provided by this section and by other sections of this chapter are not exclusive and may be used in combination with other remedies allowed under law to enforce the provisions of this chapter.

**ANALYSIS:** This section allows the department to impose fines for violation of this chapter.

**Sec. 06.60.430. Additional enforcement provisions, actions, and rights.** (a) The department may treat a licensee as a financial institution under AS 06.01 when applying the enforcement provisions of AS 06.01.

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(b) This chapter may not be interpreted to prevent the attorney general or any other person from exercising the rights provided under AS 45.50.471 - 45.50.561.

(c) If the department determines that a licensee or a person acting on the behalf of the licensee is in violation of, or has violated, a provision of this chapter, the department may refer the information to the attorney general and request that the attorney general investigate the violation under AS 45.50.495. The attorney general may enjoin a violation of this chapter and may seek restitution, rescission, and other relief as allowed by law.

(d) In addition to another investigation allowed under this chapter, the department may conduct other examinations, periodic audits, special audits, investigations, and hearings as may be necessary and proper for the efficient administration of this chapter.

**Article 7. Originator Surety Fund.**

**Sec. 06.60.500. Originator surety fund.** The originator surety fund is established as a separate account in the general fund.

**ANALYSIS:** The surety fund is established to cover consumer losses in the event an originator commits an illegal activity. The fund collects fees from originators and is administered by the department.

**Sec. 06.60.510. Composition of fund.** The fund consists of payments made by originator licensees under AS 06.60.550, filing fees retained under AS 06.60.620, income earned on the investment of the money in the fund, and money deposited in the fund by the department under AS 06.60.740.

**ANALYSIS:** This section defines the creation of the fund. It also defines the sources of funding for the fund.

**Sec. 06.60.520. Use of fund.** The legislature may appropriate the money collected in the fund under AS 06.60.510 to the department to implement AS 06.60.500 - 06.60.750, including paying claims, holding hearings, and incurring legal expenses and other expenses directly related to fund claims and the operations of the fund or for any other public purpose. Nothing in AS 06.60.500 - 06.60.750 creates a dedicated fund.

**ANALYSIS:** This section specifies when funds can be used and the process which must be followed.

**Sec. 06.60.530. Fund report.** Every six months the department shall make a written report on the activities of the fund, the balances in the fund, interest earned on the fund, and interest returned to the fund.

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**ANALYSIS: This section specifies when funds can be used and the process which must be followed.**

**Sec. 06.60.540. Approval required.** (a) The department must approve a fund expenditure that is used to prepare, print, manufacture, sponsor, produce, or otherwise provide an item or a service to a member of the public, to a licensee, to a potential licensee, or to another person.

(b) In (a) of this section, "an item or a service" includes an information pamphlet, an examination preparation packet, an educational course, the certification of a continuing education course, and an instructor for a continuing education course.

**ANALYSIS: This section insures that only justified expenses can be charged against the fund. Any use of the fund other than to pay claims must be limited.**

**Sec. 06.60.550. Required fund fees.** (a) A person who applies for or renews an originator license shall pay to the department, in addition to the fees required by AS 06.60.035, a fund fee not to exceed \$150.

(b) Every two years, if the department determines that the average balance in the fund during the previous two years was less than \$250,000 or more than \$500,000, the department shall, unless the department waives the adjustment, adjust the fund fee so that the average balance of the fund during the next two years is anticipated to be an amount that is not less than \$250,000 or more than \$500,000. In this subsection, "average balance" means the average balance in the fund after the department deducts anticipated expenditures for claims against the fund and for hearing and legal expenses directly related to fund operations and claims.

(c) At least once a month, the department shall pay the fees collected under this section into the general fund. These payments shall be credited to the fund.

(d) Notwithstanding (a) of this section, an originator licensee who obtains an initial originator license when the department has reduced the fund fee to nothing shall nonetheless pay a fund fee of \$150 to the department each of the first two years of the originator license or, for a mortgage licensee, of operating as an originator.

**ANALYSIS: This section insures that only justified expenses can be charged against the fund. Any use of the fund other than to pay claims must be limited.**

**Sec. 06.60.560. Claim for reimbursement.** In addition to any other remedies available to the person, a person may seek reimbursement for a loss suffered in a mortgage loan transaction as a result of fraud, misrepresentation, deceit, or the wrongful conversion of money by an originator licensee and is eligible to be reimbursed under AS 06.60.500 - 06.60.750 for the loss from money appropriated for that purpose.

**ANALYSIS: This section establishes the process for a consumer to file a claim against the fund. The consumers' loss must have been from an illegal activity of the originator.**

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**Sec. 06.60.570. Submission of fund claim.** To seek reimbursement under AS 06.60.560, a person shall submit a fund claim to the department for the reimbursement on a form furnished by the department. The person must file the fund claim within two years after the occurrence of the fraud, misrepresentation, deceit, or conversion that is claimed as the basis for the reimbursement.

**ANALYSIS:** This section provides the method for the consumer to submit their claim, and also provides time limitations for a claim to be filed.

**Sec. 06.60.580. Form and contents of fund claim.** The form for a fund claim shall be executed under penalty of unsworn falsification and must include

- (1) the name and address of each originator licensee involved;
- (2) the amount of the alleged loss;
- (3) the date or period of time during which the alleged loss occurred;
- (4) the date when the alleged loss was discovered;
- (5) the name and address of the claimant; and
- (6) a general statement of the facts related to the fund claim.

**ANALYSIS:** This section sets out the minimum information necessary for the department to process a consumer's claim. The information is necessary for the department to begin its investigation.

**Sec. 06.60.590. Claim hearing.** Except as otherwise provided by AS 06.60.610, a hearing on a fund claim shall be handled by the office of administrative hearings (AS 44.64.010).

**ANALYSIS:** This provides an impartial process to adjudicate a claim from a consumer. A similar system has successfully worked for handling ANSCA claims.

**Sec. 06.60.600. Filing and distribution of claim.** At least 20 days before a hearing is held on the fund claim by the office of administrative hearings (AS 44.64.010), the department shall send a copy of the claim filed with the department to

- (1) each originator licensee alleged to have committed the misconduct resulting in the alleged loss;
- (2) the employer of the originator licensee alleged to have committed the conduct resulting in the alleged loss; and
- (3) any other parties involved in the mortgage loan transaction that is the subject of the fund claim.

**ANALYSIS:** This section sets forth the procedural process for claims to be notice to all parties. This will allow all parties to participate in the hearing process.

**Sec. 06.60.610. Election to use small claims court.** (a) Within seven days after receiving a copy of a fund claim under AS 06.60.600, each originator licensee against whom the claim is made

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may elect to defend the fund claim as a small claims action in district court under District Court Rules of Civil Procedure if the claim does not exceed the small claims jurisdictional limit.

(b) An originator licensee who elects under (a) of this section to defend a fund claim in district court under the small claims rules may not revoke the election without the consent of the person who filed the fund claim.

(c) On receipt of a valid written election under (a) of this section, the department shall dismiss the fund claim filed with the department and notify the person who filed the fund claim that the person who filed the fund claim must bring a small claims action in the appropriate district court.

**ANALYSIS: This provides the consumer an additional venue to have their claim adjudicated. The claim can be heard before a hearing officer, or magistrate.**

**Sec. 06.60.620. Filing fee.** (a) A person who files a fund claim under AS 06.60.570 shall pay the department a filing fee of \$250 when the person files the fund claim.

(b) The department shall refund the filing fee required by (a) of this section if the

(1) department makes an award to the claimant;

(2) fund claim is dismissed under AS 06.60.610; or

(3) fund claim is withdrawn by the claimant before the office of administrative hearings (AS 44.64.010) holds a hearing on the fund claim.

**ANALYSIS: This section is intended to cover the department's costs and also discourages frivolous claims. If a claim is proven to be valid, the money the claimant paid is refunded to them.**

**Sec. 06.60.630. Department contracts.** When the department receives a fund claim, the department may contract under AS 36.30 (State Procurement Code) with an investigator, an accountant, an attorney, or another person necessary for the department to process the fund claim. A contract may cover more than one fund claim.

**ANALYSIS: The department from time-to-time may require the assistance of industry experts to prove a portion of any enforcement action. This section allows the department to hire those individuals.**

**Sec. 06.60.640. Defense of claim.** When the department receives a fund claim, the department shall allow each originator licensee against whom the claim is made an opportunity to file with the department, within seven days after receipt of notification of the fund claim under AS 06.60.600, a written statement in opposition to the fund claim and a request for a hearing.

**ANALYSIS: This section allows a licensee to file a response for any complaint filed against them.**

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**Sec. 06.60.650. Standards of proof.** A person who submits a fund claim under AS 06.60.570 bears the burden of establishing by a preponderance of the evidence that the person who filed the fund claim suffered a loss in a mortgage loan transaction as a result of fraud, misrepresentation, deceit, or the conversion of trust funds by an originator licensee and the extent of those losses.

**ANALYSIS:** This section establishes the level of proof required to substantiate a claim. The claim must be sufficient that a person can reasonable asses if a violation of law has occurred.

**Sec. 06.60.660. Postponement.** The department may postpone its consideration of a fund claim until after a hearing under AS 06.60.200 or 06.60.590 or until the completion of a pending or contemplated court proceeding.

**ANALYSIS:** This section allows the department to wait and receive a decision from a hearing officer prior to making a decision on a claim. This gives the department the opportunity to postpone its decision in order to ensure that all the facts and applicable law has been review per the administrative procedures act.

**Sec. 06.60.670. Nonapplication.** AS 06.60.630 - 06.60.660 do not apply to a fund claim that is dismissed under AS 06.60.610.

**ANALYSIS:** This section gives the department the ability to set aside a decision.

**Sec. 06.60.680. Findings and payment.** (a) At the conclusion of the department's consideration of a claim made under AS 06.60.570, the department shall issue a written report that provides the department's findings of fact and conclusions of law.

(b) If the department determines that the claimant has suffered a loss in a mortgage loan transaction as a result of fraud, misrepresentation, deceit, or the wrongful conversion of money by an originator licensee, the department may award the person who filed the fund claim reimbursement from money appropriated to the fund for the claimant's loss.

**ANALYSIS:** If a decision is reached, this section sets out the method for payment and processing of the claim.

**Sec. 06.60.690. Fund operations.** The department may charge fund operation hearing and legal expenses from money appropriated to the department for the purpose. The department shall deposit into the fund money that the department recovers for these expenses from the originator licensee under AS 06.60.745. The department may not consider amounts paid from the fund for hearing or legal expenses when determining the maximum reimbursement to be awarded under AS 06.60.710 or the maximum liability for fund claims under AS 06.60.710.

**ANALYSIS:** This section provides the department with the ability to recover funds for use in payment of future claims.

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**Sec. 06.60.700. Payment of small claims judgment.** (a) If a fund claim originally filed with the department is dismissed and heard as a small claims action under AS 06.60.610 and the person who filed the fund claim is awarded money in the small claims action against an originator licensee, the department may pay, subject to AS 06.60.710 and 06.60.720, any outstanding portion of the small claims judgment from money appropriated to the department for the purpose.

(b) Before making payment under (a) of this section, the person who received the award shall file with the department a copy of the final judgment and an affidavit stating that more than 30 days have elapsed since the judgment became final and that the judgment has not yet been satisfied by the originator licensee against whom the award was made.

(c) After the department pays a small claims judgment under this section, the department is subrogated to the rights of the person to whom the money was awarded under the judgment.

**ANALYSIS:** This section allows the department to accept the decision from the Small Claims Court and also requires the subrogation of the claim to the department. This allows the department to attempt to recover the amount of the claim from the licensee.

**Sec. 06.60.710. Maximum liability.** (a) Payment of a fund claim may not exceed \$15,000 for each claimant, except that the payment may not exceed a total of \$15,000 for each mortgage loan transaction regardless of the number of persons injured or the number of pieces of residential property involved in the mortgage loan transaction.

(b) The maximum liability for fund claims against one originator licensee may not exceed \$50,000.

(c) If the \$50,000 liability under (b) of this section is insufficient to pay in full the valid fund claims of all persons who have filed fund claims against one originator licensee, the \$50,000 shall be distributed among the claimants in the ratio that their individual fund claims bear to the aggregate of valid fund claims, or in another manner that the department considers equitable. The department shall distribute the money among the persons entitled to share in the recovery without regard to the order in which their fund claims were filed.

**ANALYSIS:** This section specifies the maximum amount of any one claim.

**Sec. 06.60.720. Order of fund claim payment.** If the money appropriated to the department for the purpose is insufficient at a given time to satisfy an award under AS 06.60.680 for a fund claim, the department shall, when sufficient money has been appropriated to the department for the purpose, satisfy unpaid fund claims in the order that the fund claims were originally filed, plus accumulated interest at the rate allowed under AS 45.45.010(a).

**ANALYSIS:** This section is to establish a procedure if claims exceed the fund balance, the department will pay them in order of process without seeking funds from the general fund of the State budget.

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**Sec. 06.60.730. False claims or documents.** A person who files with the department a notice, statement, or other document required under AS 06.60.500 - 06.60.750 that contains a wilful material misstatement of fact is guilty of a class A misdemeanor.

**ANALYSIS:** This section provides penalties for any person that files false documents with the state can be subject to a criminal charge.

**Sec. 06.60.740. Right to subrogation.** When the department has paid to a claimant the sum awarded by the department, the department shall be subrogated to all of the rights of the claimant to the amount paid, and the claimant shall assign all right, title, and interest in that portion of the claim to the department. Money collected by the department on the claim shall be deposited in the fund.

**ANALYSIS:** If a claim is paid, the department will have the claimant subrogate their claim to the enable the department to pursue collection against the licensee. The funds recovered will be used to repay the surety fund.

**Sec. 06.60.745. Reimbursement for expenses.** If the department pays all or a portion of a fund claim against an originator licensee under AS 06.60.680 or 06.60.700, the department may recover from the originator licensee, in addition to the payment of the fund claim, the expenses incurred by the department to process and otherwise handle the fund claim.

**ANALYSIS:** This section provides the department with a method to collect fees and costs from the fund in order to repay the budget of the department for amount expended on the behalf of the claims.

**Sec. 06.60.750. Disciplinary action against an originator licensee.** Repayment in full of all obligations to the fund does not nullify or modify the effect of disciplinary proceedings brought against an originator licensee under this chapter.

**ANALYSIS:** This section is intended to notify a licensee that satisfaction of monetary damages does not absolve them of responsibility under other sections of this chapter.

**Article 8. Program Administration Fee.**

**Sec. 06.60.800. Authorization of program administration fee.** (a) The department may collect a program administration fee of \$10 for each mortgage loan transaction to reimburse the state for the cost of administering this chapter.

(b) The program administration fee shall be paid by the borrower who is providing real property as security for the mortgage loan, except that, if the regulations of a federal or state loan program that insures the loan and that applies to the mortgage loan transaction prohibits the borrower from paying the program administration fee, another party to the mortgage loan transaction shall pay the program administration fee.

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(c) If there are multiple mortgage loan instruments recorded for a single mortgage loan transaction, the department shall collect only one program administration fee.

(d) In this section, "mortgage loan instrument" means a deed of trust, mortgage, or another loan instrument recorded to encumber residential real property in the state.

**ANALYSIS:** This section provides the department with funding based on the payment for each residential mortgage deed of trust that is recorded in the state.

**Sec. 06.60.810. Payment and use of fees.** (a) The department shall coordinate with the Department of Natural Resources to collect the program authorization fee.

(b) The program authorization fee shall be charged when payment is made to the Department of Natural Resources for recording a document under AS 44.37.025.

(c) The program authorization fees collected under (b) of this section shall be separately accounted for and may be appropriated by the legislature to the department for the operation of this chapter.

**ANALYSIS:** This section sets forth how the fees will be collected and also provides for its use to offset the cost of the department's operations.

**Article 9. Duties and Powers of the Department.**

**Sec. 06.60.850. Publication of disciplinary action.** The department may release for publication in a newspaper of general circulation in the locale of a licensee's principal office notice of disciplinary action taken by the department against the licensee.

**ANALYSIS:** The purpose is to provide consumers with information about any disciplinary action the department has enforced against a licensee.

**Sec. 06.60.860. Fingerprinting.** The department may forward fingerprints provided under this chapter to the Department of Public Safety for submission to the Federal Bureau of Investigation for a report by the Federal Bureau of Investigation.

**ANALYSIS:** This section grants the department authority to conduct a background investigation in order to determine if the applicant is in or has previously violated the laws of other states.

**Sec. 06.60.870. Authority of department.** The department may make a ruling, demand, or finding that the department determines is necessary for the proper conduct of a licensee's business regulated by this chapter or for the enforcement of this chapter. The ruling, demand, or finding must be consistent with this chapter

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**ANALYSIS:** This section requires the department to make decisions that are consistent in their interpretation of this chapter.

**Sec. 06.60.880. Peace officer powers.** (a) A person employed by the department for the administration and enforcement of this chapter may, with the concurrence of the commissioner of public safety, exercise the powers of a peace officer when those powers are specifically granted to the person by the department.

(b) A person may exercise a power granted by the department under (a) of this section only when necessary for the enforcement of the criminally punishable provisions of this chapter, regulations adopted under this chapter, and other criminally punishable laws and regulations, including the investigation of violations of laws against theft under AS 11.46.100 -11.46.150, fraud under AS 11.46.600, misapplication of property under AS 11.46.620, and deceptive business practices under AS 11.46.710.

**ANALYSIS:** This section provides certain qualified members of the department the right under police powers to independently investigate complaints and enforce certain criminal laws under AS 11. In addition, it allows qualified members of the department to make application for search warrants, arrest warrants, and other court granted authority.

**Article 10. Miscellaneous Provisions.**

**Sec. 06.60.890. Application to Internet activities.** This chapter applies to a person even if the person is engaging in the activities regulated by this chapter by using an Internet website from within or outside the state.

**ANALYSIS:** This section applies the chapter to web-based businesses and requires them to be licensed if they meet the licensing requirements. It also grants the department the ability to review on-line transactions.

**Sec. 06.60.895. Effect of revocation, suspension, or surrender of license.**

The revocation, suspension, or surrender of a license does not impair or otherwise affect the rights or obligations of a preexisting lawful contract between the licensee and a borrower.

**ANALYSIS:** If a licensee has their license revoked, suspended or is required to surrender their license, it does not have any affect on contract that existed at the time they were licensed.

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**Sec. 06.60.900. Applicability of administrative procedures.** The provisions of AS 44.62 (Administrative Procedure Act) apply to an action of the department to deny, revoke, or suspend a license under this chapter, to censure, suspend, or bar a person under AS 06.60.410, to take other disciplinary action under this chapter, to hold hearings, and to issue orders.

**ANALYSIS:** This section allows the department to use AS 44.62 in its enforcement of this chapter.

**Sec. 06.60.905. Untrue, misleading, or false statements.** A person may not, in a document filed with the department or in an examination, an investigation, a hearing, or another proceeding under this chapter, make or cause to be made, an untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading or false.

**ANALYSIS:** This section gives the department discretion in the event it is determined that a licensee provided information that is erroneous.

**Sec. 06.60.910. Regulations.** The department may adopt regulations under AS 44.62 (Administrative Procedure Act) to implement this chapter.

**ANALYSIS:** This section gives the department discretion in the event it is determined that a licensee provided information that is erroneous.

**Sec. 06.60.920. Relationship to federal and other state law.** (a) If a provision of this chapter is preempted by or conflicts with federal law in a particular situation, the provision does not apply to the extent of the preemption or conflict.

(b) If a provision of this chapter conflicts with another state law in a particular situation, the provision in this chapter governs to the extent of the conflict.

**ANALYSIS:** This section provides that this chapter shall govern, even if it conflicts with other section of law.

**Article 11. General Provisions.**

**Sec. 06.60.990. Definitions.** In this chapter, unless the context otherwise requires,

- (1) "agent" does not include a person who is a state employee when acting in the capacity of a state employee;
- (2) "borrower" means an individual who receives a mortgage loan;
- (3) "broker" means to operate as a mortgage broker;
- (4) "department" means the Department of Commerce, Community, and Economic Development;
- (5) "escrow account" means an account

**Sectional Analysis CSHB 162 Mortgage Lending -Version V**

Prepared on: April 17, 2007

Prepared by: Roger W. Prince, Division of Banking and Securities

- (A) to which a borrower makes payments for obligations related to the real property that is the subject of a mortgage loan of the borrower;
  - (B) held by a third person; and
  - (C) from which the third person identified in (B) of this paragraph disburses money in accordance with a written agreement to pay obligations related to the real property that is the subject of a mortgage loan of the borrower.
- (6) "fund" means the originator surety fund established by AS 06.60.500;
  - (7) "fund claim" means a claim authorized under AS 06.60.560;
  - (8) "fund fee" means the fee that is required to be paid by AS 06.60.550;
  - (9) "knowingly" has the meaning given in AS 11.81.900;
  - (10) "license" means a license issued under this chapter;
  - (11) "licensee" means a person who holds a license issued under this chapter;
  - (12) "mortgage broker" means a person who, for compensation or gain, or in the expectation of compensation or gain, directly or indirectly, by telephone, by electronic means, by mail, through the Internet, in person, or by the person itself or an originator who is an employee or under exclusive contract to the person,
    - (A) arranges with a variety of lending sources, who may be private lenders, institutional investors, or wholesale lenders, to provide financing for mortgage loans; or
    - (B) assists or offers to assist a borrower or potential borrower to obtain financing for mortgage loans;
  - (13) "mortgage lender" means a person who consummates and funds a mortgage loan and who is named as the payee in the promissory note and as the beneficiary of the deed of trust; "mortgage lender" does not include a subsequent purchaser of a mortgage loan or an interest in a mortgage loan that is originated by a licensee under this chapter;
  - (14) "mortgage lender license" means a license issued under this chapter to operate as a mortgage lender;
  - (15) "mortgage lender licensee" means a person who holds a mortgage lender license;
  - (16) "mortgage license" means a mortgage lender license or a mortgage broker license;
  - (17) "mortgage licensee" means a mortgage lender licensee or a mortgage broker licensee;
  - (18) "mortgage loan"
    - (A) means a loan made to an individual if the proceeds are to be used primarily for personal, family, or household purposes and if the loan is secured by a mortgage or deed of trust on an interest in a residential owner-occupied property for one to four family units located in the state and regardless of where the loan is made;
    - (B) includes the renewal or refinancing of a loan;
    - (C) does not include loans
      - (i) or extensions of credit to buyers of real property for a part of the purchase price of the property by persons selling the property owned by them;
      - (ii) to persons related to the lender by blood or marriage;
      - (iii) to persons who are employees of the lender; or
      - (iv) made primarily for a business, commercial, or agricultural purpose of the borrower or for construction of residential property;
  - (19) "operate" means do business, offer to provide, or provide;
  - (20) "originator"

**Sectional Analysis CSHB 162 Mortgage Lending -Version V**

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(A) means a natural person who, for compensation or gain, or in the expectation of compensation or gain, directly or indirectly, by telephone, by electronic means, by mail, or in person  
(i) interviews the consumer in connection with the consumer's application for a mortgage loan;  
(ii) accepts or offers to accept an application for a mortgage loan from a potential borrower;  
(iii) solicits or offers to solicit a mortgage loan for a potential borrower;  
(iv) negotiates or offers to negotiate the terms or conditions the terms or conditions of a mortgage loan with or for a borrower or potential borrower; or  
(v) issues or offers to issue to borrowers, potential borrowers, or the representatives of borrowers or potential borrowers, mortgage loan commitments, interest rate agreements, interest rate guarantees, prequalification letters, or commitments to finance up to a stated amount of the value of real property, or 90-percent letters to finance up to a stated amount of the value of real property;

(B) does not include employees of a mortgage licensee, or employees of a person who is exempt from licensure under AS 06.60.015, who perform clerical duties in connection with mortgage loan transactions, collect financial information and other related documents that are part of the application process, order verifications of employment, verifications of deposits, requests for mortgage payoffs, and other loan verifications, appraisals, inspections, or engineering reports, or perform the functions of a mortgage loan processor, at the direction of and subject to the supervision of the mortgage licensee, a mortgage originator, or the person exempt from licensure.

(21) "originator license" means a license issued to a person to operate as an originator;

(22) "originator licensee" means a person who holds an originator license;

(23) "program administration fee" means the fee described under AS 06.60.800(a);

(24) "records" includes books, accounts, papers, files, and other records;

(25) "residential property" means improved real property used or occupied, or intended to be used or occupied, for residential purposes.

**ANALYSIS:** This provides for definition to be in interpretation of this chapter.

**Sec. 06.60.995. Short title.** This chapter may be known as the Mortgage Lending Regulation Act.

\* **Sec. 3.** AS 09.38.015 is amended by adding a new subsection to read:

(e) Money held in an escrow account under AS 06.60.360 is exempt.

\* **Sec. 4.** AS 09.38.065(a) is amended to read:

(a) Subject to AS 06.60.360(c), and notwithstanding [NOTWITHSTANDING] other provisions of this chapter,

(1) a creditor may make a levy against exempt property of any kind to enforce a claim for

(A) child support;

(B) unpaid earnings of up to one month's compensation or the full-time equivalent of one month's compensation for personal services of an employee; or

(C) state or local taxes;

(2) a creditor may make a levy against exempt property to enforce a claim for

**Sectional Analysis CSHB 162 Mortgage Lending -Version V**

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(A) the purchase price of the property or a loan made for the express purpose of enabling an individual to purchase the property and used for that purpose;

(B) labor or materials furnished to make, repair, improve, preserve, store, or transport the property; and

(C) a special assessment imposed to defray costs of a public improvement benefiting the property; and

(3) a creditor may make a levy against exempt property of any kind to enforce the claim of a victim, including a judgment of restitution on behalf of a victim of a crime or a delinquent act, if the claim arises from conduct of the debtor that results in a conviction of a crime or an adjudication of delinquency, except that the debtor is entitled to an exemption in property

(A) not to exceed an aggregate value of \$3,000 chosen by the debtor from the following categories of property:

(i) household goods and wearing apparel reasonably necessary for one household;

(ii) books and musical instruments, if reasonably held for the personal use of the debtor or a dependent of the debtor; and

(iii) family portraits and heirlooms of particular sentimental value to the debtor; and

(B) not to exceed an aggregate value of \$2,800 of the debtor's implements, professional books, and tools of the trade.

\* **Sec. 5.** AS 44.62.330(a) is amended by adding a new paragraph to read:

(47) Department of Commerce, Community, and Economic Development relating to mortgage lending under AS 06.60.

\* **Sec. 6.** AS 44.64.030(a)(5) is amended to read:

(5) AS 06 (banks, [AND] financial institutions, **and fund claims**), **except as provided otherwise by AS 06.60.590**;

\* **Sec. 7.** AS 45.50.471(b) is amended by adding a new paragraph to read:

(52) violating AS 06.60.010 -06.60.380 (mortgage lending regulation);

\* **Sec. 8.** AS 45.50.481 is amended by adding a new subsection to read:

(c) The exemption in (a)(1) of this section does not apply to an act or transaction regulated under AS 06.60.

\* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: LICENSING OF CURRENT MORTGAGE LENDERS AND MORTGAGE BROKERS. Notwithstanding AS 06.60.010, enacted by sec. 2 of this Act, a person who is engaging in activities for which a license is required under AS 06.60, enacted by sec. 2 of this Act, immediately before the effective date of AS 06.60 is not required to comply with the licensing requirements of AS 06.60 until March 1, 2009. In this section, "license" has the meaning given in AS 06.60.990, enacted by sec. 2 of this Act.

\* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to read: TRANSITION: REGULATIONS. The Department of Commerce, Community, and Economic Development may proceed to adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1, 2008.

\* **Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

**Sectional Analysis CSHB 162 Mortgage Lending -Version V**

Prepared on: April 17, 2007

Prepared by: Roger W. Prince, Division of Banking and Securities

\* **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect July 1, 2008.

#LAC

4-11-07

Testimony for HB-162  
Labor & Commerce Committee  
4/11.07

I appreciate the opportunity to give testimony on the mortgage licensing bill.

The opinions expressed herein are not the official position of any organization, but my own personal opinions.

First I would like to give you a little background information on myself so that you may better understand my views.

I have been a resident of Alaska since 1959. I went to school here and served in the Alaska National Guard. Since 1977 I have been involved in the real estate industry. I have been a real estate broker, investor and developer. For the last 20 years I have been in the mortgage loan business. I have been a loan originator, manager in charge of production for one of Alaska's largest lenders as well as the manager in charge of all their branch offices.

I am a member of the Predatory Lending Task Force in Anchorage representing the Alaska Association of Mortgage Brokers. I sit on their Advisory Board and I am on their Education and Legislative Committees.

Presently I'm the owner of a small mortgage company and have two originators working with me.

I am a founding member and a past President of the Alaska Association of Mortgage Brokers (AKAMB). I served as the Committee Chair for membership, and I am a member of the Legislative Committee for AKAMB.

In addition, I am the President-Elect of the Western Regional Mortgage Brokers Lenders Conference (WRMBLC). WRMBLC is an organization of fourteen western states that puts on an educational program each year for people in the mortgage loan industry to receive education, get up to date information from national leading experts, and a face-to-face expo with the nation's top mortgage lenders. This event has over 4,000 attendees with over 300 exhibitors.

As you can ascertain from the above information, I am a long time Alaskan with deep ties to our state. As such, I am very interested in the long term care of the mortgage industry in our state.

To that end, I was part of a small group of people that wanted to start an organization to promote professionalism, high ethics, and licensing of the mortgage industry in Alaska. We organized and started AKAMB as an affiliate of the National Association of Mortgage Brokers (NAMB) because they espouse the same things we desire. NAMB has

John Martin Testimony

a Code of Ethics that all must adhere to in order to become a member, as well as Professional Designations that can be earned through their educational classes.

I presently hold the only "*Certified Mortgage Consultant*" designation from the National Association of Brokers, in Alaska.

Alaska is the last state to license mortgage operations. The people that work here in the state day after day and interface with the public recognize the need for this legislation.

Just looking at the local news media in the last year, we can see that our great state is not exempt from unscrupulous operators. While we know a lot of the problem is the result of out of state operations, a few people here have chosen to try and take advantage of our state. Please see the enclosures.

Many people have worked hard and put in lots of unpaid hours to come up with a bill that makes sense and at the same time does not put undue hardship on small business. These are your local people that live and work here in Alaska. They don't really want to be licensed, but, it's pretty obvious to us that it is the best interest of our Alaskan consumers for us to be licensed.

Licensure would clearly put everyone on a even playing field. Background checks, competency testing and continuing education will go a long way to serving the public.

The licensure of mortgage entities clearly gives the state the powers needed to protect our state. Along with the licensure of mortgage loan originators, the state has the power of accountability directly with the person who interfaces with the general public with the ability to revoke a license if necessary. Now that's accountability.

Many other professions associated with the real estate industry are already licensed by the state. Some have written letters of support for this legislation and recognize the necessity for this legislation (see attachment.)

Since we helped with the most recent changes to the bill for the new CS, we recommend that the committee adopt this new CS and move the bill out of committee so we can protect our Alaskan consumers.

Respectfully submitted,

John Martin, CMCTM

**ALASKA MORTGAGE BANKERS ASSOCIATION  
P.O. BOX 9-2691  
ANCHORAGE, ALASKA 99509-2691**

March 6, 2007

Representative Bob Lynn  
State Capitol, Room 104  
Juneau, Alaska 99801-1182  
ATTN: Representative Lynn  
FAXED: 907-465-4316

RE: HB162/SB102

Dear Representative Lynn,

As President of Alaska Mortgage Bankers Association, I can't begin to tell you just how long this organization has been working on a Licensing Bill for the State of Alaska. Momentum has increased and our Association along with the Alaska Association of Mortgage Brokers and the Division of Banking have worked very closely in making a licensing bill a reality.

The Alaska Mortgage Bankers Association would like to express our support for HB162/SB102. This bill collaboration with the Alaska Association of Mortgage Brokers and we feel this letter provide the consumer of the State of Alaska with the much needed protection they do not current have under our present system. Alaska is the only State that does not require licensing of Mortgage Companies and is one of just a few states that don't require licensing and or continuing education for Mortgage Loan Originators.

It is my sincere commitment to work in accomplishing Mortgage Lending Licensing and Mortgage Originator Licensing this session. AMBA appreciates your and your staff's efforts and look forward to continuing to work closely in overcoming this challenge.

Sincerely



Kevin M. Breeland  
President  
Alaska Mortgage Bankers Association  
907-222-8823 direct line  
907-743-9623 fax  
[www.akmba.org](http://www.akmba.org)  
[breelandk@residentialmtg.com](mailto:breelandk@residentialmtg.com)

cc: John Carman, Legislative Committee Chair, Alaska Mortgage Bankers Association

## Nancy Manly

**From:** Kevin Breeland [kbreeland@RESIDENTIALMTG.com]  
**Sent:** Friday, May 04, 2007 11:13 AM  
**To:** Rep. John Harris; Rep. Ralph Samuels; Rep. Beth Kerttula  
**Cc:** Rep. Bob Buch; Rep. Mike Chenault; Rep. Sharon Cissna; Rep. John Coghill; Rep. Harry Crawford; Rep. Nancy Dahlstrom; Rep. Andrea Doll; Rep. Mike Doogan; Rep. Bryce Edgmon; Rep. Anna Fairclough; Rep. Richard Foster; Rep. Les Gara; Rep. Berta Gardner; Rep. Carl Gallo; Rep. Max Gruenberg; Rep. David Guttenberg; Rep. Mike Hawker; Rep. Lindsey Holmes; Rep. Kyle Johansen; Rep. Craig Johnson; Rep. Reggie Joule; Rep. Scott Kawasaki; Rep. Mike Kelly; Rep. Beth Kerttula; Rep. Vic Kohring; Rep. Gabrielle LeDoux; Rep. Bob Lynn; Rep. Kevin Meyer; Rep. Mary Nelson; Rep. Mark Neuman; Rep. Kurt Olson; Rep. Jay Ramras; Rep. Bob Roses; Rep. Woodie Salmon; Rep. Ralph Samuels; Rep. Paul Seaton; Rep. Bill Stoltze; Rep. Bill Thomas; Rep. Peggy Wilson  
**Subject:** HB 162

To all Alaska House Legislators;

My name is Kevin M. Breeland, President of Alaska Mortgage Bankers Association. Today you received a letter from John Courson and I have to say there are some mistakes in this letter.

First, Alaska Mortgage Bankers Association Board of Directors is made up of only Mortgage Bankers, not Mortgage Brokers. However, the letter sends a message as if there is something wrong with that. Alaska Mortgage Bankers Association is very proud of the work we do in our state for our members and the members of MBA. We are a proactive organization and with the help of the Alaska Association of Mortgage Brokers we have been working hard for mortgage licensing for companies and originators. We have crossed industry lines and formed a strong working group, scribe legislative committee, and a collective lobbying effort. Our friends and neighbors with the Alaska Association of Mortgage Brokers have stood by us while we have worked on this endeavor for the last 8 years. We are proud to have Alaska Mortgage Brokers as part of our membership and I deeply appreciate their support.

Alaska is a small state and all of the AFSA members operate currently in the states that require Mortgage Originator Licensing. We are not asking for anything outrageous and this bill is not anti-competitive at any level. There are no brick and mortar requirements, anyone can operate in Alaska from anywhere in the world as long as they are licensed in Alaska and their originators are licensed in Alaska. The Alaska Mortgage Bankers Association DOES NOT support the National MBA's position. We feel the National MBA's position does not work for Alaska and consumers of Alaska. WE URGE YOU PASS HB 162 WITHOUT AMENDMENTS. HB 162 is not anti-competitive and just requires mortgage companies and mortgage originators to be licensed. The employees or employers can pay for the license.

Again, thank you for you time and considerations.

Respectfully,  
Kevin M. Breeland  
President  
Alaska Mortgage Bankers Association  
907-227-3691  
breelandk@residentialmtg.com  
www.akmba.org <<https://mail.residentialmtg.com/exchweb/bin/redirect.asp?URL=http://www.akmba.org>>



March 7, 2007

To: Representative Bob Lynn  
State Capitol Rm. 104  
Juneau, AK 99801-1182

From: Terri Weary, President  
Alaska Association of Mortgage Brokers  
Anchorage, AK 99515

Re: HB 162 The Mortgage Licensing Bill

I am writing this letter to express our support of HB 162 on behalf of the Alaska Association of Mortgage Brokers. (AKAMB)

AKAMB, in conjunction with the Alaska Mortgage Bankers Association (AMBA) and the Division of Banking, have been working diligently to introduce legislation that regulates our industry, creates a level playing field, and, most importantly, provides much needed consumer protection.

House Bill 162 is the answer!!

Alaska is one of a few States that does not require licensing, continuing education, competency testing or registration of Mortgage Loan Originators.

Alaska is the only State that does not require licensing of Mortgage Companies.

Our combined goal is to provide much needed consumer protection from unscrupulous, unethical, or unregulated mortgage companies and Mortgage Loan Originators.

HB 162 accomplishes this goal!!

It is our combined commitment to work tirelessly to effect the passage and implementation of this long overdue consumer protection legislation.

We appreciate all the efforts of you and your staff and we look forward to working closely with you to make a difference.

Cordially,

Terri Weary  
President, Alaska Association of Mortgage Brokers



Resolution NO. 02-2007

A Resolution of the Mat-Su Su Home Builders Association to support HB 162  
the Legislation to license mortgage lenders and originators

**Whereas**, the Mat-Su Home Builders Association Supports legislation to license  
mortgage lenders and originators

**Whereas**, licensure of mortgage lenders and originators will help stop predatory  
lending in Alaska

**Whereas**, Alaska is the last of the 50 states to license mortgage lenders and  
originators and this is very much needed

**Now Therefore, Be It Resolved**, the Mat-Su Home Builders Association does  
hereby support HB 162 the licensure of Mortgage lenders and originators.

Hereby, adopted by the Board of Directors of the Mat-Su Home Builders  
Association on this 20<sup>th</sup> day of March, 2007

*Jeff Clements*

\_\_\_\_\_  
President, Jeff Clements

*Kyle Carr*

\_\_\_\_\_  
Attested: Secretary, Kyle Carr

# PRIMERICA

A Citi Company

3180 Peger Rd  
STE #230  
Fairbanks, AK 99709  
Phone: (907) 456-8376

May 7, 2007

The Honorable Bert Stedman  
State Senator – District A  
State Capitol, Room 516  
Juneau, AK 99801-1182  
Fax: (907) 465-3922  
Email: senator\_bert\_stedman@legis.state.ak.us

Re: House Bill 162 – Individual Loan Originator Licensing

Dear Senator Stedman:

I am a concerned small businessperson and voter in Alaska and I oppose House Bill 162 as currently written because of its unintended negative consequences on my business.

As currently written, this bill proposes licensure and regulation of mortgage lenders and companies, which I support. However, the bill also requires individual licensure of exclusive agents working for these institutions. This type of duplicative licensure does not make sense for me and my Primerica business – it will be a huge financial burden on my small business, limit competition and lead to increased costs of mortgage loans in Alaska.

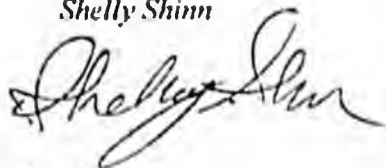
Through my exclusive contract with Primerica, an affiliate of Citigroup, I offer basic mortgage loans by meeting face-to-face with members of my Alaska community. I cannot work for another mortgage company or shop loans to other lenders. This bill jeopardizes my Primerica business, which currently increases my earnings-potential and increases options for Alaska borrowers.

Primerica trains, monitors and supervises me in order to ensure compliance with applicable laws. As a testament to this high level of compliance oversight, Primerica is willing to accept both financial and regulatory responsibility for my origination activities and permit me to conduct my mortgage business under the authority of its mortgage license. This approach to mortgage licensing has been supported in a majority of states and does not diminish the important principles of consumer protection and regulatory oversight currently proposed by House Bill 162.

I strongly urge you to oppose House Bill 162 as written. Please speak with your fellow senators on the Senate Finance Committee and urge them not to move House Bill 162 out of committee as written – it will force my small business out of the mortgage industry in Alaska.

Sincerely,

Shelly Shimm



# PRIMERICA

A Citi Company

3180 Peger Rd  
STE #230  
Fairbanks, AK 99709  
Phone: (907) 456-8376

May 7, 2007

The Honorable Bert Stedman  
State Senator – District A  
State Capitol, Room 516  
Juneau, AK 99801-1182  
Fax: (907) 465-3922  
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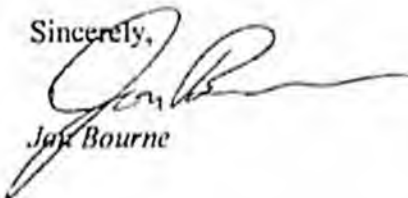
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Sincerely,



Jay Bourne

# PRIMERICA

A Citi Company

3180 Peger Rd  
STE #230  
Fairbanks, AK 99709  
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May 7, 2007

The Honorable Bert Stedman  
State Senator – District A  
State Capitol, Room 516  
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Sincerely,

  
Ron Hunt

# PRIMERICA

A Citi Company

3180 Peger Rd  
STE #230  
Fairbanks, AK 99709  
Phone: (907) 456-8376

May 7, 2007

The Honorable Bert Stedman  
State Senator – District A  
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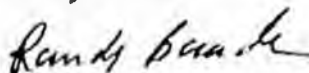
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Sincerely,

Randy Baade



# PRIMERICA

A Citi Company

3180 Peger Rd  
STE #230  
Fairbanks, AK 99709  
Phone: (907) 456-8376

May 7, 2007

The Honorable Bert Stedman  
State Senator – District A  
State Capitol, Room 516  
Juneau, AK 99801-1182  
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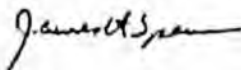
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I strongly urge you to oppose House Bill 162 as written. Please speak with your fellow senators on the Senate Finance Committee and urge them not to move House Bill 162 out of committee as written – it will force my small business out of the mortgage industry in Alaska.

Sincerely,

*James Spear*



# PRIMERICA

A Citl Company

3180 Peger Rd  
STE #230  
Fairbanks, AK 99709  
Phone: (907) 456-8376

May 5, 2007

The Honorable Bert Stedman  
State Senator – District A  
State Capitol, Room 516  
Juneau, AK 99801-1182  
Fax: (907) 465-3922  
Email: senator\_bert\_stedman@legis.state.ak.us

**Re: House Bill 162 – Individual Loan Originator Licensing**

Dear Senator Stedman:

I am a concerned small businessperson and voter in Alaska and I oppose House Bill 162 as currently written because of its unintended negative consequences on my business.

As currently written, this bill proposes licensure and regulation of mortgage lenders and companies, which I support. However, the bill also requires individual licensure of exclusive agents working for these institutions. This type of duplicative licensure does not make sense for me and my Primerica business – it will be a huge financial burden on my small business, limit competition and lead to increased costs of mortgage loans in Alaska.

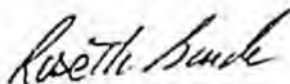
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Sincerely,

*Rosetta Baade*



# PRIMERICA

A Citi Company

3180 Peger Rd  
STE #230  
Fairbanks, AK 99709  
Phone: (907) 456-8376

May 7, 2007

The Honorable Bert Stedman  
State Senator – District A  
State Capitol, Room 516  
Juneau, AK 99801-1182  
Fax: (907) 465-3922  
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Sincerely,

DENNIS SHINN



# PRIMERICA

A Citl Company

3180 Peger Rd  
STE #230  
Fairbanks, AK 99709  
Phone: (907) 456-8376

May 7, 2007

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State Senator – District A  
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Sincerely,

*Dave Mueller*  
Dave Mueller

# PRIMERICA

A Citl Company

3180 Peger Rd  
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Fairbanks, AK 99709  
Phone: (907) 456-8376

May 7, 2007

The Honorable Bert Stedman  
State Senator – District A  
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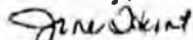
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Sincerely,

  
Jane Hunt

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Anchorage Daily News

[Print Page](#)[Close Window](#)**Home-loan fraud draws FBI concern in Alaska****SCAM: Cash-back deals skew the market, special agent says.**By ELIZABETH BLUEMINK  
Anchorage Daily News*(Published: May 3, 2007)*Distributed by  
Representative Bob Lynn  
Pertinent to HB 162 - Mortgage Lending

A national mortgage-fraud scam involving cash-back deals has become a concern in Alaska, FBI investigators said Wednesday.

The scam involves inflated home prices and sometimes kickbacks to those in cahoots, who may include real estate agents, speculative buyers, sellers, appraisers and loan officers.

"Buyers should be aware that this isn't legal," said Colton Seale, an FBI special agent in the Anchorage office's white collar crime division, on Wednesday.

FBI investigators said the scam doesn't just hurt homeowners, who are left with a mortgage that's bigger than the house is worth, making it difficult or impossible for them to sell the home in the future.

It can also create a harmful ripple effect in the real estate market, with real estate agents, buyers and sellers unknowingly relying on inflated home values in an affected neighborhood to determine a house's fair market value.

"It skews the market," Seale said, noting that cash-back deals have been known to involve multiple homes in a subdivision.

The scam is illegal because it involves falsification of loan documents, he said.

"At times, a lack of telling is as bad as lying," said FBI Special Agent Mike Thoreson.

The FBI has been raising similar alerts about various types of loan fraud around the country this year. In March, the bureau pointed out its mortgage fraud investigations have more than doubled in less than five years, to about 1,036 investigations total.

But the alert is another indicator of a seamy corner of the Anchorage area's real estate market, which has been hot for most of this decade.

In Anchorage, recent years have been marked by skyrocketing home values and a steady demand for new homes. In recent months, though, the market has shown signs of cooling.

More Anchorage homes are up for sale than at this time last year and it's taking them longer to sell, according to Multiple Listing Service statistics for Anchorage and Mat-Su.

In a typical cash-back scam, a home has been on the market for a while and a real estate agent or buyer comes forward with an offer to buy a house for tens of thousands of dollars more than its asking price.

As part of the deal, the seller must give back the extra money to the buyer, and an appraiser agrees to deliver an inflated value of the home to the lender. The payment of the extra cash is not disclosed on the loan documents. In almost all cases, the lender doesn't know the home has been overvalued, FBI agents said.

Cash-back deals have been around for years, but the FBI has been dedicating more resources to investigate mortgage fraud and other white collar crime in the past two years, Seale said, explaining that the Sept. 11, 2001, terrorist attacks had siphoned resources away from those investigations for a while.

Pervasive rumors of an ongoing local FBI fraud investigation have sent shivers through the Anchorage real estate community in recent weeks, real estate agents and mortgage lenders said.

"I've heard rumors that there might be indictments at some time," said Art Clark, the Anchorage chapter president for the Alaska Association of Realtors.

Clark said he didn't know very much at all about how cash-back scams work but his association is interested in keeping its members and the public informed about mortgage scams.

Alaska Realtors convicted of a felony would lose their license, he added.

Unlike real estate agents, mortgage lenders and brokers in Alaska are not licensed, but a bill in the Legislature would require licensing and it would also subject lenders to background checks.

The legislation won't solve every problem but it could help take a bite out of mortgage fraud, said Kevin Breeland, president of the Alaska Mortgage Brokers Association.

FBI agents wouldn't confirm Wednesday if they are currently investigating any cash-back deals in Alaska.

They explained they cannot discuss ongoing investigations, but they wanted to raise awareness of mortgage scams.

Last year the FBI and federal tax agents broke up an Anchorage mortgage fraud ring, although apparently one that wasn't using the cash-back scam.

Seven Anchorage residents, including one on April 20, pleaded guilty to wire fraud in a case that involved using nominal buyers and overstating income on loan applications so the buyers could borrow more money.

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Daily News reporter Elizabeth Bluemink can be reached at ebluemink@adn.com or 257-4317.

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Distributed by  
Representative Bob Lynn  
Pertinent to HB 162 - Mortgage Lending

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Anchorage Daily News

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**Anchorage man pleads guilty to wire fraud****MORTGAGE SCAM: Partow faces a prison term and as much as a \$250,000 fine.**

By ELIZABETH BLUEMINK

Anchorage Daily News

*(Published: April 21, 2007)*

Anchorage resident Kourosh Partow, an accused conspirator in a seven-member mortgage fraud ring that operated in Anchorage since 2002, pleaded guilty to wire fraud in federal District Court on Friday morning.

The six others have already pleaded guilty this year to charges in the criminal case, which involved deceiving mortgage lenders by overstating income or making other false statements on loan applications.

In December, prosecutors accused Partow, 41, of falsifying loan documents when he managed the Anchorage branches of Countrywide Home Loans and American Home Mortgage. The mortgage companies were not accused of wrongdoing.

The six others in the ring -- Azem Limani, Bekim Hasipi, Robin Dorman, Dzevid Limani, / n Delolli and Jan Marquiss -- pleaded guilty earlier this year.

The conspirators netted hundreds of thousands of dollars by selling Anchorage area properties purchased with the fraudulently obtained loans -- sometimes to each other through the use of other fraudulent loans, other times to third-party buyers, according to their grand jury indictment in December.

In many of the transactions, Partow was the loan officer and Azem Limani sought the loans. Limani owned or operated several businesses in Anchorage, including Alaska Super Pawn. Hasipi, Dorman and Dzevid Limani worked for him in the various businesses, according to the indictment.

On Monday, Partow pleaded guilty to two counts of wire fraud, including falsely overstating Dzevid Limani's income to qualify him for a Countrywide loan. The funds for closing were wired from California to Alyeska Title Co. in Anchorage, according to Partow's plea agreement, filed in federal district court Friday morning.

The U.S. Attorney's office agreed not to prosecute him for loan fraud involving the home he purchased in Chugiak.

The fraud ring obtained at least 15 loans involving the purchase or refinance of 14 properties in Anchorage and Wasilla, according to the indictment.

Sentencing in the case will occur this summer, according to the U.S. Attorney's office in Anchorage.

The maximum sentence for wire fraud includes 20 years in prison and a \$250,000 fine, but the actual sentence can vary widely depending on the seriousness of the offence and a defendant's criminal history.

The FBI and the IRS were involved in the investigation that led to the prosecution of the fraud ring.

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Daily News reporter Elizabeth Bluemink can be reached at [ebluemink@adn.com](mailto:ebluemink@adn.com) or 257-4317.

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**F**

Alaska gross state product



Annual growth rate in 1990s:  
1.9 percent  
Annual growth rate 2000-05:  
8.4 percent  
Main driver of recent growth:  
resource prices

# MONEY

# Classified

SECTION

ANCHORAGE DAILY NEWS • www.adn.com

WEDNESDAY, JUNE 7, 2008

## After audit, lender drops employees

■ **TERMINATION:** The shake-up at Countrywide angered some who were doing business there.

By **PAULA DOBBYN**  
Anchorage Daily News

An internal audit at Countrywide Home Loans in Anchorage last month turned up problems that led to the departure of eight employees, about one third of the office's work force, the company says.

Seven of the employees were terminated May 26 and one resigned while on leave without pay, said Dave Bochsler, Country-

wide regional manager.

"We cleaned up a problem that we had within a group of employees," Bochsler said.

Bochsler declined to describe what the audit exposed.

One employee who left, Kourosh Partow, disputed Bochsler's version of events.

Reached on his cell phone Tuesday, Partow said he and his "team" are now working at American Home Mortgage because they found a better opportunity.

As far as a company investigation turning up misdeeds, Partow denied that.

"It wasn't the case," said Partow, a mort-

gage loan originator and local dog musher.

Partow's attorney, Bill Lorge, said that when his client told Countrywide he was resigning, "they kicked him out."

Partow "wanted to work on a smooth transition" but Countrywide denied him access to customer files, Lorge said.

The shake-up at Countrywide confused and angered some customers who had business pending with the nationwide lender.

"All of a sudden you couldn't get hold of anybody," said Hans Svendsen, who is building four-plexes in Wasilla and working with Countrywide on financing. "They

kept saying, 'I'll take a message, I'll take a message.'"

The delay in getting a loan closed cost him more than \$3,000 in interest payments, Svendsen estimated.

Cora Carleson, a Mat-Su developer, said she and her husband had two mortgages pending with Countrywide totaling about \$1 million. Like Svendsen, she couldn't get anyone at Countrywide to return her phone calls recently.

"I had to hound them," Carleson said.

When Carleson finally did hear back

See Page F-3, COUNTRYWIDE

*All of a sudden  
you couldn't  
get hold of  
anybody.*

— Hans Svendsen,  
who works with  
Countrywide

## Escalade top choice for thieves

■ **EYE CANDY:** Fancy wheels, hip image grab wrong kind of attention.

By **KEN THOMAS**  
The Associated Press

WASHINGTON — The Cadillac Escalade, the bold and shiny luxury sport utility vehicle man-

SPOTLIGHT: AT JRK



Beverly Cross, director of the Jasper County Historical Society in Newton, Iowa, stands in front of a display case full of old Maytag washing machines.

worked at Maytag at one time or another, married someone who worked at Maytag or, at the very least, had a lot of friends who worked at Maytag.

Nearly everyone along the streets here has a Maytag memory: the Maytag Queen being crowned in the Maytag Bowl amphitheater at Maytag Park; the arrival of the stackable washer and dryer; the way the company's "suits" from headquarters once prided themselves on knowing the names of all of their workers at the plant on the other side of town.

In Newton, the plant (where 1,000 people now work) will close by the end of 2007, said Jody Lau, a Whirlpool spokeswoman, as will the old Maytag headquarters (with 800 employees). Several hundred salaried workers will be offered other jobs with Whirlpool, Lau said, if they are

willing to move. Lau said the company's decision about the Newton plant had come only after a "very thoughtful, very deliberative" analysis.

For now, Newton is "sorting through the rubble and wondering what the aftershocks may be," said Peter Hussmann, editor of The Newton Daily News.

The signs are mixed in recent days: A new bank said it would come to town, Hussmann said, but a local printer, which had long done business with Maytag, announced it would close. And if new companies do come, in a diversified economy, will any of them mean what Maytag meant?

"I think that's what Newton is trying to find out — what its identity will be," Hussmann said. "I don't think our identity is formed yet. I think we're looking for one."

### BUSINESS IN BRIEF

new signals

trick investors into pouring millions into a nonexistent hedge fund.

Prosecutors spent hours Tuesday describing

February. Mine operators predict production of 400,000 ounces of gold per year over 10 years, which would make it the largest gold mine in the state.

The mine is owned by Sumitomo Metal Mining Co. Ltd. and Sumitomo Corp. of Japan and Teck Cominco Ltd. of Vancouver, British Colum-

...plant conveyor belt from the mouth of the underground mine to the mill will be commissioned in about a week, he said.

Jon Dufordach of Delta Industrial Services said the economic effect of the mine has been great.

"They were our best customer last year," he said. "It's just been really good for Delta."

## COUNTRYWIDE: 'Bizarre' experience

Continued from F-1

from Countrywide, it wasn't the news she expected.

"They said, 'We have no intention of closing on the loan.' And I said, 'What? Are you kidding? We're ready to close!'"

Carleson called the experience bizarre and costly.

"They did not give us any explanation," she said.

Because she had to find a new lender, it delayed the sale of her property, and Carleson estimates she paid \$5,000 in extra interest because of the Countrywide situation.

The Calabasas, Calif.-based company apologized for any inconvenience customers have experienced and said efforts are being taken to ensure loans are processed in a timely fashion. In a statement Tuesday, Countrywide said it "remains committed to the Anchorage communi-

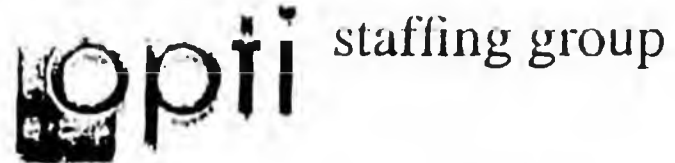
ty, and the branch remains open for business with division-level supervision."

"Due to a backlog of applications pending at the time of the suspensions, Countrywide regrets that some customers served by the Anchorage branch experienced slight delays in loan closing dates in re-

cent weeks."

The Renton, Wash., office is helping process some Alaska loans, and Countrywide has supplemented the local staff with personnel from other locations, Bochsler said.

Daily News reporter Paula Dobbyn can be reached at pdobbyn@ndn.com.



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**FIREBALLER STAYS HOME**

Corey Madden, a 22-year-old Anchorage fireballer who's been clocked at 94 mph, was selected in the 21st round by the Florida Marlins in the MLB draft. Yet he's been playing in the Anchorage Adult Baseball League. Why?

Sunday in Sports

# MONEY Classified



SECTION

ANCHORAGE DAILY NEWS • www.adn.com

SATURDAY, JUNE 10, 2006

## Audit of mortgage lender shows need for regulation

■ **COMPLAINTS:** Consumers lack protection, say legislator and industry representatives.

By PAULA DOBBYN  
Anchorage Daily News

Is Alaska the wild, wild West when it comes to mortgage lending? It's the only state that does not regulate the mortgage industry, and of-

ficials say they field dozens of complaints a month from consumers. Recent turmoil at Countrywide Home Loans' Anchorage office underscores why state officials need to police mortgage lending, officials and industry representatives say.

"It's a problem," said Jennifer Payne, spokeswoman for the state Commerce Department. "There's no regulation."

Seven employees at Countrywide, including the branch manager, loan officers and underwriters, were fired last month after an internal audit turned up numerous irregularities. An eighth employee, who was on leave without pay, resigned, Countrywide said this week.

Countrywide, which describes itself as the nation's largest independent mortgage lender, says it will not disclose what the audit revealed.

The former branch manager, Kouroush Partow, said this week that he left Countrywide on May 26 of his own accord for a better opportunity.

Partow's license was revoked in Wisconsin four years ago for forging loan documents, according to public records.

Because mortgage loan officers are not licensed in Alaska, they do not undergo any government background

or security checks. Anyone can call themselves a mortgage lender and that needs to change, said Kevin Breechland, president of the Alaska Mortgage Bankers Association.

"In this industry, where a person is buying the biggest asset they'll ever own in their life, to entrust that to someone who hasn't gone through a

See Back Page. MORTGAGES

## Shell oil is a reality Kaktovik will bear

■ **EXPLORATION:** Native corporation has concerns but will stay involved.

By BILL WHITE  
Anchorage Daily News

Kaktovik's Native village corporation has distanced itself from a village government resolution denouncing Shell Oil for pursuing oil exploration

### FISH PLANT REOPENS AFTER TWO YEARS



## MORTGAGES: Lender's license was revoked

*(Continued from H-1)*

bonding (or licensing) process, it's scary," he said.

Partow this week said he and his "team" voluntarily left Countrywide to work at another firm, American Home Mortgage Corp., a lender based in Melville, N.Y., that is registered to do business in Alaska.

There is no affiliation between the New York based corporation and an existing Anchorage business also named American Home Mortgage, owned by Cleo Marshall.

"I want it very clear to all the public I have nothing to do with any of those people and don't want to have anything to do with them," Marshall said. "I have nothing to do with Countrywide. I own American Home Mortgage here in Alaska."

Calls to the general counsel of American Home Mortgage Corp. in New York were not returned this week. Mary Feder, an investor relations executive, said the publicly traded company never discusses personnel matters.

Feder would also not discuss the firm's status in Alaska. The only American Home Mortgage listed in the Anchorage phone book is Marshall's business.

Partow, a Chugiak dog musher, worked in Wisconsin as a loan officer before moving to Alaska, records indicate.

In March 2002, Wisconsin's Division of Banking revoked Partow's state license as a mortgage loan originator for forging a signature on a loan document and engaging in other "conduct which violates a standard of professional behavior." It's not known if he appealed.

Wisconsin regulators found that Partow violated various provisions of state law governing mortgage lenders and engaged in "improper, fraudulent or dishonest dealing."

The revocation order also found that two individuals who worked under Partow at Northstar Mortgage were not licensed, as required.

Dave Hochsler, regional manager of Countrywide in Anchorage, said Partow worked at Countrywide for five years before his firing last month.

Partow referred questions to American Home Mortgage's attorney in New York.

State Sen. Tom Wagoner, R-Kenai, tried to get the Legislature this year to grant the Alaska Division of Banking and Securities authority to license and regulate companies that offer home mortgage lending.

SB 272 would have allowed state regulators to investigate the 20-plus complaints and more than 50 phone calls they receive weekly about questionable lending practice-

es, Wagoner said in his sponsor statement. As it is, they can do nothing to help Alaska consumers who feel they are being taken advantage of, Wagoner said Friday.

The bill, which would regulate mortgage companies but not individual loan officers, passed the Senate on a 19-1 vote but stalled in the House.

Mark Davis, the head of Banking and Securities, worked on the bill with Wagoner, who plans to reintroduce it next year. Davis said he supports removing Alaska's "dubious distinction" of being the only state with no mortgage oversight, except for state-chartered banks that issue mortgages. Banks are subject to both federal and state ending laws.

"This effort to establish accountability in the mortgage lending industry in Alaska is vital and past due," Wagoner said.

Most people in the mortgage industry support the bill, but not the renegades, the senator said.

"There are some people who don't like it: the cowboys of the industry who want to go out and do what they want to do," Wagoner said.

■ Daily News reporter Paula Dobbyn can be reached at pdobbyn@adn.com or 257-4317.

## KAKTOVIK: Threats to whaling cause worry

*(Continued from H-1)*

Shell's seismic tests this summer call for using airguns from a ship to send sound pulses through the seafloor. The pulses bounce back upon the ship for an image of rock formations potentially bearing oil and gas.

Shell needs permits from the U.S. Minerals Management Service, which regulates offshore oil operations, and the National Marine Fisheries Service, which manages sea mammals such as the bowhead whale.

The Kaktovik Inupiat Corp. owns land near the Arctic National Wildlife Refuge coastal plain and has supported opening that area to oil development. Its shareholders include Kaktovik residents and whaling captains.

However, the company "opposes all activity at our whaling grounds," it said in this week's statement, and it has concern about how well oil spills can be

prevented or cleaned.

But it noted that Shell has negotiated with North Slope whalers over its Beaufort activity and has signed an agreement to shut down until Kaktovik, Nuiqsuit and Barrow whalers meet their quotas.

"The reality is the federal government has already sold oil leases, and activity will take place," the company said. KIC is "willing to work with Shell Oil Co. so that we may have a say on what goes on during whaling and other subsistence that we engage in."

■ Daily News business editor Bill White can be reached at bwhite@adn.com or 257-4311.

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**FBI, police make arrests in 2 separate cases**

Thursday, September 21, 2006 - by Maria Downey

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**Anchorage, Alaska** - A full force of federal agents and local police were busy from the Hillside to Eagle River today. Details are not yet being released, but what is known is that the busts involve two separate cases: one deals with a mortgage bank fraud and the other with a suspected organized drug ring.

The search warrants and arrests were made today involving the FBI, the Drug Enforcement Administration, the Internal Revenue Service, Alaska State Troopers and the Anchorage Police Department. All that the FBI will confirm is that in the suspected bank fraud case, there were search warrants served in at least five locations. The house at 11200 Briggs Ct. was searched for hours. According to Municipality of Anchorage records, the house belongs to Paul Brannon.

This morning agents descended on a house on East 45th Avenue. The house belongs to Bekim Dobrova. Sources say he is in custody in connection to the bank fraud case, but details are not being released.

In all, FBI spokesman Eric Gonzalez says seven people were arrested on outstanding warrants.

And in what the FBI calls an unrelated case, there was a series of drug busts today in what's believed to be an organized drug ring. The U.S. attorney's office says the indictments in are currently sealed.

But an indictment filed in federal court this week cites a five-member ring, with at least one of those arrests occurring today. The defendant cocaine ring are listed as Luis Serrano, Andrew Waters, Ajdin "Joe" I Zaim Selimoski and Gzim "Jimmy" Veseli.

The U.S. attorney's office says more details in the cases will be released tomorrow.

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## **FBI investigates local home mortgage company**

Thursday, October 19, 2006 - by Maria Downey

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**Anchorage, Alaska** - FBI agents searched American Home Mortgage yesterday, and they say the case is connected to a major fraud bust last month.

Agents searched the Benson Boulevard branch, focusing on branch manager Kourosh Partow. His employees said Partow didn't show up for work today and they have no idea what the investigation concerns.

Partow, also known for his dog mushing, formerly worked at Countrywide Home Loans Inc. while that business was under investigation. Court documents from a series of raids last month mention Countrywide as a victim of an alleged fraud ring.

FBI spokesman Eric Gonzalez says the probe into American Home Mortgage is connected to the first month's arrests of seven men, accused of using fraudulent financial documents to obtain loans to buy and then re-sell property.

No details are being released.

KTUU-TV called Partow's home several times but each time someone hung up.

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RST

Quarter trading  
Some of the early trends  
Winners and losers.  
Money, Page E-2

# MONEY & Classified

ANCHORAGE DAILY NEWS • www.adn.com

SATURDAY, MARCH 31, 2007

## 3 plead guilty to Anchorage fraud

### ■ MORTGAGE CRIME:

Prosecutors say four others are part of the loan fraud ring.

By RICHARD RICHTMYER  
Anchorage Daily News

Three Anchorage residents have pleaded guilty to charges that they were part of a mortgage fraud ring.

Bekim Hasipi, Robin Dorman and Jan Marquiss pleaded guilty in federal court to one count each of wire fraud for making false statements in mortgage loan applications, U.S. Attorney Nelson P. Cohen said Friday.

The three are part of a group of seven Anchorage residents feder-

al prosecutors have charged with deceiving mortgage lenders by overstating income and assets on loan applications.

The ring used the money to buy residential properties and then sell them at higher prices, federal charging documents say. Altogether, the group netted at least \$750,000 in profits from those sales, federal prosecutors assert.

The conspiracy started in 2002 and involved loan amounts ranging from \$156,000 to \$796,000, according to the government's charging documents.

Hasipi, Dorman and Marquiss each admitted before Chief U.S. District Judge John W. Sedwick this week

that they had acted as "nominee borrowers," or stand-ins for a co-conspirator, who was the true beneficiary of the transactions, Cohen said.

In December, federal prosecutors accused Kourosh Partow of being the ringleader, falsifying documents while he was a manager at the Anchorage branches of national mortgage companies Countrywide Home Loans and American Home Mortgage.

Neither of those mortgage companies has been accused of any wrongdoing.

Partow and three others — Azem Limani, Dzevid Limani and Agim Delolli — were indicted in December on charges including conspiracy, bank

fraud, mail fraud and making false statements to financial institutions.

Sedwick postponed scheduling a sentencing date for the three who pleaded guilty this week pending the outcome of the charges against the remaining defendants, the U.S. attorney's office said Friday.

They each face up to 20 years in federal prison, a fine of up to \$250,000 or both. However, the judge has wide discretion and can base their actual sentences on the seriousness of their offenses as well as their criminal histories.

■ Daily News reporter Richard Richtmyer can be reached at richtmyer@adn.com or 257-4344.

## SEAWOLVES' ENERGY BOOST

# F

When Jennifer Salazar is on the floor, it's a shot of adrenaline for the undefeated U.A.A women's basketball team. Salazar is not the highest scorer or leading rebounder, but nobody brings more energy to the court.

Sunday in Sports

SECTION

# A seventh linked to mortgage fraud ring

■ **INDICTED:** Prosecutors accused Kourosch Partow of falsifying loan documents.

By **RICHARD RICHTMYER**  
Anchorage Daily News

Federal prosecutors have linked a seventh Anchorage resident to an alleged mortgage fraud ring.

A federal grand jury handed down an indictment this week against Kourosch Partow, accusing him of falsifying loan documents while he was a manager and loan officer at the Anchorage branches of two national mortgage companies: Countrywide Home Loans and American Home Mortgage.

Prosecutors allege that Partow overstated the income and assets on the mortgage applications of six co-conspirators, who used the money to buy 14 residential properties and then sell them at higher prices.

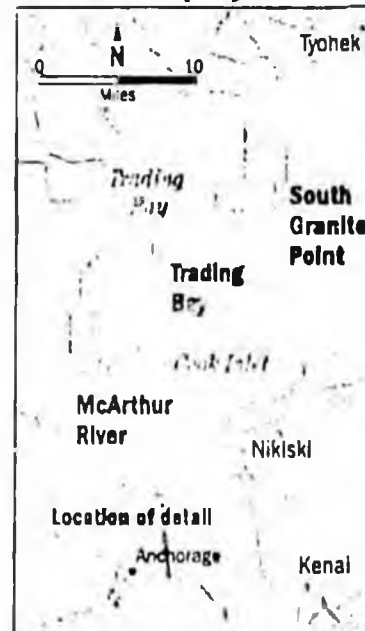
Altogether, the alleged ring netted roughly \$750,000 in profits on the sale of those properties, according to a statement from the U.S. attorney's office in Anchorage Friday.

In September, federal authorities arrested the six alleged co-conspirators, charging all of the them with conspiracy and several with bank fraud, mail fraud and making false statements to financial institutions.

Those charged in September were Azem Limani, Bekim Hasipi, Robin Dorman, Dzevid Limani, Agim De-

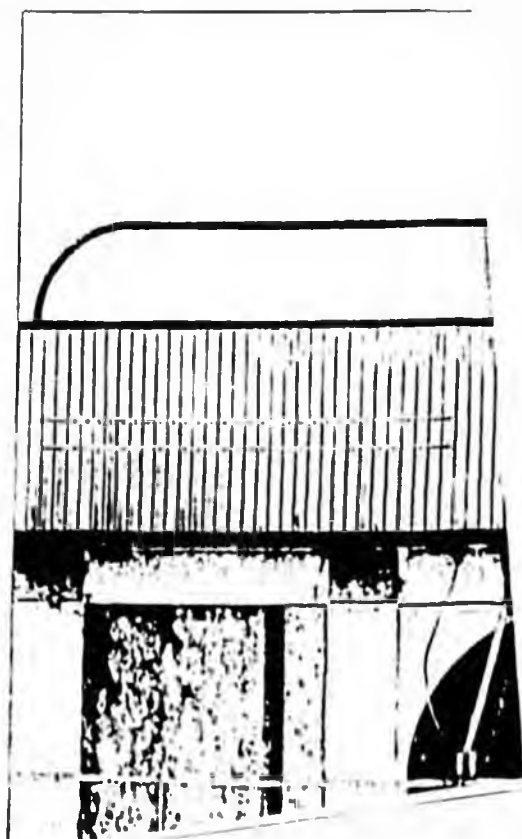
See Page F-4, MORTGAGE

## Chevron plans Cook Inlet projects



RON ENGSTROM / Anchorage Daily News

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shows the proposed Martha Washington gold coin, the first of the First Spouse series.

husbands, the first ladies are getting their chance to shine on the nation's coins. Starting next

MIAMI — To avid collectors, coins that wind out as rare or of exceptional quality are worth

# MORTGAGE: Ring reportedly netted \$750,000

*Continued from F-1*

loli and Jan Marquiss. Each has pleaded not guilty to the charges, said Karen Loeffler, the assistant U.S. attorney prosecuting the case.

A judge has issued Partow a summons to appear in court to answer the charges, but he had not done so by Friday, Loeffler said.

Partow's attorney, Kevin Fitzgerald, did not return a phone call Friday.

Executives of Countrywide and American Home Mortgage also did not return phone calls Friday. Neither company has

been charged with wrongdoing.

Partow was one of several employees who left Countrywide in May after the company said an internal audit had turned up irregularities, without providing specifics.

In charging documents released Friday, federal prosecutors say the alleged conspiracy started in 2002 and involved loan amounts ranging from \$156,000 to \$796,000.

The loan applicants lied to the mortgage companies by providing false documentation such as income tax returns and by not disclosing that they had borrowed money

from other banks for down payments on the houses, according to the charges.

Azem Limani is accused of being the ringleader and faces 28 separate counts. The charges say the others whose names were on the loan applications were acting as nominees, or stand-ins, for Limani, who was the true beneficiary of the transactions.

Loeffler said she expects the case to go to trial in April.

■ Daily News reporter Richard Richtmyer can be reached at richtmyer@adn.com or 257-4344.

# PIPELINES: faster after E

*Continued from F-1*

market. This month, Congress passed legislation to toughen regulation of low-pressure oil transmission pipelines — the type that leaked in Prudhoe.

Federal criminal investigators also are looking into the Prudhoe problems and have subpoenaed massive quantities of documents from BP.

Pipeline regulators gave BP two weeks to provide information including:

- Detailed plans and a schedule for starting and finishing the pipeline replacement.

- A list of the steel pipe, valves and other equipment needed for the job, plus an explanation for why any of the items haven't yet been ordered.

- Details on how BP is inspecting "jumper" pipelines for corrosion. These are short connectors BP installed to reroute oil that normally went through the transmission lines, some of which are now shut down.

BP runs Prudhoe oil for itself and other owner companies including Exxon Mobil and ConocoPhillips. Production in recent weeks has approached 450,000 barrels a day, about the same level the field was producing before the shutdown.

BP spokesman Daren Boudo said Friday the company has been working closely with federal regulators and will turn over the requested information.

The company plans to replace 16 miles of transmission pipelines, which are major trunk

# CHEVRON: 4th largest producer expands in Inlet

*Continued from F-1*

Zager said there are a lot of challenges, including those older platforms, many of which haven't had drilling operations on them for quite a few years.

"The current plan is to begin this drilling program in the second half of 2007," with a capital spend of about \$200 million planned over the next three years, a total of \$300-\$350 million in capital when partners' shares are included.

Chevron has a "significant" program coming up for Cook Inlet gas, Zager said, with "exploration plans at Granite Point."

Granite Point "has never really been drilled on top as a gas prospect," he said, and while it's in a good neighborhood for gas, Granite Point is risky for gas because

it's shallower than some of the other fields.

In addition, Chevron is "continuing to look at options on our south Kenai acreage" as well as in existing gas fields.

And the company is developing gas storage. "It's hard for me to overemphasize gas storage," he said. On cold days, gas is pulled out of storage and when temperatures go about 30 degrees, gas can probably be put back into storage.

Zager also addressed the contract Unocal, which Chevron has since acquired, signed in 2000 with Eastern Natural Gas Co., the company that distributes gas for heating to Southcentral homes and businesses. It was the first gas supply contract to bring higher Lower 48 gas prices to Cook Inlet, he said, and was negotiated at a time when En-

star was having problems getting its gas contracts extended.

What Enstar got from Unocal was a commitment to spend \$10 million in exploration money to find reserves.

Since then, Zager said, "Unocal and now Chevron has spent \$225 million on gas exploration and development ... roughly \$60 million on exploration, \$150 million on development of facilities and pipelines and about \$15 million on gas storage."

Zager said around 150 billion cubic feet of gas has been discovered and committed to Enstar under the contract -- about a five-year supply. When the contract was signed, he said, "Enstar had a contractual shortage beginning in 2004," and that's been moved out to 2009.

# WELCH: Surimi gets boost, drops 'imitation' tag

*Continued from F-1*

world's largest snow crab producer, delivering close to 195 million pounds this year into mostly U.S. markets. Canada's crab quotas are on a downward spiral, as are Russia's, whose catches have dropped to a still hefty 110 million pounds.

Alaska accounts for 10 percent of world supply, with an estimated harvest of about 37 million pounds of snow crab in the com-

The 2006 Bering Sea snow crab catch of 40 million pounds was valued at \$31 million at the docks.

- Surimi by any other name. The Alaska pollock industry is celebrating a name change for surimi — the popular crab, lobster or shrimp-flavored seafood made from whitefish that is served in seafood salads and at sushi bars. The U.S. Food and Drug Administration is now allowing the word "imitation" to be dropped from surimi and

- Seward and sportfishing. A study getting under way by the Alaska SeaLife Center will analyze the economic impact of sport-caught salmon to Seward's economy, and compare the benefits to the high costs of salmon enhancement and restoration programs.

The Seward study will focus primarily on the importance of coho and chinook salmon to the local sportfishery. "We believe the fish

**Carli McDonald**

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**From:** Carl McIntyre [mcaviator@gmail.com]  
**Sent:** Thursday, May 10, 2007 10:23 AM  
**To:** Sen. Charlie Huggins  
**Subject:** Senate Finance Hearing HB 162

Senator Huggins,

I called into the Senate Finance Hearing on House Bill 162 to voice my opposition! After being on hold for 46 minutes I was dropped off just as the committee started to the debate. When I called back I was told by the operator that I was dropped because I was not on a list that was given to them by the committee Chairman on who could testify. I was told I needed to go to the nearest LIO office if I wanted to participate. What is LIO? Where is the local LIO for Peters Creek? Obviously I'm not going to be able to participate since 1. I don't know where the office is located. 2. Hearing will be over before I can get there.

This is not Democracy!!

As a small business owner, registered voter ( in your District), and retired military officer trying to exercise my rights to voice my opposition to HB 162. Im extremely disapointed in your committees actions.

I'm going to hope and trust you voted against this bill which is trying to put me out of busineses it.

Carl D. McIntyre  
22545 Lampert Cir  
Chugiak AK 99567  
(907) 688-6124

*Yuni Morgan asked me to pass this on to you*

*-cm*

Thank you for the opportunity to testify before you today.

Because of the media attention on Juneau in recent weeks, I can empathize with you. I'm sure you felt outrage, disappointment and embarrassed by the events. I can identify those feelings with you whenever I see media coverage regarding real estate mortgage fraud. It's one of the reasons this bill is before you today. We in the industry recognize the need for change just as you recognize the need for change in the legislature ethics.

HB-162 is an accumulation of many hours of hard work by dedicated individuals in the industry. This is an Alaskan industry bill. The people who live and work here, *your constituents*, recognize the necessity of this legislation. Many people have spent an enormous amount of time to carefully and clearly craft this bill.

Since Alaska is the last state to license mortgage operations, we felt it was important to do it right. This bill effectively addresses our concerns: licensing of mortgage companies and licensing of mortgage originators only. This does not include employees such as processors, underwriters, shippers, clerks, or others.

This bill has wide affiliated support. Some of the groups that support this bill are: AARP, American Society of Home Inspectors, Alaska Chapter, Appraisal Institute, Alaska Chapter, American Land Title Association, Alaska Chapter, Independent Real Estate Brokers of Alaska, National Association of Professional Mortgage Women, and the Mat-Su Home Builders among others.

All these professional organizations realize the importance of this legislation and the protection it can afford to the residents of our great state.

This bill is revenue neutral.

This bill is well thought out and straightforward. This legislation will not place an undue burden or cost on business. It will license entities that are not now regulated along with their loan originators. I'm glad to know that the well-funded, non-exempt multi-state lenders will be able to afford the approximately \$20 a month to be licensed in our state. They should also be relieved that they would not have to do background checks or provide education, thereby saving lots of money for their bottom line. We all know how tight these guys are with a penny, and if they don't have to pay a fee or can pass it on, they will certainly do so. And since the originator will have to be licensed, the originator will be responsible for paying their very own low fees (less than a dollar a day).

One great feature of this legislation is that the licensure requirements will be implemented by the state, using consistent, uniform standards that will insure our state has competent and qualified licensees. This is important. Under these standards we will not be subject to variations of standards or lack of full investigations or background checks that could have been implemented if private companies performed that same duty. This is a very powerful tool for the state to have. If a licensed originator loses their license they will not be able to go to work for another licensed company in Alaska. This would not be true if the originator worked for an exempt company. In that case the person could simply find employment with another exempt company and this would not protect our state.

Several years ago, a loan originator was hired by one of the largest mortgage companies in the country to work for and head their operations in Alaska. Several years went by and he suddenly

WENT TO WORK FOR ANOTHER LARGE MORTGAGE COMPANY, THE SECOND COMPANY LET HIM GO WHEN THE FBI RAIDED THEIR OFFICES. HE RECENTLY PLEADED GUILTY TO MORTGAGE ACTIVITIES IN FEDERAL COURT. HAD OUR BILL BEEN IN EFFECT WHEN THIS PERSON WAS HIRED THE FIRST TIME IN ALASKA, HE WOULD NOT HAVE RECEIVED A LICENSE AS HIS LICENSE WAS REVOKED IN WISCONSIN BEFORE HE GOT HERE. SO IT'S PRETTY OBVIOUS, THERE WERE LITTLE OR NO BACKGROUND CHECKS DONE BY EITHER LARGE COMPANY, LET ALONE EDUCATION.

WE CANNOT DEPEND ON ANYONE OTHER THAN THE STATE TO DO THE BACKGROUND CHECKS AS THE STATE IS INSULATED FROM ANY MARKET/PERSONAL CONDITIONS THAT COULD AFFECT THE OUTCOME OF BACKGROUND CHECKS FOR LICENSEES. MEANING THAT AN INDEPENDENT COMPANY MIGHT LOOK THE OTHER WAY JUST TO HIRE A PERSON, WHILE THE STATE WOULD NOT.

THE LICENSING OF MORTGAGE COMPANIES, REQUIRING BACKGROUND CHECKS AND BONDING REQUIREMENTS PROTECTS OUR RESIDENTS. SOME SEEM TO THINK THAT IF THEY HAVE OTHER APPROVALS SUCH AS FHA, FANNIE MAE OR FREDDIE MAC, AND A LARGE BALANCE SHEET, THEY SHOULD BE EXEMPT FROM BONDING. IF THAT WERE THE CASE, OUR STATE WOULD HAVE NOTHING TO EXECUTE ON FOR RESTITUTION SHOULD A COMPANY GO OUT OF BUSINESS. THESE BIG COMPANIES DO GO OUT OF BUSINESS. FOR EXAMPLE, I WORKED FOR ONE COMPANY THAT HAD OVER 100 BRANCHES NATIONWIDE, FROM FLORIDA TO ALASKA. IN FACT I WAS THEIR BRANCH MANAGER FOR THEIR ALASKA OPERATION IN ANCHORAGE. IN FEBRUARY THIS YEAR, THEY GAVE TWO HOURS NOTICE THAT THEY WERE GOING OUT OF BUSINESS. THAT WAS IT. INCIDENTALLY, THE COMPANY WAS OWNED BY A PAST PRESIDENT OF THE MORTGAGE BANKERS ASSOCIATION. THE COMPANY BOUNCED TWO CHECKS TO ME AND HAS NOT PAID ME OTHER FUNDS STILL OWING. FORTUNATELY, NO ALASKA CONSUMERS WERE DAMAGED BY THIS UNPLANNED UPEHAVAL. SO MUCH FOR BIG MULTI-STATE EXEMPT COMPANIES.

THE INTENT OF THIS LEGISLATION IS TO LICENSE ENTITIES THAT ARE NOT PRESENTLY REGULATED. FEDERAL STATUTES CLEARLY PROVIDE FOR CERTAIN EXEMPTIONS AND WE HONOR THOSE EXEMPTIONS, BUT NO OTHERS. TO PROTECT OUR RESIDENTS WE NEED LICENSURE, SO ALL MUST BE LICENSED, COMPANIES AND ORIGINATORS, UNDER THIS BILL TO BE EFFECTIVE. TO PROVIDE ANY EXEMPTIONS WOULD DILUTE THE EFFECTIVENESS ON THIS LEGISLATION AND PUT ALASKAN COMPANIES AT A COMPETITIVE DISADVANTAGE.

AFTER ALL, NOBODY KNOWS ALASKA'S BUSINESS BETTER THAN ALASKANS.

I WOULD ASK YOU TO APPROVE THIS BILL WITHOUT ANY CHANGES AND MOVE IT TO THE SENATE FLOOR AS SOON AS POSSIBLE.

RESPECTIVELY SUBMITTED,  
JOHN MARTIN, CMC™



# Home-loan fraud draws FBI concern in Alaska

■ **SCAM:** Cash-back deals skew the market, special agent says.

By ELIZABETH BLUEMINK  
Anchorage Daily News

A national mortgage-fraud scam involving cash-back deals has become a concern in Alaska, FBI investigators said Wednesday.

The scam involves inflated home prices and sometimes kickbacks to those in cahoots, who may include real estate agents, speculative buyers, sellers, appraisers and loan officers.

"Buyers should be aware that this isn't legal," said Cotton Seale, an FBI special agent in the Anchorage office's white collar crime division, on Wednesday.

FBI investigators said the scam doesn't just hurt homeowners, who are left with a mortgage that's bigger than the house is worth, making it difficult or impossible for them to sell the home in the future.

It can also create a harmful ripple effect in the real estate market, with real estate agents, buyers and sellers unknowingly relying on inflated home values in an affected neighborhood to determine a house's fair market value.

"It skews the market," Seale said, noting that cash-back deals have been known to involve multiple homes in a subdivision.

The scam is illegal because it involves falsification of loan documents, he said.

"At times, a lack of telling is as bad as lying," said FBI Special Agent Mike Thoreson.

The FBI has been raising similar alerts about various types of loan fraud around the country this year. In March, the bureau pointed out its mortgage fraud investigations have more than doubled in less than five years, to about 1,936 investigations total.

But the alert is another indicator of a seamy corner of the Anchorage area's real estate market, which has been hot for most of this decade.

See Back Page, MORTGAGE

## MORTGAGE: Lender doesn't know the home is overvalued by appraiser

Continued from A-1

In Anchorage, recent years have been marked by skyrocketing home values and a steady demand for new homes. In recent months, though, the market has shown signs of cooling.

More Anchorage homes are for sale than at this time last year and it's taking them longer to sell, according to Multiple Listing Service data for Anchorage and Mat-Su.

In a typical cash-back scam, a home is sold at a price higher than its actual value. A real estate agent or broker comes forward with an offer to buy a house for less than its market value. The seller, however, is told the offer is for a higher price.

As part of the deal, the seller must give back the extra money to the buyer. An appraiser agrees to deliver an inflated value of the home to the lender. The payment of the extra cash is not disclosed on the loan documents. In almost all cases, the lender doesn't have the home appraised, FBI agents said.

Cash-back deals have been around for years, but the FBI has been dedicating more resources to investigate mortgage fraud and other white-collar crimes in the past few years. Seale said, explaining that last Sept. 11, 2001, for example, several states had abandoned research as a way to curb mortgage fraud.

Clark said he doesn't know a very much at all about how cash-back scams work but his association is interested in keeping its members and the public informed about mortgage fraud.

The legislators won't solve every problem but it could help take a bite out of mortgage fraud, said Kevin Breen, president of the Alaska Mortgage Brokers Association.

FBI agents wouldn't conduct an investigation if they are currently investigating any cash-back deals in Alaska. They explained they cannot discuss

■ Daily News reporter Elizabeth Bluemink can be reached at elbluemink@adn.com or 251-4017.

Alaska Realtors convicted of a felony would lose their license, he added. Unlike real estate agents, mortgage lenders and brokers in Alaska are not licensed, but a bill in the Legislature would require licensing and it would also subject lenders to background checks.

Seven Anchorage residents, including one on April 26, pleaded guilty to mortgage fraud in a case that involved selling nominal buyers and overvaluing income tax loan applications so the buyers could borrow more money.

# Anchorage man pleads guilty to wire fraud

■ **MORTGAGE SCAM:** Partow faces a prison term and as much as a \$250,000 fine.

By ELIZABETH BLJEMINK  
Anchorage Daily News

Anchorage resident Kouresh Partow, an accused conspirator in a seven-member mortgage fraud ring that operated in Anchorage since 2002, pleaded guilty to wire fraud in federal District Court on Friday morning.

The six others have already pleaded guilty this year to charges in the

criminal case, which involved deceiving mortgage lenders by overstating income or making other false statements on loan applications.

In December, prosecutors accused Partow, 41, of falsifying loan documents when he managed the Anchorage branches of Countrywide Home Loans and American Home Mortgage. The mortgage companies were not accused of wrongdoing.

The six others in the ring — Azem Limani, Bekim Hasipi, Robin Dorman, Dzevid Limani, Agim Delolli and Jan Marquiss — pleaded guilty earlier this

year.

The conspirators netted hundreds of thousands of dollars by selling Anchorage area properties purchased with the fraudulently obtained loans — sometimes to each other through the use of other fraudulent loans, other times to third-party buyers, according to their grand jury indictment in December.

In many of the transactions, Partow was the loan officer and Azem Limani sought the loans. Limani owned or operated several businesses in Anchorage, including Alaska Su-

per Pawn. Hasipi, Dorman and Dzevid Limani worked for him in the various businesses, according to the indictment.

On Monday, Partow pleaded guilty to two counts of wire fraud, including falsely overstating Dzevid Limani's income to qualify him for a Countrywide loan. The funds for closing were wired from California to Alyeska Title Co. in Anchorage, according to Partow's plea agreement, filed in federal district court Friday morning.

See Page B-7, SCAM

## SCAM: 2 counts of wire fraud

*Continued from B-1*

The U.S. Attorney's office agreed not to prosecute him for loan fraud involving the home he purchased in Chugiak.

The fraud ring obtained at least 15 loans involving the purchase or refinance of 14 properties in Anchorage and Wasilla, according to the indictment.

Sentencing in the case will occur this summer, according to the U.S. Attorney's office in Anchorage.

The maximum sentence for wire fraud includes 20 years in prison and a \$250,000 fine, but the actual sentence can vary widely depending on the seriousness of the offense and a defendant's criminal history.

The FBI and the IRS were involved in the investigation that led to the prosecution of the fraud ring.

■ Daily News reporter Elizabeth Bljemink can be reached at [elbljemink@adn.com](mailto:elbljemink@adn.com) or 257-4317.

RST

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 ney, Page E-2

# MONEY Classified

ANCHORAGE DAILY NEWS • www.adn.com

SATURDAY, MARCH 31, 2007

## 3 plead guilty to Anchorage fraud

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Prosecutors say four others are part of the loan ring.

By RICHARD RICHTMYER  
 Anchorage Daily News

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The three are part of a group of seven Anchorage residents, federal

prosecutors have charged with deceiving mortgage lenders by overstating income and assets on loan applications.

The ring used the money to buy residential properties and then sell them at higher prices, federal charging documents say. Altogether, the group netted at least \$750,000 in profits from those sales, federal prosecutors assert.

The conspiracy started in 2002 and involved loan amounts ranging from \$150,000 to \$796,000, according to the government's charging documents.

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that they had acted as "nominee borrowers," or stand-ins for a co-conspirator, who was the true beneficiary of the transactions, Cohen said.

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fraud, mail fraud and making false statements to financial institutions.

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■ Daily News reporter Richard Richtmyer can be reached at richtmyer@adn.com or 257-4344.

### SEAWOLVES' ENERGY BOOST

# F

When Jennifer Salazar is on the floor, it's a shot of adrenaline for the undefeated UAA women's basketball team. Salazar is not the highest scorer or leading rebounder, but nobody brings more energy to the court.

Sunday In Sports

SECTION

# A seventh linked to mortgage fraud ring

INDICTED: Prosecutors accused Kourosch Partow of falsifying loan documents.

By RICHARD RICHTMYER  
Anchorage Daily News

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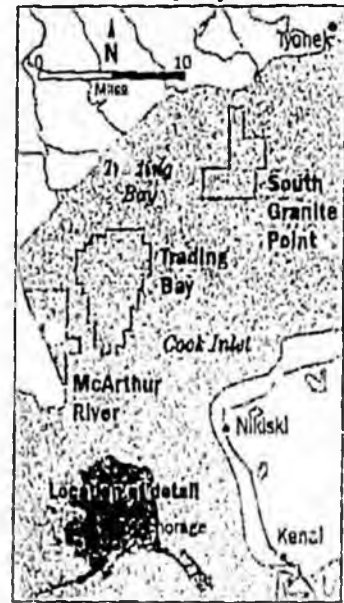
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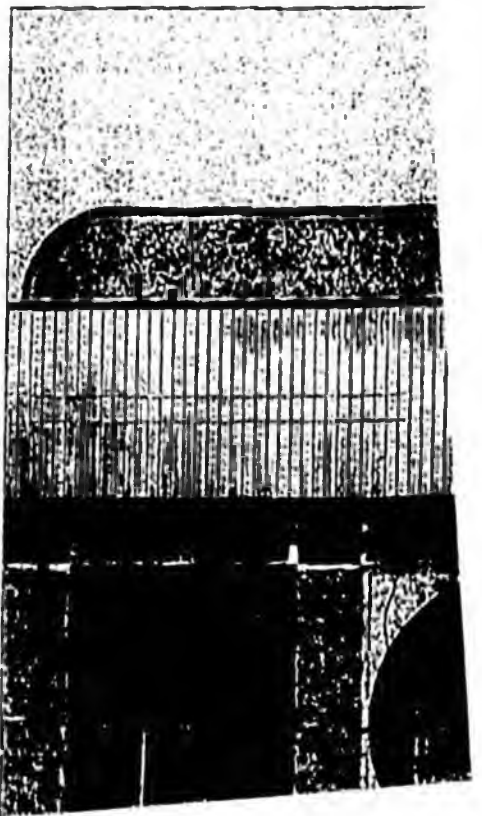
Those charged in September were Azem Limani, Bekim Hasipi, Robin Dorman, Dzevid Limani, Agim Do-

See Page F-4, MORTGAGE

### Chevron plans Cook Inlet projects



RON ENGSTROM / Anchorage Daily News



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shows the proposed Martha Washington gold coin, the first of the First Spouse series.

husbands, the first issues are getting their chance to shine on the nation's coins. Starting next

to avoid collectors, coins that stand out as rare or of exceptional quality are worth

# MORTGAGE: Ring reportedly netted \$750,000

*Continued from F-1*

Jolli and Jan Marquiss. Each has pleaded not guilty to the charges, said Karen Loeffler, the assistant U.S. attorney prosecuting the case.

A judge has issued Partow a summons to appear in court to answer the charges, but he had not done so by Friday, Loeffler said.

Partow's attorney, Kevin Fitzgerald, did not return a phone call Friday.

Executives of Countrywide and American Home Mortgage also did not return phone calls Friday. Neither company has

been charged with wrongdoing.

Partow was one of several employees who left Countrywide in May after the company said an internal audit had turned up irregularities, without providing specifics.

In charging documents released Friday, federal prosecutors say the alleged conspiracy started in 2002 and involved loan amounts ranging from \$150,000 to \$796,000.

The loan applicants lied to the mortgage companies by providing false documentation such as income tax returns and by not disclosing that they had borrowed money

from other banks for down payments on the houses, according to the charges.

Azcm Limani is accused of being the ringleader and faces 28 separate counts. The charges say the others whose names were on the loan applications were acting as nominees, or stand-ins, for Limani, who was the true beneficiary of the transactions.

Loeffler said she expects the case to go to trial in April.

Daily News reporter Richard Richtmyer can be reached at richtmyer@adn.com or 257-4344.

# PIPELINES: Oil faster after BP

*Continued from F-1*

markets. This month, Congress passed legislation to toughen regulation of low-pressure oil transmission pipelines — the type that leaked in Prudhoe.

Federal criminal investigators also are looking into the Prudhoe problems and have subpoenaed massive quantities of documents from BP.

Pipeline regulators gave BP two weeks to provide information including:

- Detailed plans and a schedule for starting and finishing the pipeline replacement.
- A list of the steel pipe, valves and other equipment needed for the job, plus an explanation for why any of the items haven't yet been ordered.
- Details on how BP is inspecting "jumper" pipelines for corrosion. These are short connectors BP installed to reroute oil that normally went through the transmission lines, some of which are now shut down.

BP runs Prudhoe on behalf of itself and other owner companies including Exxon Mobil and Conoco Phillips. Production in recent weeks has approached 450,000 barrels a day, about the same level the field was producing before the shutdown.

BP spokesman Darren Beaudo said Friday the company has been working closely with federal regulators and will turn over the requested information.

The company plans to replace 16 miles of transmission pipelines, which are major trunk lines that drain crude oil out of Prudhoe and feed it into the 800-

# CHEVRON: 4th largest producer expands in Inlet

*Continued from F-1*

Zager said there are a lot of challenges, including those older platforms, many of which haven't had drilling operations on them for quite a few years.

"The current plan is to begin this drilling program in the second half of 2007, with a capital spend of about \$200 million planned over the next three years, a total of \$300-\$350 million in capital when partners' shares are included.

Chevron has a "significant" program coming up for Cook Inlet gas, Zager said, with "exploration plans at Granite Point."

Granite Point "has never really been drilled on top as a gas prospect," he said, and while it's in a good neighborhood for gas, Granite Point is risky for gas because

it's shallower than some of the other fields.

In addition, Chevron is "continuing to look at options on our south Kenai acreage" as well as in existing gas fields.

And the company is developing gas storage. "It's hard for me to overemphasize gas out of storage and when temperatures go about 30 degrees, gas can probably be put back into storage.

Zager also addressed the contract Unocal, which Chevron has since acquired, signed in 2000 with Enstar Natural Gas Co., the company that distributes gas for heating to Southcentral homes and businesses. It was the first gas supply contract to bring higher Lower 48 gas prices to Cook Inlet, he said, and was negotiated at a time when En-

star was having problems getting its gas contracts extended.

What Enstar got from Unocal was a commitment to spend \$10 million in exploration money to find reserves.

Since then, Zager said, "Unocal and now Chevron has spent \$225 million on gas exploration and development ... roughly \$60 million on exploration, \$150 million on development of facilities and pipelines and about \$15 million on gas storage."

Zager said around 150 billion cubic feet of gas has been discovered and committed to Enstar under the contract — about a five-year supply. When the contract was signed, he said, "Enstar had a contractual shortage beginning in 2004," and that's been moved out to 2009.

# WELCH: Surimi gets boost, drops 'imitation' tag

*Continued from F-1*

world's largest snow crab producer, delivering close to 195 million pounds this year into mostly U.S. markets. Canada's crab quotas are on a downward spiral, as are Russia's, where catches have dropped to a still hefty 110 million pounds.

Alaska accounts for 10 percent of world supply, with an estimated harvest of about 37 million pounds of snow crab in the com-

The 2006 Bering Sea snow crab catch of 40 million pounds was valued at \$31 million at the docks.

• **Surimi by any other name.** The Alaska pollock industry is celebrating a name change for surimi — the popular crab, lobster or shrimp-flavored seafood made from white fish that is served in seafood salads and at sushi bars. The U.S. Food and Drug Administration is now allowing the

• **Seward and sportfishing.** A study getting under way by the Alaska SeaLife Center will analyze the economic impact of sport-caught salmon to Seward's economy, and compare the benefits to the high costs of salmon enhancement and restoration programs.

The Seward study will focus primarily on the importance of coho and chinook salmon to the local sportfishery. "We believe it's fairly apparent that these fish bring a lot of val-

Channel 2 Broadcasting Inc. - FBI investigates local home mortgage company

Page 1 of 1

### **FBI investigates local home mortgage company**

Thursday, October 19, 2006 - by Maria Downey

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**Anchorage, Alaska** - FBI agents searched American Home Mortgage yesterday, and they say the case is connected to a major fraud bust last month.

Agents searched the Benson Boulevard branch, focusing on branch manager Kourosh Partow. His employees said Partow didn't show up for work today and they have no idea what the investigation concerns.

Partow, also known for his dog mushing, formerly worked at Countrywide Home Loans Inc. while that business was under investigation. Court documents from a series of raids last month mention Countrywide as a victim of an alleged fraud ring.

FBI spokesman Eric Gonzalez says the probe into American Home Mortgage is connected to the last month's arrests of seven men, accused of using fraudulent financial documents to obtain loans to buy and then re-sell property.

No details are being released.

KTUU-TV called Partow's home several times but each time someone hung up.

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*Channel 2 Broadcasting Inc.*  
<http://www.ktuu.com/>

Friday, September 22, 2006



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**FBI, police make arrests in 2 separate cases**

Thursday, September 21, 2006 - by Maria Downey

Click print

Adve

Anchorage, Alaska - A full force of federal agents and local police were busy from the Hillside to Eagle River today. Details are not yet being released, but what is known is that the busts involve two separate cases: one deals with a mortgage bank fraud and the other with a suspected organized drug ring.

The search warrants and arrests were made today involving the FBI, the Drug Enforcement Administration, the Internal Revenue Service, Alaska State Troopers and the Anchorage Police Department. All that the FBI will confirm is that in the suspected bank fraud case, there were search warrants served in at least five locations. The house at 11200 Briggs Ct. was searched for hours. According to Municipality of Anchorage records, the house belongs to Paul Brannon.

This morning agents descended on a house on East 45th Avenue. The house belongs to Bekim Dobrova. Sources say he is in custody in connection to the bank fraud case, but details are not being released.

In all, FBI spokesman Eric Gonzalez says seven people were arrested on outstanding warrants.

And in what the FBI calls an unrelated case, there was a series of drug busts today in what's believed to be an organized drug ring. The U.S. attorney's office says the indictments it are currently sealed.

But an indictment filed in federal court this week cites a five-member ring, with at least one of those arrests occurring today. The defendant cocaine ring are listed as Luis Serrano, Andrew Waters, Ajdin "Joe" Zaira Selimoski and Gzim "Jimmy" Vcscli.

The U.S. attorney's office says more details in the cases will be released tomorrow.

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Alaska Chapter of the American Society of Home Inspectors  
c/o Jim Foss, local chapter president  
2440 E. Tudor Road, # 401  
Anchorage, Alaska 99507  
FAX/home office 907-569-0120  
Cell 229-0419

April 9th, 2007

John Martin  
Alaska Association of Mortgage Brokers  
2805 Dawson Street, Ste 202  
Anchorage, Alaska 99503

RE: House Bill 162 - Lender Licensing

Dear Sir;

The Alaska ASHI Chapter would like to express its support for to the development of standards for Mortgage Lenders. House Bill 162, the mortgage licensing bill, introduced in the Alaska House of Representatives by Representative Bob Lynn.

As president of the local chapter, I have asked for our members views on this issue. The overwhelming response was that our members agree (or had no position) with the statement that the *mortgage industry needs licensing controls*. The ASHI standards are the highest in the industry. Why should the lending industry have lower standards than those of other Real Estate Professionals? Builders are licensed, Realtors are licensed, Property Appraisers are licensed, and Home inspectors are licensed! Why not mortgage professionals?

Alaska ASHI generally believes that this would be an enhancement to the high standards we are seeking to maintain in the Real Estate industry. We strongly encourage legislators of the State of Alaska to vigorously support this bill. *Let us all work to make the home buying process better!*

Sincerely,

A handwritten signature in black ink that reads "Jim Foss". The signature is written in a cursive style.

Jim Foss, President  
Alaska ASHI

CC: Alaska ASHI members, ASHI board of Directors



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www.ai-alaska.org  
veraulmon@gcl.net

John Martin, Past President  
Alaska Association of Mortgage Brokers (AAMB)  
2805 Dawson Street, Suite 202  
Anchorage, Alaska 99503  
Office: (907) 569-8060  
Fax: (907) 569-8996  
Email: [akmtgsolutions@acsalaska.net](mailto:akmtgsolutions@acsalaska.net)

RE: RE: House Bill 162 / Senate Bill 102

Mr. Martin,

Upon careful consideration and review of the proposed legislation, the Alaska Chapter of the Appraisal Institutes Board of Directors and membership would like to express strong support for HB 162 and SB 102. This legislation is in the interest of the mortgage industry and general public as a whole and should be adopted in a timely manner. We look forward to working with the AAMB on future issues that impact the level of professionalism within all aspects of the real estate industry. Please feel free to contact me if you have any questions.

Respectfully,

A handwritten signature in black ink, appearing to read "E. Bjorn-Roli".

Per E. Bjorn-Roli, MAI  
President  
Alaska Chapter of the Appraisal Institute  
Phone: (907) 341-2222  
Fax: (907) 929-2260  
Email: [perintegrated@alaska.net](mailto:perintegrated@alaska.net)

**ALASKA LAND TITLE ASSOCIATION**  
P.O. Box 241811 • Anchorage, Alaska 99524

April 10, 2007

Ms. Terri Weary, President  
Alaska Association of Mortgage Brokers  
224 N. Yenlo, Suite 3b  
Wasilla, Alaska 99654

Re: House Bill 162, "the Mortgage Licensing Bill"

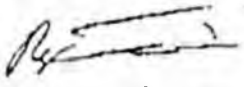
Dear Ms. Weary:

Thank you for asking for input from the Alaska Land Title Association regarding this pending legislation. We think that the bill is necessary and well thought out.

After discussion with our committee and members, it is agreed that we will support House Bill 162 as it was introduced on February 28, 2007.

Sincerely,

ALASKA LAND TITLE ASSOCIATION

  
Rex Tomlinson  
President

# Independent Brokers Association

6224 Staedem Drive  
Anchorage, Alaska 99504  
(907) 338-1918

April 16, 2007

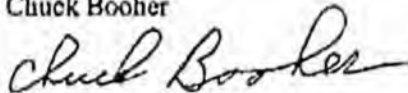
## Alaska Association of Mortgage Brokers

The Independent Brokers Association is an informal group of real estate brokers, mortgage bankers and title insurance people who have been meeting weekly since the mid-1980's to keep up-to-date on what is happening in the real estate industry. We usually have between 30 and 40 people in attendance at each of our meetings.

On April 3, 2007 John Martin, with the Alaska Association of Mortgage Brokers, gave a presentation on HB 162 and SB102 regarding the licensing of mortgage companies and their employees involved in the mortgage lending process.

At the end of his presentation our Association voted to support this legislation. This legislation would hopefully eliminate some of the problems borrowers currently face in the mortgage lending industry. People involved in real estate sales, title insurance and home inspections are already licensed by the state. Therefore, it seems only logical that those involved in mortgage lending should also be licensed.

Cluck Booher



Co-Chairman,  
Independent Brokers Association



May 9, 2007

John Martin, Past President  
Alaska Association of Mortgage Bankers (AAMB)  
2805 Dawson Street, Suite 202  
Anchorage, AK 99503

RE: House Bill 162/Senate Bill 102

Dear John:

Upon careful consideration and review of the proposed legislation, NAPMW Anchorage supports the passage of both of these bills. The membership voted and requested I send this letter in support. We understand that HB 162 has passed and SB 102 is now in committee.

This local association has been providing education to the Mortgage Industry in Alaska for over 30 years. We strongly believe that licensing and continuing education is vital and impacts the level of professionalism within all aspects of the real estate industry.

It is critical that as a State we move forward in passing and enforcing the content of these bills. This protects the consumer in one of the most important purchases of their lifetime.

Please feel free to contact me if you have any questions.

Respectfully,

Creta Bloxom, GML (Graduate of Mortgage Lending)  
President 2006-2007  
NAPMW Anchorage



Resolution NO. 02-2007

A Resolution of the Mat-Su Su Home Builders Association to support HB 162  
the Legislation to license mortgage lenders and originators

**Whereas**, the Mat-Su Home Builders Association Supports legislation to license  
mortgage lenders and originators

**Whereas**, licensure of mortgage lenders and originators will help stop predatory  
lending in Alaska

**Whereas**, Alaska is the last of the 50 states to license mortgage lenders and  
originators and this is very much needed

**Now Therefore, Be It Resolved**, the Mat-Su Home Builders Association does  
hereby support HB 162 the licensure of Mortgage lenders and originators.

Hereby, adopted by the Board of Directors of the Mat-Su Home Builders  
Association on this 20<sup>th</sup> day of March, 2007

*Jeff Clements*

\_\_\_\_\_  
President, Jeff Clements

*Kyle Carr*

\_\_\_\_\_  
Attested: Secretary, Kyle Carr

## The Power of HB-162

The strength of this bill is in **the power of the state**, not big business, to carry out the functions for licensure of mortgage loan originators.

Utilizing once source (the State) to conduct background checks, competency testing and to set the standards for continuing education, provides the necessary protections to safeguard our Alaskan consumers. These standards will be uniform and apply all in an unbiased fashion and will provide a level playing field for all participants.

Whenever we open the door for special exemptions there is always the danger of unintended loopholes.

Big business wants to be treated special. They want things to fit "their" business model and have exemptions. We certainly don't want to subject our Alaskan loan originators to the provisions of licensure while giving large outside interests a special deal. It would put our Alaskan companies at an unfair competitive disadvantage.

Big business has let down Alaskan's many times. Just look at last summer when we had the largest oil spill in history on the North Slope. Then we had a shut down of production on the Slope. Last year Ameriquest (a large mortgage lender) agreed to a multi hundred million settlement with most of the states for predatory lending practices. Alaska was part of that settlement and received funds from it.

Had Alaska's oversight been more proactive, the above issues could have been avoided.

We need to do it right.

The national trend is to license mortgage originators. There is a bill on the federal level to propose that states license their mortgage loan originators. It's coming and just a matter of time. CSBS (Conference of State Bank Supervisors) is already implementing a registry of loan originators.

AARP with its 90,000 members in he state agrees to mortgage licensing and is NOT for exemptions such as AFSA has proposed. They among many others believe in this bill.

Many have referred to a bill last year that had language they wanted. Even the big three producers on the Slope want to go back to last years agreement As we all know, it's dead.

We have a new governor, a new legislature and a new bill. We are not going to be hood winked again.

Let's preserve the powers of the state to regulate its affairs and not give into big business.

I don't intend to testify today in respect for your time, unless called by the committee to answer questions

Please pass this bill without amendments to the Senate Floor so we can start protecting our Alaskan consumers.

Respectfully submitted,  
John Martin, CMC™



May 10, 2007

HB 162 (Lynn)—Support

The Honorable Lyman Hoffman, Co-Chair  
Senate Finance Committee  
Alaska State Capitol, Room 518  
Juneau, AK 99801-1182

The Honorable Bert Stedman, Co-Chair  
Senate Finance Committee  
Alaska State Capitol, Room 516  
Juneau, AK 99801-1182

Dear Co-Chairs Hoffman and Stedman:

On behalf of the more than 90,000 AARP members in Alaska, we want to inform you and your colleagues on the Senate Finance Committee that AARP is in support of HB 162, authored by Representative Bob Lynn.

AARP supports licensure and we appreciate that lenders as well as brokers are included in this bill. Our consumer attorney who has worked on similar legislation in several states has collaborated with Mark Davis, the Director of the Division of Banking and Securities, on the bill. We understand that the Division plans to work with the Legislature in the future for even stronger consumer protection bills on similar topics. We look forward to supporting those efforts also.

We understand that the American Financial Services Association is seeking an exemption to the provisions of HB 162. We did want to alert you and your Committee colleagues that AARP would strongly oppose an exemption based on our understanding that many past transgressions with regard to predatory lending practices have been attributable to members of that organization. We would expect that they would deny this but, if AFSA

members do not engage in predatory lending practices, there is no reason for them to ask for an exemption from the provisions of this bill.

AARP has fought predatory lenders for years because so many older homeowners have been their victims. As you know, the media is putting a spotlight on such practices and elected leaders throughout the country are examining what is happening in their states.

HB 162 is a good bill that serves as part of an overall strategy to upgrade and enforce consumer protections in Alaska. We appreciate Representative Lynn bringing it forward on behalf of the Division.

AARP recommends an "AYE" vote on HB 162.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

*Marie Darlin*

Marie Darlin, Coordinator  
AARP Capital City Task Force  
415 Willoughby Avenue, Apt. 506  
Juneau, AK 99801  
586-3637 (voice)  
463-3580 (fax)

CC: Vice-Chair Charlie Huggins  
Senator Joe Thomas  
Senator Donald Olson  
Senator Kim Elton  
Senator Fred Dyson  
Representative Bob Lynn  
Mark Davis, Director, Division of Banking and Securities



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance Committee  
Committee name

Committee on HB 162 dated 10 MAY 2007  
Bill/Subject

MR. Chairman and members of the committee, I am an Alaska resident and small business owner and I oppose HB 162.

The regulation proposed in this bill will be a huge financial burden to my business, which includes approximately (40) fellow representatives, many of whom have already stated they most likely would resign from their positions of helping Alaskan families, because of this regulation.

I support corporate licensing which was included in a bill passed by the Senate last year.

Alaskan families, and specifically those in the Wasilla/Mat-Su Valley are suffering under massive debt. This regulation would greatly inhibit our ability to assist our clients with Becoming DEBT FREE & Financially Independent.

Mr. Chairman and Committee Members, I oppose this bill and urge your NO vote on HB 162.

Thank you

Signed.

Jeffrey M. Smith  
Testifier

Primerica Financial Services, a Citi Company  
Representing (Optional)

1375 E. PARKS HWY, Suite A. Wasilla, AK 99654  
Address

(907) 232-9004  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance Committee  
Committee name

Committee on HB162 dated May 10, 2007  
Bill/Subject

Mr. Chairman & members of the committee, I am a life long Alaskan & small business owner living in the Wasilla district. I adamantly oppose HB162. Due to my schedule & the continuation of this hearing at a time I am not able to attend, I am not able to personally speak during that time, but I'm writing my concerns. I provide a good service & product to Alaskan consumers (primarily to lower & moderately income markets). Through the complementary, customized, and confidential, Financial Needs Analysis I provide for such clients - I am able to suggest solutions that help them get out of debt & retire financially independent. Many, many of these clients are so far in debt that sometimes I can help them with a refinancing or debt consolidation, type loan product. Sometimes I also uncover things in their current mortgage document that they were "unaware" of (i.e. balloon payments, adjustable rates) to name a few that will or could financially devastate them or put them into a foreclosure situation! Premierie Financial Services provides education, internal supervision & protection to ensure that I provide a good & correct product to my clients & customers. I know you can not hear the sincerity in this writing, but I whole heartedly believe in doing what is right for my client 100% of the time! In passing this bill - a huge financial burden will be placed on my small business, but most importantly is going to limit competition & lead to increased cost to all Alaskan consumers. I also believe it opens the door, even further, for the Alaskan consumer to be taken even further advantage of without someone like me & my fellow Premierie representatives to educate & uncover things that could ultimately rob them of their hopes & dreams. I offer a very unique service as I often go to my clients & customers house (which is a huge deal) with our more rural surroundings many times this is done after the 5<sup>pm</sup> normal office hours & weekends included. Yes, I make house calls!

Signed: Sanya J. Larrabee  
Testifier

a small business owner & Premierie Financial Svcs  
Representing (Optional) a Cit Company

1375 E Parks Hwy # A, Wasilla 99654  
Address

(907) 357-1075 or (907) 727-7176 -cell phone  
Phone number

Please, Please, Please contact me if you desire to hear more of what this means to our fellow Alaskans from my point of view & my experiences. Sincerely Sanya Larrabee

Senate Finance Hearing on House Bill 162  
May 10, 2007

Mr. Chairman and members of the committee, I am an Alaska resident and small business owner and I oppose HB 162 in its current form.

The one-size-fits all regulation proposed in this bill does not make sense for my Primerica business and me. I provide a good service and product to Alaska consumers. It's called a financial needs analysis and it is complimentary to the consumer. With the financial needs analysis we are able to help Alaskan families achieve debt freedom and financial independence. I have recently been working with a family. We did a financial needs analysis for them and it is helping us get them to a better place financially. We are going to be able to get them completely out of debt in 8 years instead of 25 years, and that includes paying off their mortgage. For the first time ever they now have an emergency fund and are investing for retirement. When we restructured their debt we were able to free up \$1500 into their budget each month. That makes a tremendous impact on our consumers. We go to our clients' homes and that enables us to reach more consumers than would normally go into an office seeking financial help.

Primerica provides education, supervision, and internal protection to make sure I provide a good product to my customer and always do what is in their best interest.

We support corporate licensing which was included in a bill passed by the Senate last year. In fact we are closely supervised and monitored and attend as many as 70-80 hours of on-going training annually, most of which is on compliance and consumer protection. We can accomplish consumer protection through corporate licensing of Primerica.

Mr. Chairman and Committee Members, in summary I oppose this bill and urge your NO vote on HB 162. Thank you.

*Hope E Ronne*

Hope Ronne (Regional Leader)  
Primerica Financial Services  
1375 E Parks Hwy, Ste A  
Wasilla, AK 99654  
(907) 357-1075



Phyllis L. Hoffman  
Regional Vice President

Primerica Financial Services  
1375 E. Park Highway, Suite A  
Wasilla, AK 99654

Bus 907 357 1075  
Fax 907 357 1089

May 10, 2007

Thank you Mr. Chairman & members of the committee. For the record: my name is Phyllis Hoffman. I have been an Alaskan resident for 30 years. As a nurse in Valdez I served on the State Advisory board on Emergency Medicine under two Governors- Hammond & Sheffield. **TODAY AS A SMALL BUSINESS OWNER IN THE VALLEY I OPPOSE HB 162.**

As a Regional Vice President of Primerica Financial Services, my office in Wasilla serves a territory that covers the entire Mat-Su valley & beyond. My Primerica agents are already internally monitored by our company. They have 60-70 hours of on-going education, required continuing ed., all of their local, State & Federal licenses as well as 3 layers of compliance supervision. A duplicate mortgage loan originator license makes absolutely no sense.

We provide a desperately needed service to our community. Our agents make complimentary business and rural house calls- providing a comprehensive solution for debt elimination-retirement education and long term care options. Many times our solution for a client includes a re-finance to get them into a fixed mortgage and out of an ARM with an interest only second or other exotic product placed by a predatory lender. My office in Wasilla applied for over \$3 million dollars worth of these solutions last month alone. We provide not only a reputable fixed mortgage to these folks, we also stay with them, helping them move to a comfortable & dignified retirement. Ultimately preventing foreclosures, and State Medicaid.

**HB 162 will be a huge & unnecessary financial burden on my small business** and will severely limit the number of Mat-Su residents that currently have access to a complimentary service.

Thank You

Our Home office representative is in Juneau with you today to answer your questions, her name is Julie Granger.

Member of Citigroup

An independent  
representative of  
Primerica Financial Services

Representing  
Primerica Life Insurance  
Company  
Executive Office  
Duluth, GA

PFS Investments Inc.  
Member of NAIP  
A Registered Representative  
of PFS Investments Inc.  
3120 Breckinridge Blvd.  
Duluth, GA 30099-0001  
(770) 381-1000

Representing  
Primerica Financial Services  
Home Mortgage, Inc.  
EQUAL HOUSING OPPORTUNITY

Alaska Mortgage Bankers Association  
P.O. Box 92691  
Anchorage, Alaska 99509-2691

Mr. Chairman, members of the committee, thank you for hearing my testimony today.

My name is Kevin Breeland and I am President of the Alaska Mortgage Bankers Association. I am a 21 year resident of Alaska, 19 years in Anchorage and the last two years in Wasilla.

I also serve as Vice Chairman of the Predatory Lending Advisory Council, an advisory council of the "Don't Borrow Trouble Alaska" Campaign. I serving my fifth term on the Board of Directors for the Real Estate Service Providers Council, Inc in Washington, D.C. and I am the only member from Alaska. RESPRO is a cross industry trade association representing Lenders, Realtors, Title Companies, Appraisers, and Home Inspection Companies on regulator issues not only in Washington, D.C. but throughout the 50 states.

My day job I am a partner with Residential Mortgage, LLC in Anchorage, Alaska. Residential Mortgage, LLC is an Alaskan owned Mortgage Banker with offices in Anchorage, Eagle River, Wasilla, Fairbanks, Kenai, Seldotna, Kodiak, and here in Juneau. We employ 200+ people statewide, 60 of them as Mortgage Loan Originators. I am a one of those 60 Mortgage Loan Originators and I have been a mortgage loan originator for 28 years, 21 years in Alaska. Members of the committee, if you refer to page 35, lines 30 & 31, then page 36, lines 1 thru 17, that is the bill's description of a mortgage loan originator and that is what I do everyday.

I have no doubt you are aware Alaska is the only state that DOES NOT require any licensing, background checks, testing, or continuing education for mortgage lending. In Alaska, you are required only to get a business license which is \$100. However, I believe there is a bill pending that will reduce that fee to \$50. Mortgage Loan Originators are required in 26 states to be licensed as well. For most Alaskan Consumers the purchase of their home is the largest investment they will ever make. In a typical Real Estate Transaction in Alaska you have the following components, a licensed Real Estate agent, a licensed Home Inspector, if an engineer report is required he or she is a licensed engineer, you have a licensed Real Estate Appraiser, if repairs are required you have a licensed and bonded contractor, if you are buying new construction all the inspections required are either by licensed and certified ICBO inspector or by Municipality or Borough inspectors, and finally the Title work is preformed by a licensed Title Company under the jurisdiction of the Insurance Commissioner. Your mortgage loan however is done by an unlicensed company with unlicensed originators. As you may be aware of, HB 162 passed the House 34-0 with no amendments. The one amendment that was offered was voted down by the House 2-31. HB

162 is not anti-competitive, does not restrict anyone from working in the Mortgage Industry in Alaska, and does not close our borders to competition. HB 162 requirements are simple, if you want to do Mortgage Loans in Alaska, whether you have a physical presents or you are operating outside the state that is allowed. HB 162 will require you to make application to the Division of Banking, the company has to then be licensed, your originators also have to be licensed, they have to take a competency test, going forward continuing education is required, and it is business as usual. This bill will not take full effect until March 2009 so everyone currently operating in the State of Alaska will have plenty of time to receive their license.

You have received many form letters from agents with Primerica stating their company can not pay for the licensing fees so therefore they are going to be out of the mortgage business in Alaska. Let me walk through that statement with you. Primerica originated in 2006, according to their testimony, \$140,000,000 in mortgage loans. Understanding that in New York or California that amount is a small amount of mortgage loans, in Alaska that is not a part-time mortgage operation. Second, Primerica is owned by Citigroup, one of the world's wealthiest financial institutions with assets of 1 trillion dollars. Citigroup can not pay for the licensing fee for their Primerica agents. That fact has nothing to do with the bill, it has to do with the IRS and if Citigroup pays this fee the Primerica agents could possibly then be considered as W-2 employees. I appreciate the position Citigroup/Primerica is facing with the possibly of providing there agents with benefits. Although that question is surrounded by many other questions that issue is an internal issue between Citigroup and Primerica and has nothing to do with HB 162. Primerica claims in Alaska their agents only originate part-time. As a 28 year originator I can tell you that is all the more reason to license mortgage originators in Alaska.

HB 162 is an industry bill, brought to you by industry. It is a collaborated effort between the Alaska Mortgage Bankers Association and the Alaska Association of Mortgage Brokers. We have been working on licensing legislation for over 8 years. HB 162 has broad industry support from the National AARP, Alaska Association of Realtors, Alaska Home Builders Association, Alaska Land Title Association, The Appraisal Institute-Alaska Chapter, Anchorage Board of Realtors, Valley Board of Realtors, and the Anchorage Home Builders Association just to name a few.

Mr. Chairman, members of the committee, there is nothing in HB 162 that prevents anyone from remaining in the Mortgage Industry in Alaska. While there are arguments the fees will cause someone to go out of business, I ask you to think about what business we are talking about. This is your home, your sons and daughters, your mom and dad's home, and they deserve the consumer protection HB 162 provides. I urge you to pass out of committee without amendments HB 162.

**HB**

**164**

**HFIN**

**FILE**



# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CS HB 164 (FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title Ocean Rangers & Reporting Vessel Location

Dept. Affected: Dept. of Environmental Conservation  
RDU Division of Water  
Component Water Quality

Sponsor House Transportation Committee  
Requester House Finance Committee

Component No. 2062

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	118.4	118.4	118.4	118.4	118.4	118.4
Travel						
Contractual	1,838.7	1,838.7	1,838.7	1,838.7	1,838.7	1,838.7
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Commercial Passenger Vessel Environmen	1,957.1	1,957.1	1,957.1	1,957.1	1,957.1	1,957.1
<b>TOTAL</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>

Estimate of any current year (FY2007) cost: 811.3

Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

CS HB 164 (FIN) requires Ocean Rangers on board large commercial passenger vessels at random times determined by the Commissioner of the Department of Environmental Conservation. For the purposes of this fiscal note, the assumption is that on half of the voyages, there will be an Ocean Ranger presence.

Prepared by: House Finance Committee  
Division: \_\_\_\_\_  
Approved by: Representative Kevin Moyer  
Agency: Representative Mike Chonault

Phone: \_\_\_\_\_  
Date/Time: \_\_\_\_\_  
Date: \_\_\_\_\_

FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

BILL NO. \_\_\_\_\_

ANALYSIS CONTINUATION

Following are the line item expenditures identified in the this fiscal note:

**Personal Services:**

One PFT Environmental Engineer Associate, range 22B at \$118,479.

**Contractual Services:**

The contractual services line includes the Ocean Rangers and other program related costs such as vessel tracking, public notices, staff training, legal support, travel, and supplies. DEC will fund Ocean Rangers under contract, rather than attempt to hire them directly as state employees. DEC identifies that 15 Ocean Rangers will be needed to implement the provisions of CS HB 164 (JUD). The Ocean Rangers will be DEC certified Level III wastewater treatment operators.

# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note Number: CSHB164-LAW-ENV-4-21  
Bill Version: CSHB 164 (JUD)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_

Dept. Affected: Law

Title An Act relating to ocean rangers and reporting vessel location

RDU Civil

Component Environmental

Sponsor TRANSPORTATION

Requester HOUSE FINANCE

Component No. \_\_\_\_\_

### Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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### FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

### POSITIONS

Full-time						
Part-time						
Temporary						

### ANALYSIS: (Attach a separate page if necessary)

The bill would implement the Ocean Ranger program (per the 2006 Ballot Measure #2) by giving the DEC Commissioner the discretion to place Ocean Rangers aboard vessels in an Alaskan port or aboard vessels while the vessels are underway in Alaska marine waters between two Alaskan ports. Enactment of the bill is not expected to require a need for increased appropriation to the Department of Law.

Prepared by: Robert Meiners, Admin. Services Manager

Phone 465-5427

Division Administrative Services Division

Date/Time 4/26/07 9:05 AM

Approved by: Robert Meiners for Talis Colborn, Attorney General

Date 4/26/2007

Agency Department of Law

Revised

# FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

Fiscal Note Number: CSHB164-DEC-W-4-24-07  
Bill Version: CSHB164  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title Commercial passenger vessels operating in Alaska waters  
Sponsor House Transportation Committee  
Requester House Finance Committee

Dept. Affected: Dept of Environmental Conservation  
RDU Division of Water  
Component Water Quality  
Component No. 2062

### Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	312.1	312.1	312.1	312.1	312.1	312.1
Travel	12.0	12.0	12.0	12.0	12.0	12.0
Contractual	1,549.8	1,549.8	1,549.8	1,549.8	1,549.8	1,549.8
Supplies	83.2	83.2	83.2	83.2	83.2	83.2
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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### FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Commercial Passenger Vessel Envir)	1,957.1	1,957.1	1,957.1	1,957.1	1,957.1	1,957.1
<b>TOTAL</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>	<b>1,957.1</b>

Estimate of any current year (FY2007) cost: 811.3

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

### POSITIONS

Full-time	3	3	3	3	3	3
Part-time						
Temporary						

### ANALYSIS: (Attach a separate page if necessary)

CSHB 164 requires Ocean Rangers on board large cruise vessels at random times determined by the Commissioner. For purposes of this fiscal note, the Department assumed an Ocean Ranger presence on half of the voyages.

Prepared by: Lynn J. Tomich Kent  
Division: Director  
Approved by: Larry Hartig - Commissioner  
Agency: Department of Environmental Conservation

Phone: 907-269-7599  
Date/Time: 4/24/07 4:00 PM  
Date: 4/25/2007

FISCAL NOTE

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

BILL NO. CSHB 164

**ANALYSIS CONTINUATION**

Following are the line item expenditure calculations for the for the proposed legislation:

Personal Services: Under CSHB 164, DEC needs three positions to administer the program: Env. Prgm Mgr I, Env Eng Assoc, and Env Prgm Spec III.

Travel: Line item includes travel for DEC program staff for implementing the program.

Contractual: The contractual cost includes the Ocean Rangers (ORs) and other program related costs such as vessel tracking, public notices, staff training, and legal support. DEC will fund ORs under contract, rather than attempt to hire them directly as state employees.

Under the CSHB164 the total number of ORs needed is approximately 15. The OPs will be DEC certified Level III wastewater treatment operators.

Supplies: Line item includes wireless stations for Ocean Rangers and office equipment, computer and supplies for department staff.

*adopted  
4-26-07*

25-LS0585W  
Kane  
4/25/07

CS FOR HOUSE BILL NO. 164(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE TRANSPORTATION COMMITTEE

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to reporting of vessel location by certain commercial passenger vessels  
2 operating in the marine waters of the state, to access to vessels by a wastewater  
3 treatment operator for purposes of monitoring compliance with state and federal marine  
4 discharge and pollution requirements, to the obligations of that operator while aboard  
5 the vessels, and to the qualifications of the wastewater treatment operator; and  
6 providing for an effective date."

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

8 \* Section 1. AS 46.03.465(b) is amended to read:

9 (b) While a commercial passenger vessel is present in the marine waters of the  
10 state, the owner or operator of the vessel shall provide to the United States Coast  
11 Guard an hourly report of the vessel's location based on Global Positioning System  
12 technology and collect routine samples of the vessel's treated sewage, graywater, and  
13 other wastewaters being discharged into marine waters of the state with a sampling

1 technique approved by the department.

2 \* Sec. 2. AS 46.03.476 is repealed and reenacted to read:

3 Sec. 46.03.476. **Ocean Rangers.** (a) The commissioner shall require the owner  
4 or operator of a large commercial passenger vessel to allow a wastewater treatment  
5 operator hired or retained by the department on board the vessel at random times  
6 determined by the commissioner to perform the duties described in (b) of this section  
7 while the vessel is in port in Alaska or operating in Alaska waters between two Alaska  
8 ports.

9 (b) While on board a large commercial passenger vessel, the wastewater  
10 treatment operator shall

11 (1) act as an independent observer for the purpose of monitoring  
12 compliance with state and federal requirements pertaining to marine discharge and  
13 pollution requirements;

14 (2) monitor, observe, and record data and information related to marine  
15 discharge and pollution requirements in state and federal law, including registration,  
16 reporting, and record-keeping requirements.

17 (c) While on board the vessel the wastewater treatment operator shall comply  
18 with the vessel's approved United States Coast Guard security plan.

19 (d) Any information recorded or gathered by the wastewater treatment  
20 operator shall be promptly conveyed to the department and the United States Coast  
21 Guard on a form or in a manner approved by the commissioner. The commissioner  
22 may share information gathered with other state and federal agencies.

23 (e) In this section, "wastewater treatment operator" means a Level III  
24 wastewater treatment operator certified by the department under the authority of  
25 AS 46.30.080.

26 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
27 read:

28 **RETROACTIVITY.** Sections 1 and 2 of this Act are retroactive to December 17,  
29 2006.

30 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).