

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1173 SCOMM 34: HOUSE SPEC. COMMITTEE ON STATE LOANS 1983-84

1 percent of the resources of the corporation or \$500,000 [\$1,500,000],
2 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-
3 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

4 * Sec. 16. AS 37.12.080(b)(2) is repealed and reenacted to read:

5 (2) invest in or finance

6 (A) more than 49 percent of the combined equity and debt
7 obligation of an applicant;

8 (B) more than 49 percent of the voting shares of a re-
9 source project ; or

10 (C) more than 70 percent of the cost of a resource
11 project;

12 * Sec. 17. AS 37.12.080(b)(3) is amended to read:

13 (3) make a loan for a period in excess of 30 years [UNLESS
14 THE LEGISLATURE HAS APPROVED THE LOAN BY CONCURRENT RESOLUTION];

15 * Sec. 18. AS 37.12.080(b)(5) is amended to read:

16 (5) provide funds to any state agency [UNLESS THAT EXPENDI-
17 TURE IS INCLUDED IN THE CORPORATION'S ANNUAL BUDGET];

18 * Sec. 19. AS 37.12.080(b)(6) is amended to read:

19 (6) make [ALLOCATE TO] grants [MORE THAN 10 PERCENT OF THE
20 ANNUAL APPROPRIATION OF THE CORPORATION].

21 * Sec. 20. AS 37.12.080(b) is amended by adding a new paragraph to read:

22 (7) make loans to provide short-term working capital.

23 * Sec. 21. AS 37.12.090 is repealed and reenacted to read:

24 Sec. 37.12.090. REPORTS AND PUBLICATIONS. (a) The corporation
25 shall publish an annual report by January 10 of each year for distribu-
26 tion to the governor, the legislature, and the public. The report shall
27 be written in easily understandable language, shall consider the assigned
28 duties of the corporation, and shall include

29 (1) a financial statement audited by an independent outside

1 auditor;

2 (2) a statement of the corporation's investments under this
3 chapter including an appraisal of the investments at market value;

4 (3) a description of corporation investment activity during
5 the period covered by the report;

6 (4) a comparison of the corporation's performance with the
7 goals of the corporation;

8 (5) an overall financial plan describing the anticipated risk
9 and return on investment in the different categories of investment
10 undertaken;

11 (6) a summary of employment provided and of wages and state
12 and local taxes paid by resource projects invested in or assisted by the
13 corporation; and

14 (7) any other information the members of the board believe
15 would be of interest to the governor, the legislature, and the public.

16 (b) The annual income statement and balance sheet of the corpora-
17 tion shall be published in at least one newspaper in each judicial
18 district.

19 (c) The corporation may publish other relevant reports.

20 * Sec. 22. AS 37.12.095 is repealed and reenacted to read:

21 Sec. 37.12.095. OPERATING BUDGET. The operating budget of the
22 corporation is subject to the Executive Budget Act (AS 37.07).

23 * Sec. 23. AS 37.12.125(2) is amended to read:

24 (2) "board" means the Board of Directors [TRUSTEES] of the
25 Alaska [RENEWABLE] Resources Corporation;

26 * Sec. 24. AS 37.12.125(3) is amended to read:

27 (3) "corporation" means the Alaska [RENEWABLE] Resources
28 Corporation;

29 * Sec. 25. AS 37.12.125(4) is amended to read:

1 (4) "project" means products, markets, innovation, or tech-
2 nological developments for the rehabilitation, enhancement, or develop-
3 ment of [RENEWABLE] resources and includes applied research for those
4 products, markets, or technological developments;

5 * Sec. 26. AS 37.12.125(5) is repealed and reenacted to read:

6 (5) "rehabilitation, enhancement and development" means an
7 activity that leads to an increase in the quality or productivity of a
8 resource, and to an increase in the benefits derived from the resource
9 for citizens of the state;

10 * Sec. 27. AS 37.12.125(6) is repealed and reenacted to read:

11 (6) "resource" includes, but is not limited to fisheries,
12 agriculture, forest products, renewable energy, tourism, mining, basic
13 manufacturing and other industrial development; "resource" does not
14 include real estate development or retail sales or services;

15 * Sec. 28. AS 37.12.125 is amended by adding a new paragraph to read:

16 (7) "small enterprise" means a business enterprise with gross
17 sales revenue of \$10,000,000 or less for its annual reporting period
18 ending immediately before an application to the corporation for financial
19 assistance; a new business enterprise that has not completed an annual
20 reporting period before an application but that anticipates sales revenue
21 of \$10,000,000 or less in its first annual reporting period is a "small
22 enterprise".

23 * Sec. 29. AS 24.20.201(a)(9) is amended to read:

24 (9) hold public hearings on the confirmation of the members
25 of the Board of Trustees of the Alaska Permanent Fund Corporation [, AND
26 THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ALASKA RENEWABLE RESOURCES
27 CORPORATION];

28 * Sec. 30. AS 24.20.206(1) is amended to read:

29 (1) report to the legislature its recommendations relating to

1 the confirmation of appointees to the Board of Trustees of the Alaska
2 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA
3 RENEWABLE RESOURCES CORPORATION];

4 * Sec. 31. AS 44.66.010(a)(7) is amended to read:

5 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --

6 June 30, 1992 [1982];

7 * Sec. 32. AS 46.12.120(4) is amended to read:

8 (4) in developing its programs, consult with the Alaska
9 Council on Science and Technology, the Alaska Power Authority, the
10 Alaska [RENEWABLE] Resources Corporation, the division of energy and
11 power development of the Department of Commerce and Economic Develop-
12 ment, the Department of Natural Resources, and the University of Alaska;
13 the board shall meet with responsible officials and representatives of
14 these organizations and agencies at least twice each year;

15 * Sec. 33. The following laws are repealed: AS 37.12.020, 37.12.040,
16 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-
17 085(2), and 37.12.115.

18 * Sec. 34. The initial terms of members of the Board of Directors of the
19 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as
20 amended in sec. 5 of this Act shall be one member serving one year, one
21 member serving two years, one member serving three years, and one member
22 serving four years. Initial members of the Board of Directors of the Alaska
23 Resources Corporation shall be appointed within 30 days from the effective
24 date of this Act. The Board of Trustees of the Alaska Renewable Resources
25 Corporation serves as an interim Board of Directors of the Alaska Resources
26 Corporation until the initial Board of Directors of the Alaska Resources
27 Corporation is appointed by the governor. The Board of Trustees of the
28 Alaska Renewable Resources Corporation is dissolved on appointment of the
29 initial Board of Directors of the Alaska Resources Corporation.

1 * Sec. 35. The Alaska Renewable Resources Corporation is dissolved on the
2 effective date of this Act.

3 * Sec. 36. All appropriations, records, equipment, and other assets,
4 liabilities, and obligations of the Alaska Renewable Resources Corporation
5 are transferred to the Alaska Resources Corporation on the effective date of
6 this Act.

7 * Sec. 37. Employees of the Alaska Renewable Resources Corporation become
8 employees of the Alaska Resources Corporation on the effective date of this
9 Act.

10 * Sec. 38. The limitation on financial assistance in AS 37.12.080(b)(1)
11 and (2) as amended in secs. 15 and 16 of this Act applies to financial assis-
12 tance provided or commitments made under AS 37.12 after the effective date of
13 this Act.

14 * Sec. 39. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

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3:00 PM. afternoon.

HB-666
HB-323

~~Choice~~

~~Choice~~ -
(HB-666)

Meeting

1. Schedule of Meetings - Meetings everyday - 3 days - liquid assets AHFC.
2. AG. LOAN FUND - Changes recommended 6% - 8%
3. Commercial Fishing - language changes,
4. AIDA - 15 PAGE BILL BY STERLING C.
5. Lock flow.
6. AHFC. - INCREASE MOBIL HOME, TRI- PLEXES, FOUR PLEX-
7. ENERGY CONSERVATION - STORM DOOR, WOOD STOVES SHOULD THEY BE PUT BACK IN. COAL STOVES - REP. CARNEY,
8. HOUSING ASSISTANCE, INT. RATES - CRA - RATES WILL BE THE SAME, RECOMMENDED BY WILLIAMS
9. REGIONAL LOAN OFFICE, REGIONAL HOUSING AUTHORITY - PRE- EMPLOYMENT - ~~CR~~ A. ^{SEN} FURBERSON
10. SENIOR CITIZEN MEMO - BETTINWORTH -
11. MINING LOANS, - 5 LOANS, LOAN LIMITS IS TOO HIGH.
12. NO UNDERWRITERS - FAIRBANKS

VIOLONE -

AHFC. - HOME OWNERSHIP PROGRAM, RURAL HOUSING PROGRAM.
LIST OF ISSUES, WITNESSES,

1. COMPREHENSIVE ISSUES TO BE LISTED, QUESTION, BACK UP INFORMATION
2. AGENDA - ORGANIZATION, SCHEDULE OF MEETING,
3. RESEARCH ISSUES, WHAT LISTS DO WE NEED TO GET LIMITED POWERS OF ~~FREE~~ CONFERENCE.
4. MEERINS HAS LIST OF ALL ISSUES. SCHEDULE
5. LIST OF ISSUES, STAFF CAN MAKE RECOMMENDATIONS
6. LIQUID ASSETS, HOUSING PROGRAM, AIDA, AHFC,
ILL - LIQUID ASSETS, WILL THEY NEED THEM.

LIMITED
POWERS FREE
CONF.

Adopted 5/4/82

Asper
4/21/82 -

Original sponsor: Finance Committee

1 IN THE SENATE

BY THE CONFERENCE COMMITTEE

2 CONFERENCE CS FOR SENATE BILL NO. 593

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

10 * Section 1. AS 18.56.098(h) is amended to read:

11 (h) The corporation shall establish the interest rate on a second
12 mortgage loan purchased under (a) of this section in the manner estab-
13 lished for computing the interest rates on a first mortgage loan under
14 (g) of this section except that, in the case of a second mortgage loan,
15 if the first mortgage loan made to the same borrower is held by the
16 corporation and was purchased under the special mortgage loan purchase
17 program, the outstanding principal balance of the existing first mortgage
18 loan is subtracted from \$90,000 to determine the amount of the loan that
19 is eligible for an interest rate on a second mortgage loan determined by
20 reference to (g) of this section.

21 * Sec. 2. AS 18.56.110(g) is amended to read:

22 (g) Notwithstanding AS 18.56.090(12) and (a) of this section, the
23 corporation may not issue bonds, other than refunding bonds, in any
24 12-month period beginning after June 30, 1983 [1982], in an amount that
25 exceeds the amount of bonds authorized to be issued during the preceding
26 period, unless a different amount is authorized by the legislature.

27 * Sec. 3. In addition to the amount authorized by sec. 48, ch. 115, SLA
28 1981, the Alaska Housing Finance Corporation may issue bonds in the principal
29 amount of \$210,000,000 during the fiscal year ending June 30, 1982.

ADDED

1 * Sec. 4. The Alaska Housing Finance Corporation may issue bonds in the
2 principal amount of \$980,000,000 during the fiscal year ending June 30, 1983.

3 * Sec. 5. For the purpose of assisting the Alaska Housing Finance Corpora-
4 tion to provide money for the purchase of mortgages made for residences for
5 qualifying veterans under AS 18.56, tax-exempt revenue bonds of the Alaska
6 Housing Finance Corporation may be unconditionally guaranteed as to principal
7 and interest by the state in the principal amount of not more than
8 \$400,000,000. The full faith, credit, and resources of the state are pledged
9 to the payment of the principal and interest on these bonds and the principal
10 and interest on the bonds is secured by the general obligation of the State
11 of Alaska. This statement shall be printed on the face of the bonds and
12 shall be signed in manual or facsimile form by the governor. The provisions
13 of AS 37.15 do not apply to the bonds. The bonds shall be sold by the Alaska
14 Housing Finance Corporation under AS 18.56 at public sale in amounts and at
15 times approved by the state bond committee.

16 * Sec. 6. If the question set out in sec. 8 of this Act is approved by
17 the qualified voters of the state who vote on the question, the Alaska
18 Housing Finance Corporation may issue not more than the principal amount of
19 \$400,000,000 of its revenue bonds that are unconditionally guaranteed as to
20 principal and interest by the state, the proceeds of which shall be expended
21 by the Alaska Housing Finance Corporation to provide money for the purchase
22 of mortgages made for residences for qualifying veterans under AS 18.56.

23 * Sec. 7. As used in this Act a qualifying veteran is a person who is a
24 qualified veteran as the term is defined or may be subsequently defined under
25 the Mortgage Subsidy Bond Tax Act of 1980.

26 * Sec. 8. The question of whether or not the state guaranty of bonds
27 referred to in this Act shall be made shall be submitted to the qualified
28 voters of the state at the first general election after the effective date of
29 this Act and shall read substantially as follows:

PROPOSITION

State Guaranteed Veterans Residential
Mortgage Bonds \$400,000,000

Shall the State of Alaska unconditionally guarantee as a general obligation of the state, the payment of principal and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than \$400,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined by law?

Bonds Yes []

Bonds No []

* Sec. 9. The state may not guarantee bonds under this Act unless the voters of the state approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska that allows the state to contract debt for housing loans for veterans.

* Sec. 10. If the voters of the state do not approve an amendment to art. IX, sec. 8 of the Constitution of the State of Alaska that allows the state to contract debt for housing loans for veterans the first time the proposed amendment appears on a general election ballot, secs. 5 - 8 of this Act are repealed.

* Sec. 11. Sections 5 - 10 of this Act take effect on the adoption by the Twelfth Legislature of a version of a resolution that places a proposed constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans, on a general election ballot for approval by the voters of the state.

* Sec. 12. Sections 1 - 4 of this Act take effect immediately in accordance with AS 01.10.070(c).

*Livertson
Powers FREE
Cook*

Original sponsor: Finance Committee

Offered: 4/1/82
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 593 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

10 * Section 1. AS 18.56.098(h) is amended to read:

11 (h) The corporation shall establish the interest rate on a second
12 mortgage loan purchased under (a) of this section in the manner estab-
13 lished for computing the interest rates on a first mortgage loan under
14 (g) of this section except that, in the case of a second mortgage loan,
15 if the first mortgage loan made to the same borrower is held by the
16 corporation and was purchased under the special mortgage loan purchase
17 program, the outstanding principal balance of the existing first mortgage
18 loan is subtracted from \$90,000 to determine the amount of the loan that
19 is eligible for an interest rate on a second mortgage loan determined by
20 reference to (g) of this section.

21 * Sec. 2. AS 18.56.110(g) is amended to read:

22 (g) Notwithstanding AS 18.56.090(12) and (a) of this section, the
23 corporation may not issue bonds, other than refunding bonds, in any
24 12-month period beginning after June 30, 1983 [1982], in an amount that
25 exceeds the amount of bonds authorized to be issued during the preceding
26 period, unless a different amount is authorized by the legislature.

27 * Sec. 3. In addition to the amount authorized by sec. 48, ch. 115, SLA
28 1981, the Alaska Housing Finance Corporation may issue bonds in the principal
29 amount of \$210,000,000 during the fiscal year ending June 30, 1982.

1 * Sec. 4. The Alaska Housing Finance Corporation may issue bonds in the
2 principal amount of \$980,000,000 during the fiscal year ending June 30, 1983.

3 * Sec. 5. For the purpose of assisting the Alaska Housing Finance Corpora-
4 tion to provide money for the purchase of mortgages made for residences for
5 qualifying veterans under AS 18.56, revenue bonds of the Alaska Housing
6 Finance Corporation may be unconditionally guaranteed as to principal and
7 interest by the state in the principal amount of not more than \$400,000,000.
8 The full faith, credit, and resources of the state are pledged to the payment
9 of the principal and interest on these bonds and the principal and interest
10 on the bonds is secured by the general obligation of the State of Alaska.
11 This statement shall be printed on the face of the bonds and shall be signed
12 in manual or facsimile form by the governor. The provisions of AS 37.15 do
13 not apply to the bonds. The bonds shall be sold by the Alaska Housing Finance
14 Corporation under AS 18.56 at public sale in amounts and at times approved by
15 the state bond committee.

16 * Sec. 6. If the question set out in sec. 8 of this Act is approved by
17 the qualified voters of the state who vote on the question, the Alaska Housing
18 Finance Corporation may issue not more than the principal amount of
19 \$400,000,000 of its revenue bonds that are unconditionally guaranteed as to
20 principal and interest by the state, the proceeds of which shall be expended
21 by the Alaska Housing Finance Corporation to provide money for the purchase
22 of mortgages made for residences for qualifying veterans under AS 18.56.

23 * Sec. 7. As used in this Act a qualifying veteran is a person who served
24 on active duty in the United States military service, and who was discharged
25 or released under conditions other than dishonorable or a person who is a
26 qualified veteran as the term may be otherwise defined under the Mortgage
27 Subsidy Bond Tax Act of 1980.

28 * Sec. 8. The question of whether or not the state guaranty of bonds
29 referred to in this Act shall be made shall be submitted to the qualified

1 voters of the state at the first general election after the effective date of
2 this Act and shall read substantially as follows:

3 PROPOSITION

4 State Guaranteed Veterans Residential

5 Mortgage Bonds \$400,000,000

6 Shall the State of Alaska unconditionally guarantee
7 as a general obligation of the state, the payment
8 of principal and interest on revenue bonds of the
9 Alaska Housing Finance Corporation issued in the
10 principal amount of not more than \$400,000,000 for
11 the purpose of purchasing mortgages made for resi-
12 dences for qualifying veterans, as defined by law?

13 Bonds Yes []

14 Bonds No []

15 * Sec. 9. The state may not guarantee bonds under this Act unless the
16 voters of the state approve an amendment to art. IX, sec. 8 of the Consti-
17 tution of the State of Alaska that allows the state to contract debt for
18 housing loans for veterans.

19 * Sec. 10. If the voters of the state do not approve an amendment to
20 art. IX, sec. 8 of the Constitution of the State of Alaska that allows the
21 state to contract debt for housing loans for veterans, the first time the
22 proposed amendment appears on a general election ballot, secs. 5 - 8 of this
23 Act are repealed.

24 * Sec. 11. Sections 5 - 10 of this Act take effect on the adoption by the
25 Twelfth Legislature of a version of a resolution that places a proposed
26 constitutional amendment to art. IX, sec. 8 of the Constitution of the State
27 of Alaska to allow the state to contract debt for housing loans for veterans,
28 on a general election ballot for approval by the voters of the state.

29 * Sec. 12. Sections 1 - 4 of this Act take effect immediately in accor-
dance with AS 01.10.070(c).

A G E N D A

Conference Committee

House CS for Senate Bill No. 666 (Finance) Am H

Friday, April 23, 1982

I. Alaska Housing Finance Corporation:

7) Shall the subsidy rates for tri-plexes and four-plexes under AHFC be modified?

48) Shall the AHFC interest rate language be modified?

II. Proposed Amendments Pending:

Amendment #2: relating to the Agricultural Loan Act

Amendment #3: relating to the Alternative Technology and Energy Revolving Loan Fund

Amendment #4: relating to senior citizens housing

Amendment #5: relating to repealers

Amendment #7: relating to AS 18.55.997

Amendment #8: relating to AS 18.56.170

III. Other Proposed Amendments:

5) Shall existing language in AS 16.10.310-360 be modified?

6) Shall foreclosure procedures for loans made under AS 16.10 be modified?

8) Shall the Division of Housing Assistance be allowed broader use of the appropriation to the senior citizens housing fund?

28) Shall the language in Sections 31-35 of the bill relating to the transfer of rural programs from AHFC be modified?

29) Shall the language in Section 39 of the bill relating to owner-occupied housing be modified?

30) Shall the language in Section 49 of the bill relating to effective dates be modified?

31) Shall language be added to AS 44.47 to allow Regional Native Housing Authorities to perform the loan function for rural housing in

places where the Division of Housing Assistance has no offices?

32) Shall language be added to the bill relating to the Alaska Municipal Bond Bank Authority?

45) Shall language be added to the bill relating to the establishment of an Alaska Resources Corporation in place of the ARRC?

51) Shall intent language be adopted to allow the Division of Loans to use a portion of their funds for an outreach program for the fishing loan program?

52) Shall language be added to the bill relating to the loan repayment provisions under AS 44.81.210?

AGENDA

Conference Committee

House CS for Senate Bill No. 666 (Finance) - Am H

Wednesday, April 28, 1982

4:00 p.m.

I. Alaska Industrial Development Authority: (To be continued on Friday)

- 40) Shall the language in Section 41 of the bill relating to multi-family housing be modified?
- 41) Shall AS 44.88 relating to delinquency provisions be modified?

II. Proposed Amendments Pending:

- Amendment #2: relating to the Agricultural Loan Act
- Amendment #3: relating to the Alternative Technology and Energy Revolving Loan Fund
- Amendment #4: relating to senior citizens housing
- Amendment #5: relating to repealers
- Amendment #7: relating to AS 18.55.997
- Amendment #8: relating to AS 18.56.170

III. Other Proposed Amendments:

- 5) Shall existing language in AS 16.10.310-360 be modified?
- 6) Shall foreclosure procedures for loans made under AS 16.10 be modified?
- 8) Shall the Division of Housing Assistance be allowed broader use of the appropriation to the senior citizens housing fund?
- 28) Shall the language in Sections 31-35 of the bill relating to the transfer of rural programs from AHFC be modified?
- 29) Shall the language in Section 39 of the bill relating to owner-occupied housing be modified?
- 30) Shall the language in Section 49 of the bill relating to effective dates be modified?
- 31) Shall language be added to AS 44.47 to allow Regional Native Housing Authorities to perform the loan function for rural housing in places where the Division of Housing Assistance has no offices?

32) Shall language be added to the bill relating to the Alaska Municipal Bond Bank Authority?

45) Shall language be added to the bill relating to the establishment of an Alaska Resources Corporation in place of the ARRC?

51) Shall intent language be adopted to allow the Division of Loans to use a portion of their funds for an outreach program for the fishing loan programs?

52) Shall language be added to the bill relating to the loan repayment provisions under AS 44.81.210?

53) Shall language be added to the bill relating to the Title Loss Reserve Account under AS 44.47.420?

For Friday, April 30th:

IV. Alaska Housing Finance Corporation:

7) Shall the subsidy rates for tri-plexes and four-plexes under AHFC be modified?

48) Shall the AHFC interest rate language be modified?

Alaska Agricultural Loan Act:

Proposed amendment by Senator Rodey: #1

Page 2, line 19: amend to read:

(g) A loan for clearing land may not be made unless the land to be cleared is classified as Class 3 or better by the Soil Conservation Service, and may not

- (1) exceed \$250,000 [\$400,000];
- (2) bear interest that is less than [EXCEEDS] eight percent; or
- (3) have a term in excess of 20 [30] years.

Delete Section 3

Delete Section 6

2

Add to Sec. 2 of the bill:

(5) shall, if made at an initial interest rate less than the commercial rate, provide for increasing interest payment of one hundred basis points per year, beginning in the third year, up to the commercial rate of interest, and at the commercial rate thereafter.

(6) shall not, if a refinancing of a loan made under this chapter, be made at a lower percentage rate of interest than the loan being refinanced.

Amendment to Amendment #2

AMENDMENT TO AGRICULTURAL LOAN ACT

BY RODEY

AS 03.10.030(f) is amended to read:

(f) A farm product processing loan may not exceed \$250,000 [\$2,500,000]. A mortgage which secures a farm product processing loan may be of any priority if the total indebtedness on the real estate, including the secured farm product processing loan, does not exceed \$250,000 [\$2,500,000]. A farm product processing loan which, if made, would raise the existing indebtedness on the real estate securing the loan above \$250,000 [\$2,500,000], or a farm product processing loan on real estate which has a prior indebtedness of \$250,000 [\$2,500,000] or more, may be made only if all prior mortgagees agree to subordinate their mortgages to that of the state for the amount of the farm product processing loan which exceeds the \$250,000 [\$2,500,000] indebtedness limit on the real estate. A farm product processing loan may not exceed a term of 30 years or bear interest that is less than [EXCEEDING] eight percent a year and shall be secured by a real estate or chattel mortgage or both.

** Delete amendment #2*

Alternative Technology and Energy Revolving Loan Fund

Proposed amendments by Senator Rodey: #2

Delete the following:

AS 45.88.010. Fund established [TERMINATES JUNE 30, 1984]

Section 43 of the bill: repeal and re-enact to read:

(e) The rate of interest equals the percentage of the average weekly yield of municipal bonds for the 12 months preceding the loan, as determined by the commissioner of commerce and economic development from municipal bond yield rates as reported in the 30-year revenue index of the Weekly Bond Buyer.

Delete Section 44

Amend Section 45 to read:

(3) does not include

- (A) a coal or multi-fuel heating stove; or
- (B) a fireplace.

Include intent language to state: "It is the intent of the Conference Committee on SB 666 that no more than 65 percent of the appropriation to the Alternative Technology and Energy Revolving Loan Fund be used to make loans for wood stoves."

* Delete Amendment #3 and replace with:

*Delete Section 44

* Amend Section 45 to read:

AS 45.88.500(3) does not include

- (A) a [WOOD,] coal [,] or multi-fuel heating stove; or
- (B) a fireplace [OR FIREPLACE INSERT].

* Adopt intent language to state:

"It is the intent of the conference committee on SB 666 that no more than 65 percent of the appropriation to the Alternative Technology and Energy Revolving Loan Fund be used to make loans for wood stoves."

Introduced: 3/20/81
Referred: Community & Regional
Affairs and Finance

BY RODEY, FERGUSON, FISCHER,
COLLETTA, GILMAN AND RAY

1 IN THE SENATE

2 SENATE BILL NO. 311

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to senior citizen housing and amending
7 the housing development revolving loan fund; and
8 providing for an effective date."

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

10 * Section 1. AS 18.54.010 is amended to read:

11 CHAPTER 54. SENIOR CITIZENS HOUSING DEVELOPMENT [REVOLVING LOAN] FUND.

12 Sec. 18.54.010. DECLARATION OF PURPOSE. There exists within the
13 state a serious shortage of decent, safe and sanitary residential
14 housing available at low or moderate prices or rentals to persons
15 60 years of age or older [OF LOWER AND MODERATE INCOME]. There also
16 exists in the state organizations whose purposes are to provide the
17 kinds of housing needed to alleviate this shortage. Development work
18 to provide such housing involves substantial expense which is often
19 beyond the resources of the organizations.

20 * Sec. 2. AS 18.54.070(a) is amended to read:

21 (a) There is created within the Department of Community and
22 Regional Affairs a senior citizens housing development fund. Subject
23 to direct appropriation or through proceeds of a bonding issue the
24 department shall make grants [OR LOANS] to municipalities [or to corpora-
25 tions] or to public or private nonprofit corporations designated as tax
26 exempt under sec. 501(c)(3) and (4) of the Internal Revenue Code of
27 1954 [ELIGIBLE FOR LOANS UNDER AS 18.54.050] for the purpose of develop-
28 ing senior citizen housing. A grant from the proceeds of a bond issue
29 may be made only to municipalities.

4

* Sec. 3. AS 18.54.070(b) is amended to read:

(b) Application for a grant [OR LOAN] under (a) of this section shall be in the form prescribed by the department. The application shall demonstrate the need for senior citizen housing in the area to be served, the feasibility of the proposed project, and an adequate management plan which shall demonstrate the ability of the eligible recipient to sustain the proposed project.

* Sec. 4. AS 18.54.070(e) is amended to read:

(e) In this section "senior citizen housing" means a specific work or improvement undertaken primarily to provide dwelling accommodations for persons 60 years of age or older, including but not limited to, conventional housing, housing for the frail elderly, group homes, congregate housing and other housing that meets special needs of the elderly, and includes the acquisition, construction or rehabilitation of land, buildings and improvements and other nonhousing facilities that are incidental or appurtenant to the housing.

* Sec. 5. AS 18.54.020 - 18.54.060 are repealed.

* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Repealers

#5
Amendments proposed by Senator Rodey:

1) Repeal Alaska State Housing Authority Revolving Fund:

repeal AS 18.55.360 and AS 18.55.370

2) Repeal the loan program for Alaska Native Claims Settlement Act, P.L. 92-203, corporations

repeal AS 44.25.030 - 44.25.038

3) Repeal temperate social activities revolving loan fund:

repeal AS 44.47.320 - 44.47.350

4) Repeal the Alaska economic disaster impact fund:

* Section 1. AS 37.11.100 is repealed.

* Sec. 2. AS 44.33.285 is amended to read:

Sec. 44.33.285. ACTION BY GOVERNOR. The governor may, upon recommendation of the commissioner of commerce and economic development, designate by proclamation an area as an area impacted by an economic disaster. When an area is so designated, the legislature may appropriate money for assistance grants [SHALL BE MADE BY THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT AS PROVIDED IN AS 37.11.100] and the governor may recommend in his budget submission that capital projects planned for the area be accelerated and that new projects be funded for the area. The proclamation may provide that waivers of capital projects requirements, as authorized in AS 44.33.300, become effective only to the extent set out in the proclamation.

5) Repeal the Residential Care Facility Revolving Loan Fund:

repeal AS 44.33.320 - 44.33.380

6) Repeal Tourism Revolving Fund

repeal AS 45.90.010 - 45.90.040

7) Repeal Small Business Loans:

repeal AS 45.95.010 - 45.95. 080

Repealers

Asper
4/21/82

#10

Amendment No. ____

TO: HCSSB 666(Fin)am H

Page 15, after line 16, insert a new section to read:

* Sec. ____ AS 44.47.410 is amended to read:

Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a mortgage loan originated or purchased in whole or in part under AS 44.47.380 for nonconforming housing that is not rural housing is equal to the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(g) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380.

(b) The interest rate on a mortgage loan originated or purchased in whole or in part under AS 44.47.380 for rural housing is 10-1/2 percent.

Page 17, lines 20 - 21:

Delete all material and insert a new paragraph (6) to read:

(6) "rural housing" means housing, whether or not it is nonconforming housing, that is located in a rural area of the state.

Page 19, lines 19 - 27:

Delete *Sec. 49

(PREFACE) #10 AMENDMENT

AS 18.56.100(b) is amended to read:

(b) Consistent with AS 18.56.090, the corporation may make temporary and permanent loans from the housing development fund, at such interest rate or rates as determined by the corporation, and with such security for repayment as is necessary and practicable, to

[1] DEFRAY DEVELOPMENT COSTS OF SPONSORS, BUILDERS, AND DEVELOPERS OF RESIDENTIAL HOUSING;

(2) PROVIDE TO PERSONS OF LOWER AND MODERATE INCOME WHO ARE APPLYING FOR MORTGAGES, THE AMOUNTS REQUIRED TO MAKE DOWN PAYMENTS AND PAY CLOSING COSTS AND TO HOUSING OWNERS THE AMOUNTS APPLIED FOR PARTIAL RENTAL PAYMENTS AND MORTGAGE INTEREST PAYMENTS UNDER AS 18.56.090(4); OR

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

AS 18.56.100(c) is amended to read:

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund [AND THE PROCEEDS OF SALE OF FUND NOTES]; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

AS 18.56.100(e), (f), (g), (h), (i) and (j) ^{and (k)} are repealed provided that fund notes heretofore issued in accordance with these paragraphs are confirmed in all respects.

§ 18.56.100(k) is amended to read:

(a) There is created a [SPECIAL REVOLVING LOAN FUND TO BE KNOWN AS THE "] housing development fund [] to be administered as a trust fund separate and distinct from any other money or funds administered by the corporation.

Amendment #

7

G Rody

Amend HCS for SB 666 (Finance) am H

Page 9, lines 6 to 8, are amended:

(4) "residence" means an owner-occupied, single-family residence, including a mobile home, [or] and (i) an owner-occupied duplex, (ii) or an owner-occupied triplex or four-plex the construction of which was completed after July 1, 1982.

Amendment # Agenda # 7

Section 22: Delete Section 21

Section 19: Delete Section 19

As a new Section to read:

AS 28.56.098(g) is amended to read:

ii The corporation shall establish the interest rate on a first mortgage loan for a single family or duplex residence purchased

As a new Section to read

AS 28.56.098 is amended by adding a new subsection to read:

The corporation shall establish the interest rate on a mortgage loan purchased under (a) of this section for a triplex or fourplex in the same manner established for computing the interest rate on a first mortgage loan under (g) of this section except that the amount of loan bearing the interest rate determined in accordance with subsection (2) of this section shall be \$ 105,000 for a triplex and \$ 140,000 for a fourplex residence.

#10 RODEY
AS 18.56.100(b) is amended to read:

(b) Consistent with AS 18.56.090, the corporation may make temporary and permanent loans from the housing development fund, at such interest rate or rates as determined by the corporation, and with such security for repayment as is necessary and practicable, to

[1] DEFRAY DEVELOPMENT COSTS OF SPONSORS, BUILDERS, AND DEVELOPERS OF RESIDENTIAL HOUSING;

(2) PROVIDE TO PERSONS OF LOWER AND MODERATE INCOME WHO ARE APPLYING FOR MORTGAGES, THE AMOUNTS REQUIRED TO MAKE DOWN PAYMENTS AND PAY CLOSING COSTS AND TO HOUSING OWNERS THE AMOUNTS APPLIED FOR PARTIAL RENTAL PAYMENTS AND MORTGAGE INTEREST PAYMENTS UNDER AS 18.56.090(4); OR

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

AS 18.56.100(c) is amended to read:

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund [AND THE PROCEEDS OF SALE OF FUND NOTES]; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

AS 18.56.100(e), (f), (g), (h), (i) and (j) are repealed provided that fund notes heretofore issued in accordance with these paragraphs are confirmed in all respects.

~~Sec. 6, AS 18.56.009 is amended by adding a new para-~~
~~graph (1) to read:~~

~~(1) If the funds to purchase a mortgage loan made~~
~~to a veteran under the mortgage interest reduction purchase~~
~~program are provided by the Alaska bonds of the cor-~~
~~poration, such interest by the corporation shall not be~~
~~subject to the provisions of AS 18.56.010, but shall be~~
~~subject to the provisions of AS 18.56.011, and shall be~~
~~for veterans, or the interest rate on such loan may~~
~~be determined by the corporation, the bond a "qualified~~
~~veteran mortgage bond" under the Mortgage Subsidy~~
~~Bond Tax Act of 1953 (26 USC sec. 103A) as amended in~~
~~effect or hereafter amended.~~

~~* Sec. 9, AS 18.56.009 is amended by adding a new para-~~
~~graph (1) to read:~~

~~(1) Any interest rate established under this~~
~~section on a mortgage loan purchased or intended to be~~
~~purchased by the corporation shall not be subject to~~
~~AS 18.56.010, but shall be subject to AS 18.56.011, and~~
~~if the corporation owns the mortgage bond,~~

~~AS 18.56.101 is amended to read:~~

Sec. 18.56.101. ELIGIBILITY FOR VETERANS'
 INTEREST RATES. The following persons are eligible
 veterans for the purposes of AS 18.56.098(g) and (h):

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

(A) who at the time of induction into the
 service was a resident of the territory or state,

1 [WHO HAD BEEN A RESIDENT FOR NOT LESS THAN ONE
2 YEAR IMMEDIATELY BEFORE HIS INDUCTION;] and who
3 returned to the territory or state within one year
4 after discharge as a resident [WITH THE INTENTION
5 OF REMAINING IN THE TERRITORY OR STATE]; or

6 (B) who, not being a [BONA FIDE] resident of
7 the territory or state at the time of entry into
8 the service, was [HAS BEEN] a resident of the
9 territory or state [FOR AT LEAST ONE YEAR] at the
10 time of the loan application [AND HAS BEEN A
11 RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST
12 FIVE YEARS]; and

13 (C) whose discharge was under honorable con-
14 ditions;

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

17 (A) the member or veteran was a resident of
18 the territory or state [FOR ONE YEAR] before
19 induction into the service;

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

23 (C) his discharge was under honorable con-
24 ditions;

25 (3) a person who has served in the Alaska Army
26 National Guard, the Alaska Air National Guard, or the
27 Alaska Naval Militia or who has served in a reserve
28 unit of the United States armed forces in Alaska if the
29 reserve unit required, as a minimum, one weekend each
30 month of duty and 15 consecutive days of active duty
31
32

training each year for not less than five years and whose discharge was under honorable conditions.

Sec. 11. AS 18.56.110(b) is amended to read:

(b) ~~The principal interest on these bonds is~~

not received state guaranteed bonds, and corporations, funds, excluding funds in the

development of the... The... and... of the...

EMERSON'S BOMB IS DELETED FROM DISPOSITION

excluding, minus in the housing, de elements

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

principal and interest. Donor's corporation.

payable from the proceeds of the sale of bonds.

the proceeds of sale of or on the proceeds of sale of

CONFIDENTIAL

~~COPIES ARE NOT AVAILABLE FOR RELEASE FROM~~

~~Other funds or assets of the corporation. THIS IS~~

U.S. GOVERNMENT PRINTING OFFICE: 1964

corporation, association, institution or person.

~~power of money and power or revenue of the corporation~~

from any source and does not contain any portion of or the

sales of bonds to be issued under the first of these plans -

feed as to principal and interest.

Alaska are distinguished as not being in the

The State of Alaska and secured by the Alaska State

credit and resources of the State of Alaska, the following

Sec 18.56 310011-12

finger, hand, and forearm.

1. *Journal of the American Medical Association*, 1997; 277: 1001-1005.

PROPOSED
AHFL 11 RODEY

Amend subparagraph (j), lines 5 to 12, page 11, HCSEB 666(Pin) and H as follows:

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for veterans. As used in this subsection a qualifying veteran is a person who served on active duty in the United States military service, and who was discharged or released under conditions other than dishonorable or a person who is a qualified veteran as the term may be otherwise defined under the Mortgage Subsidy Bond Tax Act of 1980. [OR BE ISSUED IN SUCH OTHER MANNER THAT MAY BE NECESSARY TO INSURE THAT THE BOND IS A "QUALIFIED VETERAN'S MORTGAGE BOND" UNDER THE MORTGAGE SUBSIDY BOND TAX ACT OF 1980 (26 U.S.C. 103(A)), AS AMENDED.]

11
Roddy

Add to AS 18.56.098:

The Corporation shall adopt regulations under AS 18.56.088 to establish a commitment procedure for the purchase of mortgage loans.

Delete lines 13-15 page 11

11

Amendment #

11

Sec. 22: (a) The interest rate on a mortgage loan purchased from the proceeds of bonds that are exempt from taxation is equal to the rate for loans to other borrowers under the appropriate provisions of AS 18.56.098(g). A higher or lower interest rate shall be established on the entire loan amount if required under the Mortgage Subsidy Bond Tax Act of 1980.

(6) Delete 18.56.098(g)(6).

200 million
would go to ROGERS
RATCHET 12 3/8
CARVE OUT EXEMPTION
MAINTAIN RATE AT
100%

Amendment # 12

Section 24. Delete last sentence. (page 12, begins on line 14, ends line 17)

MAYBE
GUARANTEED
INTENT
AS PER
WOLFORD

AGENDA ITEM NO. 12

HCSSB 666(Fin) am H

Page 12, lines 14 - 17:

Delete underlined material and insert the following:

"The corporation may issue state guaranteed bond notes in anticipation of the sale of state guaranteed bonds to be issued under this chapter. State guaranteed bond anticipation notes are guaranteed as to principal and interest by the state and secured by the full faith, credit and resources of the state."

Amendment #

13

Sec. 25. (page 12, line 24) Delete the words "and at the price fixed_x".

SEC #25
(COMPETITIVE BIDDING)
MORE CLEAR -
"AND AT PRICE"
Delete

Reviewed by Strauss

Amendment # 14

Add new section to read:

AS 18.56.098 is amended by adding a new subsection to read:

(a) In this section and in AS 18.50.099, an individual who owns and occupies more than one residence shall declare which residence is the individual's principal residence for meeting the owner-occupied requirement of the special loan purchase program.

15

PROPOSED AMENDMENT TO HOUSE CS FOR SENATE BILL NO. 666 (Finance) am H

AS 18.56.088 (c)(3) is amended to read:

(c)(3) characteristics of housing eligible for loans or purchase of loans; including, but not limited to a requirement that all new housing and all new improvements to housing must be constructed by a contractor or contractors registered to perform contracting work in Alaska, pursuant to AS 08.18, with the exception of new housing or improvements which are both owner-built and owner-occupied, or new housing or improvements built in areas which the corporation may designate as exempt from this requirement because of the unavailability of registered contractors in the designated area;

Amendment #

15

18.56.088(c)(3) is modified to read as follows:

"(3) characteristics of housing eligible for loans or purchase of loans,
including compliance with building codes or similar construction
standards; and

AGENDA ITEM NO. 16

HCSSB 666(Fin) am H

Page 8, line 29:

After "section;" insert "or"

Page 9, lines 1 - 3:

Delete "; or (7) do anything otherwise necessary to facilitate access to international capital markets"

Insert "In exercising a power under this section, the corporation may not subject its assets to risk of loss through foreign currency exchange."

Amend HCS for SB No. 666 (Finance) am H

Page 9, lines 2 and 3

Delete clause number (7)

Add a new sentence

In exercising a power under this section, the corporation may not subject its assets to foreign currency exchange risks.

A handwritten signature or set of initials, possibly reading 'H/L', is written in dark ink. It consists of a stylized 'H' followed by a vertical line and a large, looping 'L'.

18
Add to AS 18.56.098:

The Corporation shall adopt regulations under AS 18.56.088 to establish a commitment procedure for the purchase of mortgage loans.

delete

Sec. 23

18.56 08805

Move Amendment

18

* Delete Section 23

* Add a new section to read:

including a fee schedule

AS 18.56.088(c) (5) establishment of a procedure for the individual commitment of funds at a specific interest rate for a period not to exceed one year.

Commitment
Fee

An amendment to modify the structure of the AHFC Board of Directors.

* Section 1. AS 18.56.030(a) is amended to read:

(a) The corporation shall be governed by a board of directors consisting of

(1) the commissioner of revenue [and the commissioner of commerce and economic development];

(2) one other member who is the head of the principal department of the executive branch of state government appointed by the governor;

(3) three [TWO] public members appointed by the governor.

*MOVES
AMENDMENT
MOTION
FAILED*

Proposed amendment to Section 19 of SB 666 regarding the ratchet

Sec. 19. AS 18.56.098(g)(2) is amended to read:

(2) The interest rate on the first \$90,000 of a mortgage loan for a single-family or duplex residence, on the first \$105,000 of a mortgage loan for a triplex residence, and on the first \$140,000 of a mortgage loan for a four-plex residence purchased with the proceeds of a second or subsequent issue of taxable bonds of the corporation shall be determined as follows:

(A) If the cost of funds of an issue of taxable bonds is more than the cost of funds of the preceding issue of taxable bonds, the interest rate shall be increased by an amount equal to the difference between the costs of funds of the two bond issues.

The proposed amendment would insert the following language after "issues":

provided, however, that when the cost of funds is equal to or less than the highest cost of funds of an issue of taxable bonds sold during the prior fiscal year the interest rate shall not be increased.

Proposed amendment to Sec. 19 as written in House CS for Senate Bill No. 666 (Finance) amH

(The proposed amendment is underlined with a continuous line; the dashed underlining is the amendment presently proposed by HCS SB 666.)

*Sec. 19. A.S. 18.56.098(g)(2) is amended to read:

(2) The interest rate on the first \$90,000.00 of a mortgage loan for a single-family or duplex residence, on the first \$105,000.00 of a mortgage loan for a triplex residence, and on the first \$140,000.00 of a mortgage loan for a four-plex residence purchased with the proceeds of a second or subsequent issue of taxable bonds of the corporation shall be determined as follows:

(A) If the cost of funds of an issue of taxable bonds is more than the cost of funds of the preceding issue of taxable bonds, the interest rate shall be increased by an amount equal to the difference between the cost of funds of the two bond issues[.] provided, however, that when the cost of funds is greater than 1/4 of one percent above the previous cost of funds of an issue of taxable bonds, the interest rate shall not be increased more than 1/4 of one percent in any calendar quarter.

(Subsec. (B), (C) and (D) are the same.)

PROPOSED AMENDMENT POLAR REALTY.

Proposed amendment to Sec. 19 as written in House CS for Senate Bill No. 666 (Finance) amH

(The proposed amendment is underlined with a continuous line; the dashed underlining is the amendment presently proposed by HCS SB 666.)

*Sec. 19. A.S. 18.56.098(g)(2) is amended to read:

(2) The interest rate on the first \$90,000.00 of a mortgage loan for a single-family or duplex residence, on the first \$105,000.00 of a mortgage loan for a triplex residence, and on the first \$140,000.00 of a mortgage loan for a four-plex residence purchased with the proceeds of a second or subsequent issue of taxable bonds of the corporation shall be determined as follows:

(A) If the cost of funds of an issue of taxable bonds is more than the cost of funds of the preceding issue of taxable bonds, the interest rate shall be increased by an amount equal to the difference between the cost of funds of the two bond issues[.]

provided, however, that when the cost of funds is greater than 1/4 of one percent above the previous cost of funds of an issue of taxable bonds, the interest rate shall not be increased more than 1/4 of one percent in any calendar quarter.

(Subsec. (B), (C) and (D) are the same.)

Amended 11-7

J. R. Kelly

Regional Native Housing Program

* Sec. 15. AS 18.55.997 is amended to read:

Sec. 18.55.997. RESIDENTIAL LOANS. (a) In addition to the powers authorized to a regional housing authority under AS 18.55.996, a regional housing authority may, in accordance with procedures and policies adopted and approved by the division of housing assistance in the Department of Community and Regional Affairs, (BOARD OF DIRECTION OF THE ALASKA HOUSING FINANCE CORPORATION), make loans for the purchase or development of residential housing in rural areas of the state except where the division has a loan office. A loan shall be secured by assistance in the Department of Community and Regional Affairs (BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE CORPORATION). The rate of interest on a loan authorized by this section may not exceed ten and one-half percent for an owner-occupied single-family or duplex residence (AN INTEREST RATE APPROVED BY THE BOARD OF DIRECTORS OF THE ALASKA HOUSING FINANCE CORPORATION).

(b) in this section,

(1) "development" means the construction of a new residence or the repair, remodeling, rehabilitation or expansion of an existing home;

(2) "rural" means

(A) a (ANY) community in the second, third or fourth judicial district of the state with a population of 4,500 or less that is not connected by road or rail to Anchorage or Fairbanks; or

(B) a community in the first judicial district of the state with a population of 4,500 or less.

ITEM ~~2~~ II 8

Proposed Addition to HCS for SB 665 (Finance)

Sec. 18.56.170. CREDIT OF STATE NOT PLEDGED. (a) Obligations issued under the provisions of this chapter, except state guaranteed bonds, do not constitute a debt, liability or obligation of the state or of any political subdivision of the state or a pledge of the faith and credit of the state or of any such political subdivision but are payable solely from the revenues or assets of the corporation. Each obligation issued under this chapter, except a state guaranteed bond, shall contain on its face a statement that the corporation is not obligated to pay it nor the interest on it except from the revenues or assets pledged for it and that neither faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter and no liability may be incurred by the corporation in excess of these funds. (§ 1 ch 107 SLA 1971)

Amended

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
HOUSING ASSISTANCE DIVISION

HCSSB 666 (Fin) am H
April 21, 1982

This review of the above referenced bill reflects the comments of Department of Community and Regional Affairs on those portions of the legislation affecting this department. The items referenced are based on the agenda #1 of the FCC for Tuesday, April 20.

Question 3. Shall the Housing Development Revolving Loan Fund and the Senior Citizen Housing Development Fund be combined and made a grant program.

Response:

AS 18.54

#3) Legislature should repeal AS 18.54.020, 030, 040 and 060. AS 18.54.050 should be incorporated into AS 18.54.070 and transferred to Title 44 to conform with other Statutes of the Department and Division of Housing Assistance. AS 18.54.070 should also be amended to make the program a grant program. DCRA concurs that an amendment as described in SB 311 successfully accomplishes the repeal of the referenced statutes, and reiterates its position that the appropriate sections be transferred to Title 44 for conformity with other statutes affecting the department's division of housing assistance.

Question 5: Shall the interest rate on loans made by Native Regional Housing Authorities be modified?

Response: #5) The department concurs with the action of the FCC of 4/20 which set the interest rate on these loans at a fixed amount of 10 1/2% for rural loans, and 12 3/8 for urban/suburban loans.

Question 19: Shall the interest rate for rural housing loans be set at AHFC ratchet rate?

Response: #19) The department advocates that rural housing loans services be consistent and supports the interest rate amounts discussed in question 5 above.

Question 20: Shall the language in Sections 31-35 of the bill be modified to truly accomplish the transfer of the rural housing programs from AHFC to the Department of Community and Regional Affairs?

Response:

#20) Language in sections 31-35 of the bill appear to accomplish the entire transfer except for one item. The department proposes the following amendment

Amend AS 44.47.410(b) and (c).

(b) the Director may execute services agreements with private lending institutions or regional native housing authorities established pursuant to AS 18.55.996 to service loans originated by the Division or loans originated pursuant to AS 18.55.997.

(c) Under the servicing agreement, the private financial institution or regional native housing authority shall administer the loan and may charge the division a negotiated origination or servicing fee on the division's share of the loan. When appropriate, the private financial institution or regional native housing authority shall administer the loan and may charge the borrower a reasonable originator fee not to exceed one percent.

These amendments to AS 44.47.410(b) and (c) are necessary to allow regional housing authorities to participate in the rural program as envisioned in the amendments contained in Section 15 of SB 666.

Question 21: Shall language in Section 39 of the bill relating to non-owner occupied housing be modified?

Response:

#21) The concern here is that the AHFC Non-Owner occupied program being transferred to HAD under this bill may duplicate the AIDA multi-family program enacted in Section

41 of SB 666. This will not be the case since the HAD program is limited to rural areas of the State as defined in Section 40 of the bill. Another concern is that the Non-Owner Occupied program is limited by SB 666 to no more than 8 units per program, may not be non-conforming and can never be occupied by the owner. All of these conditions should be flexible in the rural areas. It is suggested that a new sentence be added on page 17 after line 12 to read:

"The director may modify portions of this definition upon demonstration of special need for non-owner occupied housing."

Some examples of flexible needs would be teacher housing units or small planned unit developments.

Question 22: Shall language in Section 49 of the bill relating to effective dates be modified?

Response:

#22) Section 49 should be modified to agree with whatever decision is reached on the interest rate question. (See question #5.)

Question 23: Shall Regional Housing Authorities perform the loan function for rural housing in places where the Department of Community and Regional Affairs have no loan offices?

Response:

#23) The Regional Housing Authorities currently perform the loan function for the AHFC rural program. If that program is transferred to HAD, there is a question as to whether or not they should continue to perform that function if a HAD loan office is in the same region. The department proposes that in those regions where a HAD field office exists, there is no need for a regional housing authority to participate in the program.

Question 30: Shall the temperate social activities revolving loan fund (AS 47.320-50) be repealed?

Response: #30) The temperate social activities revolving loan fund was created by the Legislature in 1978. It has never been funded and there have been no requests for funding to date.

Thank you for this opportunity to comment.

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2
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4 An amendment to modify the structure of the AHFC Board of
5 Directors.
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9 * Section 1. AS 18.56.030(a) is amended to read:

10 (a) The corporation shall be governed by a board of directors
11 consisting of

12 (1) the commissioner of revenue [and the commissioner of
13 commerce and economic development];

14 (2) one other member who is the head of the principal depart-
15 ment of the executive branch of state government appointed by the
16 governor;

17 (3) three [TWO] public members appointed by the governor;
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April 6, 1982

Amend AS 44.47.410(b) and (c).

(b) The Director may execute service agreements with private lending institutions or regional native housing authorities established pursuant to AS 18.55.996 to service loans originated by the Division or loans originated pursuant to AS 18.55.997.

(c) Under the servicing agreement, the private financial institution or regional native housing authority shall administer the loan and may charge the division a negotiated origination or servicing fee on the division's share of the loan. When appropriate, the private financial institution or regional native housing authority may also charge the borrower a reasonable originator fee not to exceed one percent.

Amendment No. III #5

TO: HCSSB 666(Fin) am

Page 4, line 7:

Delete "AS 16.10.300 - 16.10.370" and insert "AS 16.10.310(a)(1)(B)"

Page 4, line 28 through page 5, line 4:

Delete all material

Page 5, line 5:

Delete "(2)" and insert "(1)"

Page 5, line 6:

Delete "(3)" and insert "(2)"

Page 5, line 7:

Delete "(4) may" and insert "(3) shall"

Page 5, line 9:

Delete "(5)" and insert "(4)"

Delete "75" and insert "90"

Page 5, lines 14 23:

Delete all material and insert the following:

* Sec. 10. AS 16.10.320(d) is repealed and reenacted to read:

III #4

Offered: 4/19/82
Referred: Rules

Original sponsor: Kerttula by request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 697 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation
7 in place of the Alaska Renewable Resources Corporation
8 (AS 37.12); and providing for an effective date."

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

10 * Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010. ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry
13 out the purposes of this chapter. The corporation is a public corpora-
14 tion of the state and an instrumentality of the state within the Depart-
15 ment of Commerce and Economic Development [REVENUE], but has a legal
16 existence independent of and separate from the state. The exercise by
17 the corporation of the powers conferred by this chapter is considered an
18 essential function of the state.

19 * Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to

21 (1) facilitate the rehabilitation, enhancement, and development
22 of the state's resources so as to strengthen and diversify the state
23 economy;

24 (2) provide development capital for the establishment and
25 expansion of small enterprises in resource industries in the state in
26 ways that enhance private capital investment; and

27 (3) strengthen and diversify the state's economy by the
28 establishment and expansion of small enterprises that are self-supporting
29 and that may

* Add a new section to AS 44.47.420(b):

(3) by delivering to the director a copy of a letter of intent signed by an authorized representative of the Department of Natural Resources which shows that the title to a homesite will be transferred from the State to the borrower if the borrower fulfills the requirements of AS 38.08.060.

* Amend AS 44.47.430 (b) to read:

(b) The director may withdraw money from the restricted title loss reserve account in an amount equal to the loss to the division on a nonconforming housing mortgage loan originated or purchased in whole or in part by the division if marketable title to the real property used to secure the loan was shown in accordance with AS 44.47.420(b) 2 or (b) (3) . Money withdrawn from the restricted title loss reserve account under this section shall be deposited in the nonconforming housing loan fund.

SB-666
EXTRA NELS
ANDERSON

Document No. _____

TO: HCSSB 666 (Finance) am H

4, line 17:

After "seasons", insert "or for adverse market conditions for Alaska fishery products"

17, after line 21:

Insert

Sec. 41. AS 44.81.210(a)(3) is amended to read:

(3) establish amortization plans for repayment of loans, which may include extensions for poor fishing or farming seasons or for adverse market conditions for Alaska fishery products;

number remaining bill sections.

Asper
4/23/82

#40/41

by Raley

AGENDA ITEM NO. 1

* Sec. . AS 44.88.010 is amended by adding a new subsection to read:

(c) The legislature finds, determines, and declares that

(1) there exists in the state a serious shortage of decent, safe, and sanitary rental housing units and multi-family dwellings; these conditions are inimical to the safety, health, welfare, and prosperity of the residents of the state and to the sound growth of state communities;

(2) it is necessary to give the authority the power to provide a means for financing additional multi-family housing projects in the state.

* Sec. . AS 44.88.070 is repealed and reenacted to read:

Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the authority is to

(1) promote, develop, and advance the general prosperity and economic welfare of the people of Alaska;

(2) relieve problems of unemployment, and to create additional employment by providing various means of financing and facilitating the financing of industrial, manufacturing, and business enterprises and the other facilities referred to in AS 44.88.010(a)(5) in the state; and

(3) promote, develop, and maintain an adequate supply of decent, safe, and sanitary multi-family rental housing projects by providing various means of financing and facilitating the financing of multi-family rental housing projects in the state.

* Sec. . AS 44.88.080 is amended by adding new paragraphs to read:

(19) to make direct loans in conjunction with other lenders or to participate in the making of loans to sponsors, developers, builders, and purchasers of housing projects at any interest rate determined or agreed to by the authority;

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(20) to own a housing project with sponsors, developers, builders, or other persons or to own a housing project alone for the purpose of maintaining a security interest in that housing project.

(21) until January 1, 1984, to borrow money, to issue its bonds, and to provide security for bonds issued in connection with the financing of housing projects in accordance with AS 44.88.090 and 44.-88.105;

(22) to acquire an interest in a housing project as necessary or appropriate to provide financing for the housing project, whether by purchase, gift, or lease;

(23) to enter into agreements with respect to a housing project on terms and conditions that the authority considers advisable; and

(24) to assist private lenders to make loans to finance the costs of housing projects.

* Sec. . AS 44.88.090(e) is amended to read:

(e) Before the issuance of any bonds, the proceeds of which will be used to finance a project other than a housing project, the authority shall make provision by lease or other agreement regarding the project or projects being financed by the issue of the bonds for rentals or other considerations at least sufficient, in the judgment of the authority, to pay the principal of and interest on the bonds as they become due and to create and maintain the reserves therefor as the authority considers necessary or desirable and to meet all obligations in connection with the lease or other agreement and all costs necessary to service the bonds unless the lease or agreement provides that the obligations are to be met or costs are to be paid by a party other than the authority.

* Sec. . AS 44.88.105 is amended by adding a new subsection to read:

(h) The provisions of (f) of this section do not apply to capital

reserve funds established to secure bonds issued to finance housing projects.

Sec. . AS 44.88 is amended by adding new sections to read:

Sec. 44.88.151. ADMINISTRATIVE PROCEDURE. (a) Except for AS 44.-62.310 and 44.62.312, regarding public meetings, and AS 44.62.320(a) regarding legislative review of regulations, the Administrative Procedure Act (AS 44.62) does not apply to this chapter. The authority shall make available to members of the public copies of the regulations adopted under (b) - (e) of this section. Within 45 days after adoption, the chairman of the authority shall submit a regulation adopted under (b) - (e) of this section to the chairman of the Administrative Regulation Review Committee under AS 24.20.400 - 24.20.460. The provisions of AS 44.62.320(a) apply to regulations adopted under (b) - (e) of this section.

(b) The authority may adopt regulations by motion or by resolution or in any other manner permitted by its bylaws.

(c) The authority may adopt regulations to carry out the purposes of this chapter, and shall adopt regulations necessary for the following purposes:

- (1) determination of borrower eligibility;
- (2) loan guidelines and terms including but not limited to maximum loan amounts and required loan-to-value ratios, but excluding loan interest rates;
- (3) characteristics of projects eligible for loans or purchase of loans; and
- (4) the qualifications of loan originators and servicers and the method of allocating amounts available for the purchase of loans.

(d) Except as provided in (e) of this section, at least 15 days before the adoption, amendment, or repeal of a regulation on a subject

specified in (c) (1) - (4) of this section, the authority shall give public notice of the proposed action by publishing the notice in at least three newspapers of general circulation in the state and by mailing a copy of the notice to every person who has filed a request for notice of proposed regulations with the authority. The public notice must include a statement of the time, place, and nature of the proceedings for the adoption, amendment, or repeal of the regulation and must include an informative summary of the proposed subject of the regulation. On the date and at the time and place designated in the notice, the authority shall give each interested person or his authorized representative, or both, the opportunity to present statements, arguments, or contentions in writing, and shall give members of the public an opportunity to present oral statements, arguments, or contentions for a total period of at least one hour. The authority shall consider all relevant matter presented to it before adopting, amending, or repealing a regulation. At a hearing under this subsection, the authority may continue or postpone the hearing to a time and place determined by the authority. A regulation that is adopted, or its amendment or repeal, may vary in content from the informative summary specified in this subsection if the subject matter of the regulation, or its amendment or repeal, remains the same and the original notice was written so as to assure that members of the public are reasonably notified of the proposed subject of the authority's action in order for them to determine whether their interests could be affected by the authority's action on that subject.

(e) A regulation or order of repeal on a subject specified in (c) of this section may be adopted as an emergency regulation or order of repeal if the authority makes a finding in its order of adoption or repeal, including a statement of the facts that constitute the emergency, that the adoption of the regulation or order of repeal is neces-

sary for the immediate preservation of the orderly operation of the authority's loan and bonding programs. The requirements of (d) of this section do not apply to the initial adoption of an emergency regulation covering a subject specified in (c) (1) - (4) of this section; however, upon adoption of an emergency regulation, the authority shall, within 10 days after adoption, give notice of the adoption in accordance with (d) of this section. No emergency regulation adopted under this subsection remains in effect more than 120 days unless the authority complies with (d) of this section during the 120-day period.

(f) A regulation adopted under (b) - (e) of this section becomes effective immediately upon its adoption by the authority, unless otherwise specifically provided by the order of adoption.

Sec. 44.88.153. HOUSING PROJECT DEVELOPMENT FUND. (a) The housing project development fund is established in the authority. The housing project development fund is a trust fund in furtherance of the purposes of AS 44.88.070(b) and the powers conferred in AS 44.88.085. The housing project development fund consists of money or assets appropriated or transferred to the authority and other money or assets deposited in it by the authority.

(b) Money and other assets of the housing project development fund may be used to secure bonds of the authority, and shall be held and invested by the authority in the types of investments described in AS 37.10.070(a) and AS 39.35.110(a)(9) and (14) or as specified in a trust agreement or bond resolution securing bonds issued for a housing project, or shall be used to purchase a loan for a housing project.

(c) The authority may transfer between the enterprise development fund and the housing project development fund money and other assets held in either fund.

(d) The provisions of AS 44.88.155(d) do not apply to housing

projects or to the application of moneys or other assets held in the housing project development fund.

(e) The authority may adopt regulations under AS 44.88.151 for the administration of the housing project development fund that may include, without limitation, provisions for fees and agreements relating to application, loan commitment, servicing, and origination of loans by other lenders.

(f) The authority may enter into agreements as to the use of the money in the housing project development fund, including without limitation, trust or custody arrangements with banks or trust companies. It may also pledge, assign, or grant the agreement, interests under an agreement, or interests in the housing project development fund as may be necessary or appropriate to provide for payment and security for bonds of the authority.

(g) The authority may not use money or other assets of the housing project development fund to finance the construction of a housing project unless the financing is, in the opinion of the authority, adequately secured by a letter of credit or the equivalent to a letter of credit.

* Sec. . . AS 44.88.159(a) is amended to read:

(a) The interest rate on a loan for a project other than a housing project financed from the proceeds of tax-exempt bonds or expected [EXCEPTED] by the authority to be financed from the proceeds of tax-exempt bonds is equal to the cost of funds to the authority. In this subsection "cost of funds" means the true interest cost expressed as a rate on tax-exempt bonds of the authority plus an additional percentage as determined by the authority to represent the allocable expenses of operation, costs of issuance, and loan servicing.

* Sec. . AS 44.88.165 is amended to read:

Sec. 44.88.165. DELINQUENT LOANS. If more than two percent of the

1 total outstanding balance of loans purchased from a financial institu-
2 tion under this chapter becomes delinquent for 90 days or more, the
3 authority shall discontinue purchasing loans for which it has not made a
4 purchase commitment from that financial institution until the delinquency
5 is reduced to less than two percent.

6 Sec. . AS 44.88.220 is amended by adding a new paragraph to read:

7 (17) "housing project" means a specific building, structure,
8 work, or improvement of five or more units, including a multi-family
9 dwelling, undertaken primarily to provide rental dwelling accommodations
10 and includes acquisition, construction, or rehabilitation of land,
11 buildings, and improvements for rental dwellings, accomodations and
12 other facilities that may be incidental or appurtenant to rental dwelling
13 accomodations;
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MEMORANDUM

TO: Wayne A. Williams, Executive Director
Alaska Industrial Development Authority

FROM: Anthony T. Dean

SUBJECT: State of Alaska Assisted Multi-Family Housing Program

DATE: April 8, 1982

As requested, we have prepared a brief outline of a workable multi-family housing program that is both attractive to developers, tenants and participating banks, while minimizing or completely eliminating the need for State subsidization.

The program consists of two separate structures, one based on uninsured growing equity mortgage loans; the other using FHA insurance when available on a timely basis to increase security while raising allowed loan-to-value ratios. The first program is described below. Program modifications to accommodate FHA insurance are listed in a separate attachment. Each program would be funded through issuance of distinct bond issues.

With the cooperation of all participants we believe AIDA can begin to fund loans under this program early in June.

Details of the uninsured loan program structure are outlined in the following sections, after which I have appended the following attachments:

1. Numerical Example.
2. Proposed Schedule.
3. Draft Legislation amending AIDA's existing statutes.
4. FHA Insured Loan Program.

PLAN OF FINANCE

Summary:

AIDA will make available below market rate, 25-year growing equity mortgage loans to developers of qualified multi-family housing projects (the Project Loans). The Project Loans will be funded from the proceeds of tax-exempt bonds issued by AIDA. Repayments of the Project Loans plus amounts available from the general assets of AIDA will be sufficient to meet debt service on the bonds. The growing

equity feature of the Project Loans will require modest annual rental increases (estimated at 3-5%), but will also allow the more rapid retirement of the bonds. Debt service is structured on 25-year amortization, but at the end of year one, and at the end of each year thereafter, the debt service is increased, the whole amount of the increase going to retire principal, hence the name growing equity mortgage. The annual portion of debt service paid from general assets of AIDA will be added to the balance due on Buy-Down Loans made to the developers. The Buy-Down Loans will accrue interest until the Project Loans and the Bonds are retired (estimated to occur in year 16). Thereafter the debt service payments of the owner/developer will amortize the balance on the Buy-Down Loan note so that it is fully retired by year 25. To provide a source of future cash flow to meet its portion of debt service, and to more adequately secure the bond issue, it will be necessary to appropriate to AIDA a portion of the loans now held in the General Fund or similar cash producing assets.

Benefits:

- A statewide program financed through a recognized State agency will provide lowest total cost of funds to all participating communities.
- Utilizing many of AIDA's existing procedures, the time required to get money to developers would be greatly condensed, and first loans would be funded in June.
- Developers can obtain long-term financing that matches their 20-year obligation to reserve 20% of the units for low income residents.
- Construction costs should be lower since developers are not forced to build the units as rental condominiums in order to assure subsequent sale.
- Program costs and fees are reduced by using the State's resources rather than third-party guarantees.
- Through repayment of Second Loan, State investment plus full interest is recovered.
- A statewide program at a feasible interest rate with ample capacity will allow developers to plan the orderly creation of additional units of multi-family housing in all municipalities.

Participants:
(Role and Relationships)

1. State of Alaska

- Authorizes AIDA to undertake program giving it all powers necessary to implement the plan of finance, including moral obligation bonding.
- Appropriates from the General Fund loans or other assets in an amount sufficient to meet required annual advances on the Buy-Down Loan and to satisfy rating criteria of the two principal bond rating services.
- Grants AIDA expedited regulatory procedures so that the program will be in place to meet needs of 1982 construction season.,

2. AIDA

- Undertakes detailed program development including both project criteria and loan qualifications
- Receives, reviews and acts on loan applications presented by originating financial institutions on behalf of qualified developers.
- Issues bonds and maintains access to capital markets on most favorable terms available as is consistent with program objectives.
- Provides ongoing program administration, surveillance of originator/servicer institutions, project inspections and, where needed, loan work out or direct project management.
- In cooperation with ASHA utilizes existing Section 8 Certificates to give preference to low-income units in State assisted multi-family projects.

3. Financial Institutions

- In cooperation with owner/developers assemble necessary information for loan application and assist AIDA in loan review and approval process.
- Provide construction financing at open market rates or borrow bond proceeds to fund construction loan at the tax-exempt rate on the bonds so long as such borrowing of bond proceeds is adequately secured by the participating financial institution.

- Participate in at least 10% of the permanent loan (at taxable rates). May also have GEM Loan structure.
- Service the loans and assure compliance with program covenants.
- Provide continuing credit surveillance during rent up and during ongoing management.

4. Financing Team

- Prepare Final Plan of Finance in cooperation with AIDA and participating financial institutions.
- Prepare legal documents, regulations and offering materials.
- Obtain ratings.
- Underwrite and distribute bonds on an accelerated schedule to meet June deadline for delivery of funds.

THE PROJECT LOANS

Par Amount: Not more than 75% of project appraised value. The AIDA funded portion of the loan would be 80% or 90% with the balance to be funded by participating financial institutions at rates to be negotiated with the developer.

Maturity: Stated maturity of 25 years, but growing equity amortization formula, will result in full amortization by 16th year.

Interest Rate: A posted rate to be established for each construction season. Currently estimated to be 11% for 1982 program year.

Amortization: Following construction during which interest would be capitalized and no principal retired, initial monthly payments would reflect level amortization for 25 years. At the end of the first year, and each year thereafter until the loan is repaid, the monthly payment would be adjusted upward by 4%. Each incremental increase to the monthly payments would be applied to reduce the outstanding principal balance on the loan. In addition, as the loan was paid down, a larger and larger portion of each payment would represent principal rather than interest. The loan would be fully amortized in 14 years.

Wayne A. Williams
April 8, 1982
Page 5

- Security:** A Project Loan will be secured by a first deed of trust on the project, and an assignment of rents. Additional security may be required as necessary on case-by-case review.
- Prepayment:** The loan is not prepayable until the fifth year. Prepayment penalties may be imposed as necessary to accommodate bond provisions. Upon prepayment of the Project Loan and its proportionate share of the bonds, the Second Loan balance is fixed at the then current amount (if not prepaid concurrently).
- Program Covenants:** To retain the tax-exempt status of the bonds, 20% of the units in each project must be reserved for low-income tenants for 20 years. In addition, AIDA may wish to assure itself that its assistance is being used to develop units that will retain their rental status for at least a minimum period of years. These program objectives can be achieved through a combination of loan covenants, deed restrictions and/or reversion rights.
- Fees:** The participating financial institutions would service the loans for a fee of approximately 1/4 of 1%.

BUY-DOWN LOANS

- Par Amount:** In closing, initial balance is zero, but with each semi-annual bond interest payment date, the amounts paid into the bond fund to make up the interest shortfall are added to the outstanding balance of the Buy-Down Loan for each project.
- Maturity:** Stated maturity of 25 years, but amortization of principal, does not begin until corresponding Project Loan is paid off.
- Interest Rate:** Until the corresponding Project Loan is paid off, interest accrues and is added to the outstanding balance on the Buy-Down Loan. Interest accrues at a fixed rate to be set either legislatively or administratively, but would be equal to comparable open market rates of return. After the Project Loan is paid off, interest is paid monthly.
- Security:** Buy-Down Loans will have the same security as the Project Loans except that AIDA has agreed with bondholders to defer its interest in the Project in the event of an acceleration of the Project Loan.

Wayne A. Williams
April 8, 1982
Page 6

Prepayment: So long as the corresponding Project Loan has been repaid, and the associated bonds retired, a Buy-Down Loan may be repaid at any time without penalty.

THE BONDS

Maturity: Serial maturities, 1983 through 1992.
Term maturity 1995.

Rating: Without incurring the cost to external credit enhancing facilities, the ratings are expected to be "A" by both rating services.

Interest Cost: Depending on market conditions and the slope of the yield curve net interest cost should approximate 12.75 to 13 1/2%.

Prepayment: Mandatory call from unexpended bond proceeds. ✓

Optional call from loan prepayments. ✓

Optional call in 10 years from refunding bonds or other sources of funds.

Security: Payable from Project Loans, a reserve fund, investment earnings on Trustee held funds, proceeds of certain insurance policies and the general assets of AIDA. Amounts necessary to meet the interest differential payments may need to be protected with certain "negative" covenants.

In addition, the reserve fund may be replenished by appropriations pursuant to the procedures associated with the moral obligation language in the authorizing statute.

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1.50

NUMERICAL EXAMPLE
(Uninsured Loans)

The following numerical example details the financial structure of the program on a per unit basis. Assumptions may vary with market conditions and specific project characteristics.

		(All figures per unit)	
Typical Unit:	2 Bedrooms, 750 Sq. Feet		
Cost:	Construction	\$37,500	
	Construction Financing	1,300	
	Land	5,000	
	Permanent Financing	1,125	
		<u>\$44,925</u>	
Appraisal:		\$50,000	
Funding:	AIDA Loan Participation	\$33,750	
	Bank Loan Participation	3,750	
		<u>\$37,500</u>	
	Developer Equity	7,425	
		<u>\$44,925</u>	
Interest Rates:	- AIDA Loan	11	2
	Bank Loan	18	2
	AIDA Deferred Loan	16.35	2
	Bond Rate	13	1/4
AIDA Bond Issue:	Par Value of Bonds	\$33,750.00	
	Less Costs of Issuance	200.00	
	Less Bond Discount	925.00	
	Net Proceeds	<u>\$32,625.00</u>	
Annual Fees:	Loan Servicing:	1/4 of 12	
	Trustee & Program		
(Float Earnings Offset Fees)	Administration:	1/4 of 12	
Rental Rates: (4% GEM Factor)	1983	1984	1992
Project Loan (11%)	\$4,007.48	\$4,167.78	\$ 5,703.89
Bank Loan (18%)	685.94	713.38	976.31
Buy-Down Loan (16.35%)	0.00	0.00	0.00
Coverage (10%)	469.34	488.12	668.02
Operating Expenses (35%)	2,779.95	2,891.15	3,956.73
Total	<u>\$7,942.71</u>	<u>\$8,260.42</u>	<u>\$11,304.95</u>
Monthly Rental	\$ 661.89	\$ 688.37	\$ 942.08

7.40

Cash Flow & Loan Amortization

Project Loan 11% Interest: 4% GEM Factor					AIDA Bonds 13 1/4%			Buy-Down Loan 16.35%
Year	Principal	Interest	Total Debt Service	Balance	Principal	Interest	Total Debt Service	(Draws)/Payments
1983	\$ 294.98	\$3,712.50	\$4,007.48	\$33,455.02	\$ 294.98	\$4,471.88	\$ 4,766.86	\$ (759.38)
1984	487.73	3,680.05	4,167.78	32,967.29	487.73	4,432.79	4,920.52	(752.74)
1985	708.09	3,626.40	4,334.49	32,259.20	708.09	4,368.17	5,076.26	(741.77)
1986	959.36	3,548.51	4,507.87	31,299.84	959.36	4,274.34	5,233.70	(723.83)
1987	1,245.20	3,442.98	4,688.18	30,054.64	1,245.20	4,417.23	5,392.43	(704.25)
1988	1,569.70	3,306.01	4,875.71	28,484.94	1,569.70	3,982.24	5,551.94	(676.23)
1989	1,937.40	3,133.34	5,070.74	26,547.54	1,937.40	3,774.25	5,711.65	(640.91)
1990	2,353.34	2,920.23	5,273.57	24,194.20	2,353.34	3,517.55	5,870.89	(597.32)
1991	2,823.15	2,661.36	5,484.51	21,371.05	2,823.15	3,205.73	6,028.88	(544.37)
1992	3,353.07	2,350.82	5,703.89	18,017.98	3,353.07	2,831.66	6,184.73	(480.84)
1993	3,950.07	1,981.98	5,932.05	14,067.91	3,950.07	2,387.37	6,337.44	(405.39)
1994	4,621.85	1,547.47	6,169.33	9,446.05	4,621.87	1,864.00	6,485.87	(316.53)
1995	5,377.03	1,039.07	6,416.10	4,069.02	5,377.03	1,251.60	6,628.63	(212.53)
1996	4,069.02	447.59	4,516.61	-0-	4,069.02	712.46	4,781.48	1,891.26
1997								6,672.74
1998								6,672.74
1999								6,672.74
2000								6,672.74
2001								6,672.74
2002								6,672.74
2003								6,672.74
2004								6,672.74
2005								6,672.74
2006								6,672.74
2007								6,672.74
Total \$33,750.00					\$33,750.00			

SCHEDULE*

<u>Task</u>	<u>Date</u>
Final Plan of Finance Approved	4/22/82
First Draft Documents and Offering Materials	4/23/82
Meetings with Financial Institutions	4/22/82
Meetings with Developers	4/22/82
Legislation Passed	4/26/82
Regulations Noticed	4/26/82
Adopt SOSOA Resolutions	5/3/82
Form Initial Pool	5/7/82
Mail Documents to Rating Services	5/10/82
Rating Meetings	5/17/82
Print Preliminary Official Statements	5/19/82
Receive Ratings	5/24/82
Receive Preliminary Price and Rate Authorization	5/24/82
Submit Bond Purchase Proposal	5/27/82
Print Bonds	5/30/82
Deliver Bonds and Close Financing	6/15 5/30/82
Fund Loans at Project Completion	-

*First Critical Date on Schedule is adoption of SOSOA resolutions which would allow project expenditures to proceed under construction financing. Application, loan underwriting, commitment and bond financing should follow as soon thereafter as is feasible.

APR 13 1982

LAW OFFICES

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276-6401

April 7, 1982

Mr. Wayne A. Williams
Acting Executive Director
Alaska Industrial Development
Authority
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Juneau, Alaska 99811

Lewis Greenbaum, Esq.
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120 S. LaSalle Street
Chicago, Illinois 60603

RE: Alaska Industrial Development Authority
Multi-Family Legislative Amendments

Dear Sirs:

Enclosed herewith is the redraft of the proposed multi-family bill, the original of which was sent from this office last week. The redraft omits the reference to "lower and moderate" at Wayne Williams' suggestion since such a limitation might be held to be unnecessarily restrictive in the case of the eighty percent of the units which may be financed without income limitations. Other technical and typographical corrections are made.

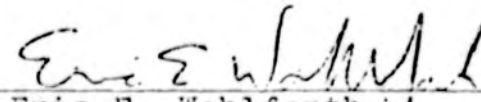
Mr. Wayne A. Williams
Mr. Anthony Dean
Mr. Sterling Gallagher
Lewis Greenbaum, Esq.
April 7, 1982
Page Two

Please advance this document to each of the parties that received the earlier draft. Please note that the draft bears today's date to distinguish it from earlier drafts.

Very truly yours,

WOHLFORTH & FLINT

By


Eric E. Wohlforth

EEW/am

Enclosure - as stated.

Draft: 4/7/82

Introduced:
Referred :

IN THE _____ BY _____

_____ BILL NO. _____

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska
Industrial Development Authority;
and providing for an effective
date."

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

* Section 1. AS 44.88 is amended by adding a new section
to read:

Sec. 44.88.015. ADDITIONAL LEGISLATIVE FINDINGS
AND POLICY. The legislature finds, determines and
declares that:

(a) there exists within the state a serious
shortage of decent, safe and sanitary rental housing
units and multi-family dwellings. These conditions are
inimical to the safety, health, welfare and prosperity
of the residents of the state and to the sound growth
of urban and rural communities.

(b) private enterprise has not been able to pro-
vide, without assistance, an adequate supply of decent,

1 safe and sanitary rental housing and existing state and
2 federal programs are inadequate to meet rental housing
3 needs. It is imperative that the supply of housing be
4 increased and that coordination and cooperation among
5 private enterprise, state and local government be
6 encouraged to sponsor, build and rehabilitate rental
7 housing units and multi-family dwellings.

8 (c) it is necessary to empower the Alaska Indus-
9 trial Development Authority with additional powers to
10 provide a means for the financing of additional multi-
11 family housing projects in the state.

12 * Sec. 2. AS 44.88.070 is repealed and re-enacted to
13 read:

14 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The
15 purpose of the authority is (a) to promote, develop and
16 advance the general prosperity and economic welfare of
17 the people of Alaska, to relieve problems of unemploy-
18 ment, and to create additional employment by providing
19 various means of financing and facilitating the financ-
20 ing of industrial, manufacturing and business enter-
21 prises and the other facilities referred to in AS
22 44.88.010(a)(5) within the State and (b) to promote,
23 develop and maintain an adequate supply of decent, safe
24 and sanitary multi-family rental housing projects by
25 providing various means of financing and facilitating
26 the financing of multi-family rental housing projects
27 within the state.
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1 * Sec. 3. AS 44.88 is amended by adding a new section
2 to read:

3 Sec. 44.88.085. ADDITIONAL POWERS OF THE AUTHO-
4 RITY. In addition to other powers granted by this
5 chapter and in furtherance of its corporate purposes,
6 the authority has the following powers in addition to
7 its other powers:

8 (1) to make direct loans or participate in
9 the making of loans to sponsors, developers, builders
10 and purchasers of multi-family housing projects which
11 loans may bear interest at any rate determined or
12 agreed to by the authority;

13 (2) to own and manage alone or with spons-
14 ors, developers, builders or other persons multi-family
15 housing projects;

16 (3) to borrow money, to issue its bonds and
17 to provide security for bonds issued in connection with
18 the financing of multi-family housing projects in
19 accordance with AS 44.88.090 and AS 44.88.105;

20 (4) to acquire an interest in a housing pro-
21 ject as necessary or appropriate to provide financing
22 for the housing project, whether by purchase, gift or
23 lease;

24 (5) to lease to others, and enter into other
25 agreements with respect to, a housing project for the
26 rentals and upon the terms and conditions the authority
27 may consider advisable;

28 (6) to enter into agreements with respect to
29 one or more housing projects upon the terms and con-
30 ditions the authority considers advisable; and
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1 (7) to assist private lenders to make loans
2 to finance the costs of housing projects through direct
3 loans to private lenders, loan commitments, short-term
4 financing, or otherwise.

5 * Sec. 4. AS 44.88.090(e) is amended to read:

6 (e) Before the issuance of any bonds the proceeds
7 of which will be used to finance a project other than a
8 housing project, the authority shall make provision by
9 lease or other agreement regarding the project or pro-
10 jects being financed by the issue of the bonds for
11 rentals or other considerations at least sufficient, in
12 the judgment of the authority, to pay the principal of
13 and interest on the bonds as they become due and to
14 create and maintain the reserves therefor as the autho-
15 rity considers necessary or desirable and to meet all
16 obligations in connection with the lease or other
17 agreement and all costs necessary to service the bonds
18 unless the lease or agreement provides that the obliga-
19 tions are to be met or costs are to be paid by a party
20 other than the authority.

21 * Sec. 5. AS 44.88.105 is repealed and re-enacted to
22 read:

23 Sec. 44.88.105. CAPITAL RESERVE FUND AND CAPITAL
24 RESERVE FUND REQUIREMENT. (a) For the purpose of
25 securing one or more issues of its bonds, the authority
26 may establish one or more special funds, called
27 "capital reserve funds", and may pay into those capital
28 reserve funds the proceeds of the sale of its bonds or
29 other money which may be made available to the autho-
30 rity from other sources for the purpose of funding the
31 capital reserve funds. A capital reserve fund may be
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1 established only if the authority determines that the
2 establishment of the fund would enhance the marketabili-
3 ty of the bonds of the authority. Money in a capital
4 reserve fund, except as provided in this section, may
5 be used as required only for (1) the payment of the
6 principal of, and interest on, bonds or of the sinking
7 fund payments with respect to those bonds; (2) the pur-
8 chase or redemption of the bonds; or (3) the payment of
9 a redemption premium required to be paid when the bonds
10 are redeemed before maturity. However, money in a
11 capital reserve fund may not be withdrawn if the with-
12 drawal would reduce the amount in the capital reserve
13 fund to less than the applicable capital reserve
14 requirement, except for the purpose of making payment,
15 when due, of principal, interest, redemption premiums
16 on the bonds, and sinking fund payments when other
17 money of the authority is not available for the pay-
18 ments. Income or interest earned by, or increment to,
19 a capital reserve fund, from the investment of all or
20 part of the fund, may be transferred by the authority
21 to other funds or accounts of the authority if the
22 transfer does not reduce the amount of the capital
23 reserve fund below the capital reserve fund require-
24 ment.

25 (b) If the authority decides to issue bonds
26 secured by a capital reserve fund, the bonds may not be
27 issued if the amount in the capital reserve fund is
28 less than the capital reserve fund requirement, unless
29 the authority, at the time of issuance of the bonds,
30 deposits in the capital reserve fund from the proceeds
31 of the bonds to be issued or from other sources, an
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