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Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
907/465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDTE

House Special Committee on State Loans

Memorandum

To: Rep. Walt Furnace
From: Rep. Rick Uehling *RAU*
Subject: Committee Meeting - Wednesday, January 25,
Date: January 24, 1984

Please find attached HB 476, and materials related to it, including a letter from it's sponsor, Rep. Terry Martin.

This Bill is scheduled to be heard before the Loans Committee tomorrow, January 25, 1984 at 5 o'clock.

It would be very helpful if the members can be prompt as we have a 30 minute Teleconference hookup with the office of the Alaska Housing Finance Corporation in Anchorage between 5 and 5:30 only.

See you then.

JAN 24 1984

Alaska State Legislature

REPRESENTATIVE
TERRY MARTIN

DISTRICT 8
CHAIRMAN—LADDER AND COMMERCE COMMITTEE
PHONE 465-3673



3960 REKA DRIVE—06
ANCHORAGE, AK 99504
PHONE 333 6990

DURING LEGISLATURE
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
PHONE 465 3784

MEMORANDUM

To: House Special Committee on Loans

From: Representative Terry Martin *TMM*

Date: January 23, 1984

Subject: HB 476
"An Act relating to interest rates on housing loans made or purchased by the Alaska Housing Finance Corporation; and providing for an effective date."

Alaska has for many years shown a commitment to granting its veterans lower interest rates on housing loans. However, there has been a great deal of disparity in how we treat residency requirements in granting an interest reduction to veterans. Currently, there is no residency requirement for the veterans preference on mortgage loans. But prior to July, 1982, the State required five years' residency before veterans could qualify for the reduction.

I was unaware of this disparity until approached by constituents who feel they may have been unfairly denied the 1% interest reduction. One man who approached me said he had lived in the state for several years, but less than five years, and so was denied the preference. However, a short time later, after the law was changed, a person who had been in the state a very short time received the preference, simply because he had moved here after 1982. The man who brought the matter to my attention felt that he and others in that period of time had been overlooked, and asked if the residency law should not have been made retroactive.

That is the intent of this bill: to offer veterans who were denied the 1% interest reduction a chance to share in this benefit, retroactive to the date their loans were approved. I urge your careful consideration of this legislation. Please don't hesitate to contact me if you have any questions.

JAN 24 1984

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 476
Title: Interest Rates on housing
loans
Sponsor: Martin
Requestor: Martin
Date of Request: January 9, 1984

FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: _____
Economic Development
BRU, Program or Subprogram(s) Affected:
Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL	21,851.0					
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Mark K. Cameron Phone: 276-5599
Division: Alaska Housing Finance Corporation Date: January 23, 1983
Approved by Commissioner: [Signature] Date: 1/24/84
Agency: Dept of Revenue

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

ALASKA HOUSING FINANCE CORPORATION

Analysis of Interest Rate Reduction for Veterans Mortgages
Where the Borrower Did Not Meet the Residency Requirements

(\$ Millions)

Mortgage Loan Activity 6-1-80 through 8-1-82		\$1,400
Estimated Veterans	(1) 36%	
Veterans meeting residency requirements	<u>21%</u>	
Percent mortgages potentially qualifying for Interest rate reduction		<u>15%</u>
		<u>\$ 210</u>
Retroactive Interest Rate Reimbursement		
\$210 million with average first payment date of September 1, 1981 paid through July 1, 1984. Average interest rate of 10.85% reduced to 9.85%. \$156.45 per month x 35 months	(2) \$ 5.476	
Prospective Application of Rate Reduction		
325 remaining payments of \$156.45 per month discounted at existing average mortgage rate of 10.85%		<u>16.375</u>
Total Cost of Rate Reduction		<u>\$21.851</u>

NOTES

- (1) Mortgage demand in veterans program lacking residency requirements.
- (2) May represent taxable income to the mortgagor to the extent interest expenses were previously claimed.

1983

§ 18.56.101

ALASKA STATUTES SUPPLEMENT

§ 18.56.101

- (1) grants and contributions to the fund; 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.
- (d) The corporation may receive and accept from any source whatever any grants or contributions for the housing development fund.
- (e) Repealed by § 72 ch 113 SLA 1982.
- (f) Repealed by § 72 ch 113 SLA 1982.
- (g) Repealed by § 72 ch 113 SLA 1982.
- (h) Repealed by § 72 ch 113 SLA 1982.
- (i) Repealed by § 72 ch 113 SLA 1982.
- (j) Repealed by § 72 ch 113 SLA 1982.
- (k) Repealed by § 72 ch 113 SLA 1982. (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972; am § 28 ch 106 SLA 1980; am §§ 25 — 27, 72 ch 113 SLA 1982)

Effect of amendments. — The 1982 amendment in subsection (a), substituted "housing development fund" for "special revolving loan fund to be known as the 'housing development fund'"; in subsection (b), deleted the paragraph designations, deleted the provisions of former paragraphs (1) and (2), which read, respectively, "defray development costs of sponsors, builders, and developers of residential housing" and "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", and substituted "loans which are not federally insured or guaranteed for" for "and con-

struction loans which are not federally insured or guaranteed to sponsors, builders, purchasers and developers of land development or"; and in subsection (c), deleted "and the proceeds of sale of fund notes" following "to the fund" in paragraph (1). The amendment also repealed subsection (e), which read "The corporation may provide for the issuance, at one time or from time to time, of housing development fund notes for the purposes of providing money for the fund" and repealed subsections (f)-(k) as set out in the main pamphlet.

Editor's notes. — Section 74, ch. 113, SLA 1982, provides: "The repeal of AS 18.56.100(e)-(k) in sec. 72 of this Act does not invalidate housing development fund notes issued under AS 18.56.100(e)-(k) before June 25, 1982."

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, whose discharge was under honorable conditions;
- (2) the widow or widower of a member of the armed forces or an eligible veteran if the member or veteran served in the armed forces for at least 90 days after April 6, 1917 and the veteran's discharge was under honorable conditions;
- (3) a person who has served for not less than five years in the Alaska Army National Guard, or the Alaska Air National Guard, or a reserve

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18.56.101

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§ 18.56.110

HEALTH AND SAFETY

§ 18.56.110

unit of the United States armed forces if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year and whose discharge was under honorable conditions. (§ 29 ch 106 SLA 1980; am § 8 ch 115 SLA 1981; am § 9 ch 102 SLA 1983; am § 12 ch 67 SLA 1983)

Effect of amendments. — The first 1983 amendment, effective July 16, 1983, rewrote this section.

The second 1983 amendment, effective July 28, 1983, made the same changes as

the first 1983 amendment and also deleted "the Alaska Naval Militia" following "Alaska Air National Guard" in paragraph (3).

Sec. 18.56.110. Bonds and notes. (a) The corporation, by resolution, may issue bonds and bond anticipation notes in order to provide funds to carry out and effectuate its purposes.

(b) The principal and interest on these bonds or notes, except state guaranteed bonds, is payable from corporation funds, excluding funds in the housing development fund. The principal and interest on state guaranteed bonds is payable from corporation funds, excluding funds in the housing development fund, and in accordance with the terms of the state guaranty of principal and interest. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, such notes may be paid from other funds or assets of the corporation. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution or person, or a pledge of money, income, or revenues of the corporation from any source. The corporation may issue state guaranteed bond anticipation 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.

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form, be payable from the sources in the medium of payment and place or places within or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the corporation may provide. Bond anticipation notes shall mature at such time or times as may be determined by the corporation. Bonds shall mature at such time, not exceeding 50 years from their date, as may be determined by the corporation. Before the preparation of definitive bonds or bond anticipation notes, the corporation may issue interim receipts or temporary bonds

Previous section

§ 18.56.100

§ 18.56.101

HEALTH AND SAFETY

§ 18.56.101

(4) security for repayment shall be specified and shall be upon terms and conditions as the corporation considers necessary or practicable to insure all repayments. (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972; am § 28 ch 106 SLA 1980)

Effect of amendments. — The 1980 amendment, in subsection (e), substituted "money" for "funds" following "purposes of providing" and deleted the former second through fifth sentences of that subsection which read: "The commissioner of revenue is authorized to purchase fund notes with surplus funds in the state treasury. Before submission of the executive budget to the legislature, the commissioner of revenue shall annually recommend to the governor the anticipated amounts of surplus funds

available for purchase of fund notes in the fiscal year encompassed by the budget. In making his recommendation to the governor, the commissioner of revenue shall consider the expenditure and revenue projections contained in the most recent revenue source document prepared for and submitted to the legislature by the administration. If the governor agrees with the recommendation of the commissioner of revenue, he shall forward the recommendation to the corporation.

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, who had been a resident for not less than one year immediately before his induction, and who returned to the territory or state within one year after discharge as a resident with the intention of remaining in the territory or state; or

(B) who, not being a bona fide resident of the territory or state at the time of entry into the service, has been a resident of the territory or state for at least one year at the time of the loan application and has been a resident of the territory or state for at least five years; and

(C) whose discharge was under honorable conditions;

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

(A) the member or veteran was a resident of the territory or state for one year before induction into the service;

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

(C) his discharge was under honorable conditions;

(3) a person who has served in the Alaska Army National Guard, the Alaska Air National Guard, or the Alaska Naval Militia or who has served in a reserve unit of the United States armed forces in Alaska if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year for not less than five years and whose discharge was under honorable conditions. (§ 29 ch 106 SLA 1980; am § 8 ch 115 SLA 1981)

SPONSOR: Rep. House Loans Committee
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T/C DATE/DAY: Wed. Jan 25.

SUBJECT: HB 476 - Interest Rates on
AMFC Loans

TIME: Alaska 5-5:30pm.

MAILING ADDRESS: _____

DATE TAKEN/BY hwh 1/23.

PHONE 4821 CONTACT: Alaire

JUNEAU ROOM 118 / Desmar

2 sites.

SITES PARTICIPATING:

North Slope
Anaktuvuk Pass
* Barrow
Kaktovik
Point Hope
Wainwright

Bristol Bay
Aleutians
* Bethel
* Dillingham
St. Paul
Sand Point
** Unalaska
Togiak
Toksook
Naknek
Newhalen

Norton Sound
Gambell
Hooper Bay
* Nome
Savoonga
Shishmaref
** Unalakleet

Southeast
Cordova
* Haines
Hoonah
Juneau
* Ketchikan
* Petersburg
* Sitka
Wrangell
Yakutat

Interior
* Delta Junction
* Fairbanks
** Fort Yukon
Galena
* Glennallen

South Central
* Anchorage
* Homer
* Kenai (Sol)
* Kodiak
* Mat-Su
* Seward
* Valdez

ALL ALASKA

ALL LIO's

ALL LIO's, OTHER SITES WELCOME
WITH PRIOR NOTIFICATION

Nana
Ambler
* Kotzebue
Noorvik
Selawik

Chairing Site/person Rep. Uehling, Jr. Special Offnet
Location/Phone # 276-5599

276-5396.

Alaire E. Stanton of House Loans
This teleconference is an advertized public hearing
required to meet the public hearing laws.
SIGNATURE OF SPONSOR/CONTACT PERSON DATE

AMFC Office
ask for Rene Deveraux
or Janet Klein
Dance

They have speaker phone +
conference set.

-----TELECONFERENCE OFFICE USE ONLY-----

2-Wire 4-Wire _____

Publicity:

_____ Local calls/list attached

_____ Media/P.S.A. attached

Can Expect:

_____ Lengthly Back-up

Teleconference - 1/25 5 pm.
-4980

hinda. - Dial into their number
276-5599.

One site
for 1/2 hr. only.

Invitational phone call & work
session.

HB 476.

Rep. Martin - Background
Perhaps we can shorten the
retroactive period. to 2 yrs or so.
& when the Hammond Adm. did
away with the Veterans program.
Fiscal note could be adjusted if the
years were shortened.

? 's on Fiscal impact being justified
? 's on Implementing this rebate.

? on whether it should be just from this date
& not retroactive - Say just signing a
new mortgage as of this date -

Statement on bringing old loans up to equity.
Fiscal note being based on averages, not on
actual loans - Might be considerably less.

Mark Cameron

Fiscal note - maximum amount based
on ratios.

Interpretation on who should benefit.

Mike Lynch - not a lot of calls -
AG's opinion to leave in place contracts

? To A.H.F.C.

Mike Lynch - payments probably would have to
be reported to the IRS. & $\frac{1}{2}$ - $\frac{1}{3}$
would go to the IRS in taxes.

[Agreement with Bond holders to not
accelerate prepayments -]

? from Wendte - on A.H.F.C. position on Bill.
Ans. They really don't have an opinion.