

ALASKA LEGISLATURE COMMITTEE FILES 1983 - 1984 86/2

2718 SLC HB 302 (FILE 1) - (FILE 2)

Honorable Mark Lewis, Commissioner  
Dept. of Community & Regional Affairs  
File No. 366-384-83

March 29, 1983  
Page 2

supplemental program. This option presumes, of course, that an underlying HUD grant is obtained. Alternatively, each authority may seek a direct legislative appropriation.

Please let us know if we can be of further assistance on this matter.

JBR:nd

RESOLUTION NO. 80-21  
RESOLUTION ADOPTING BY-LAWS OF  
BARANOF ISLAND NATIVE PUBLIC HOUSING AUTHORITY

BE IT RESOLVED BY THE Baranof Island Native Public Housing Authority:

That the following by-laws and they are hereby adopted and approved as and for the by-laws of the Baranof Island Native Public Housing Authority:

BY-LAWS OF  
BARANOF ISLAND NATIVE PUBLIC HOUSING AUTHORITY

ARTICLE I. THE AUTHORITY

Section 1 - Name of Authority. The name of the Authority shall be "The Baranof Island Native Public Housing Authority".

Section 2 - Seal of Authority. The seal of the Authority shall be in the form of a circle and shall bear the name of the Authority and the year of its organization.

Section 3 - Office of Authority. The office of the Authority shall be at such place at Sitka, Alaska as the Authority may from time to time designate by resolution.

ARTICLE II. OFFICERS

Section 1 - Officers. The officers of the Authority shall be a Chairman, a vice Chairman, a Secretary and a Treasurer.

Section 2 - Chairman. The Chairman shall preside at all meetings of the Board of Commissioners (herein called "Board"). Except as otherwise authorized by resolution of the Board, the Chairman shall sign all contracts, deeds and other instruments made by the Authority. At each meeting, the Chairman shall submit such recommendations and information as he may consider proper concerning the business, affairs and policies of the Authority.

Section 3 - Vice Chairman. The Vice Chairman shall perform the duties of the Chairman in the absence or incapacity of the Chairman; and in case of the resignation or death of the Chairman, the Vice Chairman shall perform the Chairman's duties until such time as a new Chairman is appointed.

Section 4 - Secretary. The Secretary shall keep the records of the Authority, shall act as secretary of the

meetings of the Board of Commissioners and record all votes, and shall keep a record of the proceedings of the Board in a journal of proceedings to be kept for such purpose, and shall perform all duties incident to his office. He shall keep in safe custody the seal of the authority and shall have power to affix such seal to all contracts and instruments authorized to be executed by the Board. In the absence of both the Chairman and Vice-Chairman, the Secretary shall preside.

Section 5 - Treasurer. The Treasurer shall have the care and custody of all funds of the Authority and shall deposit the same in the name of the Authority in such depository as the Board may select. He shall sign all orders and checks for the payment of money and shall pay out and disburse such moneys under the direction of the Board. Except as otherwise authorized by resolution of the Board, all such orders and checks shall be countersigned by the Chairman. He shall keep regular books of accounts showing receipts and expenditures and shall render to the Board, at each regular meeting (or oftener when requested), an account of his transactions and also of the financial condition of the Authority. He shall give such bond for the faithful performance of his duties as is required. He shall submit a complete annual report, in written form, as required by the Tribal Ordinance No. 30-21 adopted 11/4/80

Section 6 - Executive Director. The Executive Director of the Authority shall be appointed by the Board. Subject to the direction of the Board, he shall have general supervision over the administration of the business and affairs of the Authority, and shall be charged with the management of its housing projects.

Section 7 - Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the Board or the by-laws or rules and regulations of the Authority.

Section 8 - Election or Appointment. The Vice-Chairman, Secretary and Treasurer shall be elected at the Annual meeting of the Board of Commissioners from among the Commissioners, and shall hold office for one year or until their successors are elected and qualified.

Section 9 - Vacancies. Should the offices of Vice Chairman, Secretary or Treasurer become vacant, the Board shall elect a successor from its membership at the next regular meeting, and such election shall be for the unexpired term of said office.

Section 10 - Additional Personnel. The Authority may from time to time employ such personnel as it deems necessary to carry out its powers, duties and functions as

prescribed by law and tribal resolution. The selection and compensation of such personnel (including the Executive Director) shall be determined by the Board.

### ARTICLE III. MEETINGS

Section 1 - Annual Meeting. The annual meeting of the Board shall be held on the 4th day of November at 7 o'clock P.M. at the regular place of the Board, which place shall be designated by resolution. In the event such date falls on a Sunday or a legal holiday, the annual meeting shall be held on the next succeeding secular day.

Section 2 - Regular Meetings. Monthly meetings shall be held on the 15 day of every month at 7 o'clock P.M. at the regular meeting place of the Board. In the event such date falls on a Sunday or a legal holiday, the regular meeting shall be held on the next succeeding day. Regular meetings may be held without notice.

Section 3 - Emergency Meetings. The Chairman of the Board may, when he deems it expedient, and shall, upon the written request of two members of the Board, call an emergency meeting of the Board for the purpose of transacting any business designated in the call. Actual notice must be given to each member of the Board at least 24 hours prior to the time of such emergency meeting. At such emergency meeting no business shall be considered other than as designated in the call, and no action may be taken without the concurrence of three Commissioners, but if all of the members of the Board are present at an emergency meeting any and all business may be transacted at such meeting.

Section 4 - Quorum. The powers of the Authority shall be vested in the Commissioners thereof in office from time to time. Three Commissioners shall constitute a quorum for the purpose of conducting its business and exercising its powers and all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. When a quorum is in attendance, action may be taken by the Authority upon a vote of a majority of the Commissioners present except with respect to emergency meetings as provided in Section 3 of this Article, and with respect to the adoption of bond resolutions which require adoption by the vote of an absolute majority of the Board.

Section 5 - Order of Business. At the regular meeting of the Authority the following shall be the order of business:

1. Roll Call
2. Reading and approval of the minutes of the previous

meeting.

3. Bills and communications.
4. Report of the Secretary.
5. Report of the Treasurer.
6. Reports of Committees.
7. Unfinished business.
8. New business.
9. Adjournment.

All resolutions shall be in writing and shall be copied in a journal of the proceedings of the Authority.

Section 6 - Manner of Voting. The voting on all questions coming before the Board shall be by roll call, and the yeas and nays shall be entered upon the minutes of such meeting, except in the case of elections when the vote may be by ballot.

#### ARTICLE IV. AMENDMENTS

Section 1 - Amendments to By-Laws. The by-laws of the Authority shall be amended only with the approval of at least three Commissioners at any Board meeting provided that at least seven days written notice thereof has been previously given to all Commissioners.

Commissioner FRED LEWIS moved that said resolution be finally adopted as introduced and read. The motion was seconded by Commissioner ALFRED PERKINS. The question being put upon the final adoption of said resolution, the roll was called with the following result:

Ayes: 7

Nays: 0

The Chairman declared such motion carried and the resolution finally adopted.

A corporate seal was then submitted to the meeting. The following resolution was then introduced by Commissioner Lewis, read in full by the Temporary Secretary, and considered by the Authority:

RESOLUTION NO. 80-22  
RESOLUTION ADOPTING SEAL OF  
BARANOF ISLAND NATIVE PUBLIC HOUSING AUTHORITY

BE IT RESOLVED BY The Baranof Island Native Public Housing Authority:

1. That the seal submitted to this meeting is hereby adopted as the seal of this Authority and the Temporary Secretary of this Authority is hereby authorized and directed to imprint said seal on the margin of the minutes opposite this resolution.

2. That the Secretary is hereby authorized to affix the seal of the Authority to all appropriate papers.

Commissioner FRED LEWIS moved that said resolution be finally adopted as introduced and read. The motion was seconded by Commissioner ALFRED PERKINS. The question being put upon the final adoption of said resolution, the roll was called with the following result:

Ayes: 7

Nays: 0

The Chairman declared such motion carried and the resolution finally adopted.

The Chairman announced that it was in order to elect the officers of the Authority to serve until the next annual meeting or until their successors are chosen and qualify in their stead.

Commissioner Thomas and \_\_\_\_\_ having been nominated to the office of Vice Chairman, upon motion made, seconded, and adopted, the nominations were closed. A vote being taken, Commissioner Thomas was declared by the Chairman to be elected to the office of Vice Chairman.

Commissioner Perkins and \_\_\_\_\_ having been nominated to the office of Secretary upon motion made, seconded, and adopted, the nominations were closed. A vote being taken, Commissioner Perkins was declared by the Chairman to be elected to the office of Secretary.

Commissioner Williams and \_\_\_\_\_ having been nominated to the office of Treasurer upon motion made, seconded and adopted, the nominations were closed. A vote being taken, Commissioner Williams was declared by the Chairman to be elected to the office of Treasurer.

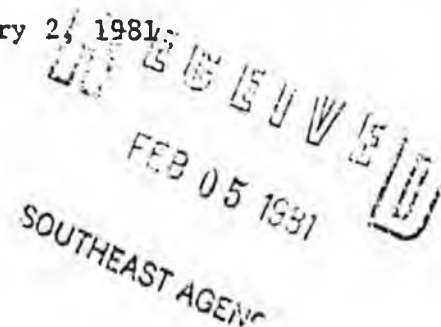


# United States Department of the Interior

OFFICE OF THE SOLICITOR  
ANCHORAGE REGION  
510 L Street, Suite 408  
Anchorage, Alaska 99501

IN REPLY REFER TO:

February 2, 1981



Memorandum

To: Superintendent, Southeast Agency  
Juneau, Alaska

From: Bruce Landon, Attorney-Advisor

Subject: Baranof Island Native Public Housing Authority

I have reviewed the package of materials relating to the formation of the Baranof Island Native Public Housing Authority (BINPHA) by the Sitka Community Association (SCA), a tribe of Alaska Natives organized pursuant to the Indian Reorganization Act (IRA), and believe that the SCA does have the authority to create such a body (subject to approval of the BIA and HUD). The resolutions contained in the package appear to meet HUD requirements, except that they do not include the General Certificate of Housing Authority required by 24 CFR § 805.108(f)(9). Although the BIA approves only the ordinance itself, the approval of BINPHA will be speeded up if the package submitted to HUD is complete. I have already brought the omission to the attention of SCA.

BINPHA differs from many Indian Housing Authorities (IHA) in that SCA does not have a reservation or tribal trust lands. Neither of these facts constitutes an impediment to the formation of a housing authority.

43 USC § 1437a(6) defines "public housing authority" as "any state, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of low-income housing." The term "State" includes "Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos" (42 U.S.C. § 1437a(7)). Neither definition distinguishes between reservation and non-reservation tribes. HUD regulations on the establishment of IHA's provide:

(b) Legal capacity of tribe to establish IHA. Where an Indian tribe has governmental police power to promote the general welfare, including the power to create a housing authority, an IHA may be established by tribal ordinance enacted by the governing body of the tribe. 24 CFR § 805.109(b).

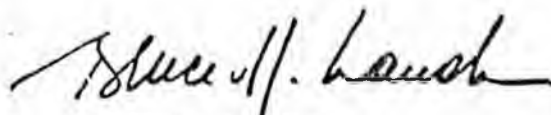
IRA councils in Alaska are Indian tribes. Alaska Natives have normally been organized by village rather than by some larger unit such as is common in the Lower 48. Nonetheless, the Department recognized Native groups in Alaska as tribes with police powers over their members even

before passage of the IRA. 54 I.D. 39 (1932) (upholding the validity of marriage by custom among Natives whether on or off reservations). The extension of the IRA to Alaska in 25 U.S.C. 473a takes the unique organizational structures of Alaska Natives into account by providing that Natives "having a common bond of occupation, or association, or residence within a well-defined neighborhood, community, or rural district, [may] organize and . . . adopt constitutions and by-laws and . . . receive charters of incorporation" under sections 16 and 17 of the IRA, 25 U.S.C. §§ 476, 477. Section 16 provides that such councils have certain enumerated powers plus "all powers vested in any Indian tribe or tribal council" by existing law. We may refer to the SCA constitution for the types of police powers exercised by the SCA. The preamble states that the constitution was established "to promote our welfare through the development and operation of social and economic enterprises." The SCA Tribal Council exercises all the powers of the SCA. SCA Constitution, Article III. Among these are the authority to organize and charter associations of its members for economic purposes and to regulate the same. SCA Constitution, Article IV, section 1(e). The Tribal Council may also negotiate with the Federal and State governments on behalf of the SCA. I therefore conclude that the SCA Tribal Council has the police power to promote the general welfare of its members by creating a housing authority.

HUD regulations prescribe the form of the tribal ordinances establishing housing authorities. 24 CFR § 805.109(d); Appendix I, 24 CFR Part 805. The "whereas" clauses of the present ordinance differ in format from the authorities clause in Appendix I, but the contents of the two are essentially the same. Otherwise, the ordinance appears to follow Appendix I word for word. I therefore believe that the BIA may approve the tribal ordinance.

I would point out that the formation of a housing authority is only the first step towards getting housing constructed. HUD builds housing only on tax-free land. Further, HUD has certain housing code requirements. It is therefore likely that the housing authority will have to enter into agreements with the State and localities on these subjects before construction can commence. The fact that BINPHA will encounter hurdles not encountered by reservation tribes with trust land does not negate the conclusion that a housing authority can properly be established. Once established, the authority can attempt to work out the necessary agreements. I believe from my contacts with SCA that they are aware of the hurdles to be faced after the authority is established. Nonetheless, it may be appropriate for the BIA to communicate to the SCA when it approves the ordinance that hurdles remain and that establishment of an IHA does not guarantee that HUD housing can be built.

If I can be of further assistance, let me know.



Bruce M. Landon  
Attorney-Advisor

Linn Asper -  
Pls to L&C-CS

CSHB302 (Finance) am

Language to add to HB302:  
make this sec. eff. imed.

Sec. AS 18.55.996 (a) is amended by  
adding a new paragraph to read:  
(14) Sitka Community Association (Baranof Island)

(takes effect immediately in accordance with  
AS 01.10.070(c))

Memo coming from Linn Asper stating  
that this can go on HB302  
without a title change.

HB302

13-1435  
Asper  
5/24/83

1 IN THE SENATE

BY ELIASON

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to regional Native housing authori-  
7 ties; and providing for an effective date."

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

9 \* Section 1. AS 18.55.996(a)(10) is amended to read:

10 (10) Tlingit-Haida Central Council or Alaska Native Brother-  
11 hood (Southeastern Alaska other than Baranof Island, including Metla-  
12 katla)

13 \* Sec. 2. AS 18.55.996(a) is amended by adding a new paragraph to read:

14 (14) Sitka Community Association (Baranof Island)

15 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
16 10.070(c).

17  
18  
19 Eric Morrison

20 Baranof Island Housing Authority

21 Box 4360

22 Mt. Edgecumbe, AK 99835

23  
24  
25 747-3207

26  
27  
28  
29  
HSD in Anch.  
Charles Leo  
271-4629

# STATE OF ALASKA THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

## LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

May 25, 1983

**SUBJECT:** Inclusion of regional Native housing  
authority provisions in HB 302  
(Work Order No. 13-1435)

**TO:** Senator Richard I. Eliason  
Chairman, Senate Labor and  
Commerce Committee

**FROM:** *CHA* Linn H. Asper  
Legislative Counsel

You have asked if the statutory changes you requested regarding regional Native housing authorities (AS 18.55.996) can be added to a Senate Labor and Commerce Committee substitute to CSHB 302 (Finance). Since the title of the bill cannot be changed to accommodate the new material (Uniform Rule 24(c)) the question is whether or not the title of the bill as passed by the House of Representatives covers the proposed addition under applicable state constitutional requirements. The title of the House passed version of the bill is "An Act relating to state housing loan and state alternative technology loan programs; and providing for an effective date." For your purposes, the relevant part of the title is "relating to state housing loan . . . programs". It is my opinion that the regional Native housing authority program is arguably a "state housing loan program" making inclusion of your new material permissible under the single subject and descriptive title requirements of the Alaska Constitution (Article II, section 13). The regional housing authorities have been created to administer both state and federal housing loan money. In particular you should note that the housing authorities can make loans under the Department of Community and Regional Affairs' rural housing loan program (AS 18.55.997). In this sense it is not reaching too far to describe the regional Native housing authority program as a "state housing loan program". For what it is worth, the title of Chapter 113, SLA 1982 is, in relevant part, "An Act relating to certain state loan and grant

Senator Richard I. Eliason  
Page 2  
May 25, 1983

programs . . . " and contains an amendment to the regional housing authority statute.

While it would be better practice to change the title of the bill to clarify your proposed addition, this is not possible under the Uniform Rules and I believe you may properly add the material without changing the title.

LHA:ljb  
21/026

# WORK ORDER REQUEST FORM

N13-1485

KEYWORDS: housing

ASSIGNED TO Asper

REQUEST FOR: BILL  RESOLUTION  RESEARCH  OTHER

SUBJECT Regional Housing Authorities

REQUESTED FOR Sen. Eliason BY Mary Ryan EXT. 4916

\* DELIVER TO Senator Eliason TAKEN BY Cook

INSTRUCTIONS, EXPLANATIONS \_\_\_\_\_

Add Hiranoff Island Housing Authority to list of regional housing authorities established in the state.

(Also check to see if this can be attached to any existing bills and call Mary on this.)

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH \_\_\_\_\_

RETURN \_\_\_\_\_

TO REQUESTER

APPROVED: ASB Director, Legal Services

REVIEWED \_\_\_\_\_

IN 5/24/53 DUE \_\_\_\_\_

TYPED - Draft \_\_\_\_\_ DATE \_\_\_\_\_

Final \_\_\_\_\_ DATE \_\_\_\_\_

PROOFED \_\_\_\_\_ DELIVERED \_\_\_\_\_

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

DRAFT

FINAL

TELEGRAM

ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

06005 TDJU SITKA ALASKA 54 05-25 1153A PDT

PMS SENATOR RICHARD ELIASON

POUCH 4

4693

JUNEAU AK 99811

SENATOR ELIASON:

THE SITKA COMMUNITY ASSOCIATION RESPECTFULLY REQUESTS YOUR  
ASSISTANCE TO AMEND ALASKA STATUTE 1.55.996 AS FOLLOWS:

ADD A PARAGRAPH TO INCLUDE THE SITKA COMMUNITY  
ASSOCIATION (BARANOF ISLAND HOUSING AUTHORITY)  
TO THE LIST OF ASSOCIATIONS AUTHORIZED TO FORM  
NATIVE HOUSING AUTHORITIES.

THANK YOU VERY MUCH FOR YOU SUPPORT ON THIS MATTER.

WILLIAM H. BRAD, PRESIDENT  
SITKA COMMUNITY ASSOCIATION

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

June 16, 1983

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

POSITION PAPER

RE: CSHB 302 (L&C)

SPONSOR: The House Special Committee on State Loans

Program Effects of Bill

Section 12 creates a revolving loan fund in the division. The creation of a revolving loan fund will permit the division to retain principal and interest payments received from borrowers. The revolving loan fund, in time, will reduce future capital budget requests.

Section 13 creates within the division a Home Ownership Assistance Fund. The creation of this fund, and the subsidy it provides will assist low and moderate income persons in purchasing single family homes. The impact, both fiscal and in activity will be tremendous. The subsidy fund will allow persons who ordinarily would not qualify for a housing loan to do so. The division expects to expend approximately 25% of its loan fund allocation in this area.

Section 14 permits a borrower, who has outstanding non owner-occupied housing loan, to apply for an owner-occupied housing loan. The passage of HB 305 will correct an injustice now imposed on borrowers holding an outstanding non owner-occupied housing loan.

Section 15 requires that the Housing Assistance Division not finance mortgage for rental housing unless the borrower agrees not to discriminate against tenants or prospective tenants because of sex, marital status, changes in marital status, pregnancy, parenthood, race, religion, color, national origin, or status as a student.

Section 16 sets the interest rate for nonconforming urban housing loans 1/4% higher than the taxable bond rate as determined by Alaska Housing Finance Corporation (AHFC). In addition, Section 16 sets the interest rate for rural housing loans 1% lower than the taxable bond rate as determined by AHFC. Setting the rural rate 1% lower than AHFC's rates will increase demand for rural loans provided by the division .

Section 17 makes it mandatory for the Housing Assistance Division to have an Annual Report prepared and transmitted to the governor and the Legislature by January 10 or each year.

Section 18 of this bill re-defines the definition of rural as applied to the rural owner occupied and rural non-owner occupied programs.

Section 20 repeals the law mandating an 80%/20% split in loan fund allocations for nonconforming housing loans. Currently rural Alaska receives 80% of the funding. Section 10 will also allow the division to allocate nonconforming funds in a more productive manner. This section also repeals a second definition of rural.

Section 22 provides an effective date for Sections 12, 14-17, 20-22.

  
\_\_\_\_\_  
Mark Lewis, Commissioner

STATE OF ALASKA  
FISCAL NOTE

Revision Date 6/16, 1983

I. REQUEST

Bill/Resolution No.: CS for HB 302  
 Title: State Housing Loans  
 Sponsor: House Special Commte./Loans  
 Requestor: Senate Finance

II. FISCAL DETAIL

Agency Affected: Comm. & Reg. Affairs  
 Program Category Affected: Development  
 BRU, Program of Subprogram(s) Affected: Housing Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		3	3.	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
<b>TOTAL OPERATING</b>		226	284.1	299.9	316.7	334.7
Annual Subsidy		650	1,000	1,200	1,350	1,700
<b>CAPITAL</b>		15,650	31,650	37,850	44,200	50,700
Subside (Cumulative)		650	1,650	2,850	4,200	5,700
<b>REVENUE</b>		350	2,150	4,250	6,650	9,350
Revenue (Annual)		350	1,800	2,100	2,400	2,700

FUNDING: (Thousands of Dollars)

GENERAL FUND		15,650	31,650	37,350	44,200	50,700
FEDERAL FUNDS						
OTHER (Specify Source)						
Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS:

FULL-TIME		5	5	5	5	5
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: B. Morse-Quinn/R. Price  
 Division: Housing Assistance Division  
 Approved by Commissioner: [Signature]  
 Department: Community & Regional Affairs

Phone: 272-45-4585  
 Date: 6/16/83  
 Date: 6/16/83

Distribution:

Original to Legislative Finance  
 Copy to Office of Management and Budget (for Legislature introduced bills)  
 Copy to Department (for Governor introduced bills)  
 Copy to Sponsor  
 Copy to Requestor (if different from Sponsor)



ALASKA STATE SENATE

M E M O R A N D U M

DATE: June 7, 1983  
TO: Senator Patrick Rodey  
FROM: Jim Kelly *JK*  
RE: Sectional Summary of SCS CS HB 302(L&C)

Section 1: Provides for the creation, in Sitka, of a new regional native housing authority, with duties and powers comparable to those held by ASHA.

Section 2: Provides for the creation in AHFC of an Alaska housing finance revolving fund. The establishment of this fund in AS 18.56 gives the corporation statutory authority to continue reinvesting previously appropriated funds, and the earnings on them, in housing loans. This conforms the law with the action taken earlier this session when the legislature approved the appropriation to AHFC in House Bill 336.

Section 3: Provides additional accountability to AHFC by adding language to the section of law which requires the corporation to abide by the Executive Budget Act. The new language would require AHFC to present to the legislature, each year, an audited and complete accounting of the Alaska housing finance revolving fund. This is intended to ensure that budgetary decision-makers have full information on which to make annual budget decisions regarding the corporation.

Sections 4-6: Increase the maximum allowable loan amounts for AHFC-financed first and second mortgage loans for single family homes by 10 percent. Existing loan amount limitations on duplexes, triplexes and four-plexes remain the same. In addition, tenent discrimination is prohibited in AHFC-financed rental units.

Sections 7-8: Rewrite the interest rate language in AHFC. Makes no substantive change in existing subsidy, i.e., the subsidized rate continues to float three percent below cost of funds, except that it may not be less than 10 percent. The change updates the statutes and removes superfluous wording.

Section 9: Corrects the constitutionally-deficient language in AS 18.56 relating to the eligibility of veterans to receive the one percent discount under the SAM program, by removing residency requirements.

Section 10: Makes optional, not mandatory, the requirement that AHFC retain a financial advisor each time it issues bonds.

Section 11: Provides that AHFC may lend money to Alaska's congressional delegation to purchase homes in the District of Columbia, or anywhere within 50 miles of D.C.

Section 12: Makes the Housing Assistance Loan Fund a revolving fund. With this language in place, the Division of Housing Assistance, like AHFC, will be able to reinvest previously appropriated funds, and the earnings on them, in housing loans.

Section 13: Creates a new program in the Division of Housing Assistance to aid rural persons of lower or moderate income to purchase single family homes. This program would be virtually identical to one already in existence in AHFC: the HOF program.

Section 14: Provides that a person may qualify for both an owner-occupied state housing loan and a non-owner occupied housing loan under AS 44.47.520.

Section 15: Prohibits discrimination against tenants in HUD-financed rental units.

Section 16: Changes existing interest rates on rural and non-conforming loans. Rural rates decrease from a fixed 10.5 percent to a floating rate one percent less than that of AHFC. Nonconforming rates increase to one quarter percent more than that of AHFC.

Section 17: Adds a new section to AS 44.47 to require the Division of Housing Assistance to prepare annual reports for the legislature, the governor and the public.

Section 18: Broadens the definition of rural for the purposes of AS 44.47 to include some Alaskan communities which had previously been excluded, e.g. Tok, Willow and Haines.

Section 19: Provides that loans for coal and multi-fuel central heating systems may be made under the Alternative Technology and Energy Loan Program in the Department of Commerce and Economic Development.

Section 20: Repeals language relating to the now-defunct "Rogers Ratchet" in AHFC, and language in AS 44.47 which requires the Division of Housing Assistance to allocate nonconforming on a 80/20 basis between rural and urban areas in the state.

Sections 21-22: Effective dates.

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

distributed by  
Senator Ray

FOURTH FLOOR STATE OFFICE  
LEGISLATIVE BUILDING  
JUNEAU, ALASKA 99801  
707-465-1200

MEMORANDUM

May 13, 1983

SUBJECT: Receipts of revolving loan funds  
TO: Senator Bill Ray  
FROM: Billy G. Berrier *BGB*  
Director  
Division of Legal Services

You have asked whether the receipts of a revolving loan fund must be appropriated to the fund in order for the receipts to be available for the purpose of the fund.

In my opinion an appropriation is not necessary.

Section 7 of Article IX of the Constitution of the State of Alaska provides:

DEDICATED FUNDS. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

Under the plain language of the prohibition it does not reach all public revenues but only the proceeds of a state tax or license. However, this interpretation, which in my opinion was the correct reading of the prohibition was flatly rejected by our Supreme Court in State v. Alex, 646 P.2d 203 (Alaska 1982).

In Alex the holding on the prohibition of dedicated funds rested on a quotation from a 1975 Attorney General opinion which read:

"Section 7 of Article IX of the state Constitution can be given its intended effect and serve its repeatedly

expressed purpose only if the words 'proceeds of any tax or license' are interpreted to mean what their framers clearly intended, i.e., the sources of any public revenues.

"Accordingly, it is our conclusion that the dedication of any source of public revenue: tax, license rental, sale, bonus-royalty, royalty, or whatever is limited by the state Constitution to those existing when the Constitution was ratified or required for participation in federal programs."

The analysis by the Court and the analysis in the opinion the Court quoted with approval both rely on the minutes of the constitutional convention for their conclusion.

The original proposal of the committee for this section read in relevant part "all revenues shall be deposited in the state treasury without allocation for special purposes."

However, this language led to certain problems. The Public Administration Service which was the consultant to the convention advised that certain exceptions were required. The committee then proposed language changing the wording from "all revenues" to "The proceeds of any state tax or license". The committee report accompanying the change read:

Section 8: The intended purpose of this section to prohibit the earmarking of certain revenues for special purposes is certainly laudable. It is doubtful, however, that a strict interpretation of this provision could be applied. Legal and contractual provisions will require the segregation of certain moneys, e.g., pension contributions, proceeds from bond issues, sinking fund receipts, revolving fund receipts, contributions from local government units for state-local cooperative programs, and tax receipts which the state might collect on behalf of local government units.

In Alex the Court commented on the change saying:

Under the original, all-inclusive prohibition of the dedication of "all revenues," there is no doubt that it was intended to prohibit any and all dedications. The committee intended it to prohibit not only the dedication of taxes, but also such revenue as the proceeds from the sale of state lands. See 3 Alaska Const. Conv. Proceed. 2317-19. The committee's spokesman

stated that the purpose of the proposed amendment was to allow for the setting up of certain special funds, such as sinking funds for the repayment of bonds, but to prohibit the earmarking of any special tax to that sinking fund. 4 Alaska Const. Conv. Proceed. 2363. Thus, the change did not seek to exempt some sources of revenue from the prohibition, but was intended instead to allow necessary dedication of funds once they were received and placed in the general fund. 1975 Alaska Op. Atty. Gen. No. 9 at 10 (May 12). Review of the convention discussion shows that the amendment was not intended to limit the prohibition of earmarking.

It is clear from the minutes of the convention that a change was intended when the language "all revenues" was changed to read "The proceeds of any state tax or license". The Court has expressly recognized this. The Court did not expressly find the extent of the change although relying on the history it found the change to be narrow.

In my opinion the narrowest possible construction that can be made which is logically consistent with the history is that the intent was to eliminate the need for the specific exceptions the committee was concerned with. Since that history is the only basis for the Alex decision in my opinion at least the specified exceptions are not subject to the prohibition on dedication. Revolving loan fund receipts are one of the specified exceptions. Therefore in my opinion these receipts are not subject to the prohibition.

An Attorney General's opinion on the subject dated November 30, 1982, came to essentially the same conclusion. In that opinion the Attorney General said:

"IV. POSSIBLE EXCEPTIONS TO THE DEDICATED FUND PROHIBITION

"A. Implied Exceptions.

"An early draft of what is not Article IX, section 7 (but which was at that time numbered section 8) read as follows: 'All public revenues shall be deposited in the state treasury . . .' Subsequent to this early draft, the Committee on Finance and Taxation of the Constitutional convention requested comments from the Public Administration Service on this wording. The PAS responded with the January 4, 1956 memorandum in which it warned that a strict interpretation of section 7

(then section 8) would prohibit the segregation of state money without regard to the source. The PAS then suggested that certain exceptions be identified in section 7. These exceptions included pension contributions, proceeds from bond issues, sinking fund receipts, revolving fund receipts, contributions from local government units for state-local cooperative programs, and tax receipts which the state might collect on behalf of local government units.

"After considering the PAS memorandum, the committee deleted the phrase 'all public revenues shall be deposited . . .' and substituted the phrase 'The proceeds of any state tax or license . . .'. 3 Alaska Const. Conv. Proceed. at 2361. The record of the committee debate makes it clear that the purpose of this change was to meet the problems raised by the PAS in its January 4 memorandum. See 1975 (0, Atty. Gen. No. 9 at 8 (Alaska, May 2, 1975)).

"Given this drafting history, a very good case can be made that the present language of Article IX, section 7 must be read to include certain implied exceptions, such as those that are set out in the January 4 PAS memorandum, i.e., pension contributions, proceeds from bond issues, sinking fund receipts, revolving fund receipts, contributions from local government units for state-local cooperative programs, and tax receipts which the state might collect on behalf of local government units. We believe this implied exception approach is the better interpretation of the dedicated fund prohibition and would be adopted by the Alaska Supreme Court if the question is presented to it.

In my opinion it is not necessary to appropriate the receipts of a revolving loan fund to the fund in order for the receipts to be used for the purpose of the fund.

BGB:ljb  
19/031

According to <sup>Col. Hoyt</sup> Jo Clemenson  
of the Alaska National Guard

Alaska Naval Militia became  
inactive in early seventies.

Working with Navy to  
reestablish Naval Militia

(Valdez, Kodiak)

Senate Labor and Commerce CS  
for CSHB 302(Fin)am

page 3, line 29

Delete "the Alaska Naval Militia,"

Add a new section (was in CSHB 302(Loans) and formerly placed between Sections dealing with Independent Financial Advisor and Housing Assistance Loan Fund, Sections 7 and 8 respectively of CSHB 302(Fin)am. Placement left to your discretion:

"Sec. \_\_\_\_ AS 18.56. is amended by adding a new section to read:

Sec. 18.56.205. RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the special mortgage loan purchase program (AS 18.56.098) to purchase a mortgage loan made for the purchase or rehabilitation of a residence located in the District of Columbia or within 50 miles of the District of Columbia to a member of the United States Congress from Alaska if the member is otherwise qualified for assistance under the special mortgage loan purchase program."

And attached amendments

# 1.5<sup>#</sup>2

Amendment # 1 by Rodey

Add a new Section 2 to read:

\* Section 2 AS 18.56.089 is amended to read:

ANFC

Sec. 18.56.089 EXECUTIVE BUDGET ACT. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07) for fiscal years beginning after June 30, 1981. In addition, to further ensure effective budgetary decision-making by the legislature, the corporation shall present to the legislature by January 10 of each year, a complete accounting of the Alaska housing finance revolving fund. This accounting shall be audited by an independent outside auditor and shall include a full description of all mortgage loan interest and principal repayments and program receipts, including, without limitation, mortgage loan commitment fees, received by or accrued to the corporation during the preceding fiscal year, and all income earned on assets of the corporation during that period, including, without limitation, earnings on assets of the state assisted mortgage fund.

Add a new section 13 to read:

\* Section 13 AS 44.47 is amended by adding a new section to read:

HAD

Sec. 44.47.530 ANNUAL REPORT. (a) The division shall prepare and transmit annually a report accounting to the governor and the legislature for the efficient discharge of all responsibility assigned by law or directive to the division.

(b) By January 10 of each year, the director shall publish a report of the division for distribution to the governor, the legislature and the public. The report shall be written in easily understandable language, shall consider the assigned duties of the division, and shall include: (1) a financial statement audited by an independent outside auditor;

(2) a statement of the division's loans under this chapter including an appraisal of the loans at market value;

(3) a description of the division's loan activities during the period covered by the report;

(4) a comparison of the division's goals with actual performance during the period covered by the report;

(5) a description of the division's loan portfolio by region within the four judicial districts of the State; and

(6) any other information the director believes would be of interest to the governor, the legislature and the public.

Amendment # 1, by Rodey

Add a new Section 1 to read:

\* Section 1. AS 18.56 is amended by adding a new section to read:

9  
10  
11  
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HAFC

Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The Alaska housing finance revolving fund is established in the corporation. The revolving fund consists of appropriations made to the revolving fund by the legislature, money or other assets transferred to the revolving fund by the corporation, repayments of principal and interest on loans made or purchased by the corporation, and the earnings on all other investments of the corporation that are not pledged to the payment of bonds or required, under agreements with bondholders, to be otherwise held or disposed of. Amounts deposited in the revolving fund shall be expended for the purposes of the corporation, set out in this chapter.

Amend Section 8, lines 15 - 18 to read:

HAD

Sec. 44.47.380. Housing Assistance Loan Fund. There is created in the Department of Community and Regional Affairs, as a revolving loan fund, the housing assistance loan fund consisting of money appropriated to it by the legislature and repayments of principal and interest on loans made or purchased from the assets of the fund. [INTEREST ON LOANS MADE OR PURCHASED FROM THE ASSETS OF THE FUND MUST BE TRANSFERRED TO THE DEPARTMENT OF REVENUE FOR DEPOSIT IN THE GENERAL FUND.]

Amendment # 3 by Rodey

THE AIDA AMENDMENT

Add new sections to the bill to include all of SB 253 with the exception of Section 2 of that bill.

Not  
adopted

## Discussion of Proposed Amendments to HB 302/Rodey

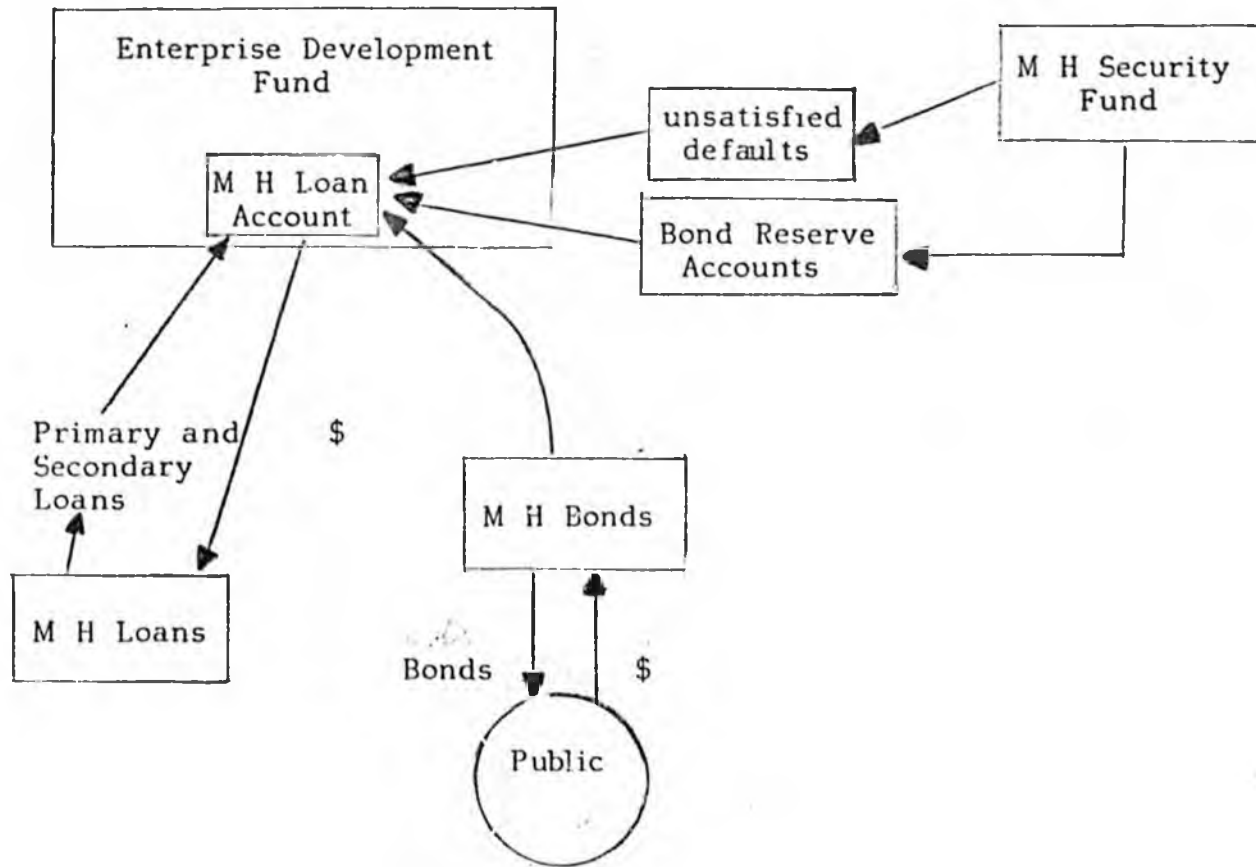
The purpose of amendment # 1 is to increase/improve the accountability of AHFC and HAD. The AHFC language is added to the Executive Budget Act section of AS 18.56, first to reinforce that AHFC is already under that control; secondly, to emphasize that the legislature can, indeed, make decisions about AHFC based on all available information (no secret funds); and third, to perhaps provide a further line of defense against any possible constitutional attack on the AHFC assets. Most of the language is pulled directly from HB 336 which the Legislature already passed this year in an appropriation bill. This simply puts it into statute.

The HAD language requires that HAD, like AHFC, AMBBA, AIDA, ARC, the APA, etc, present an annual report to the legislature.

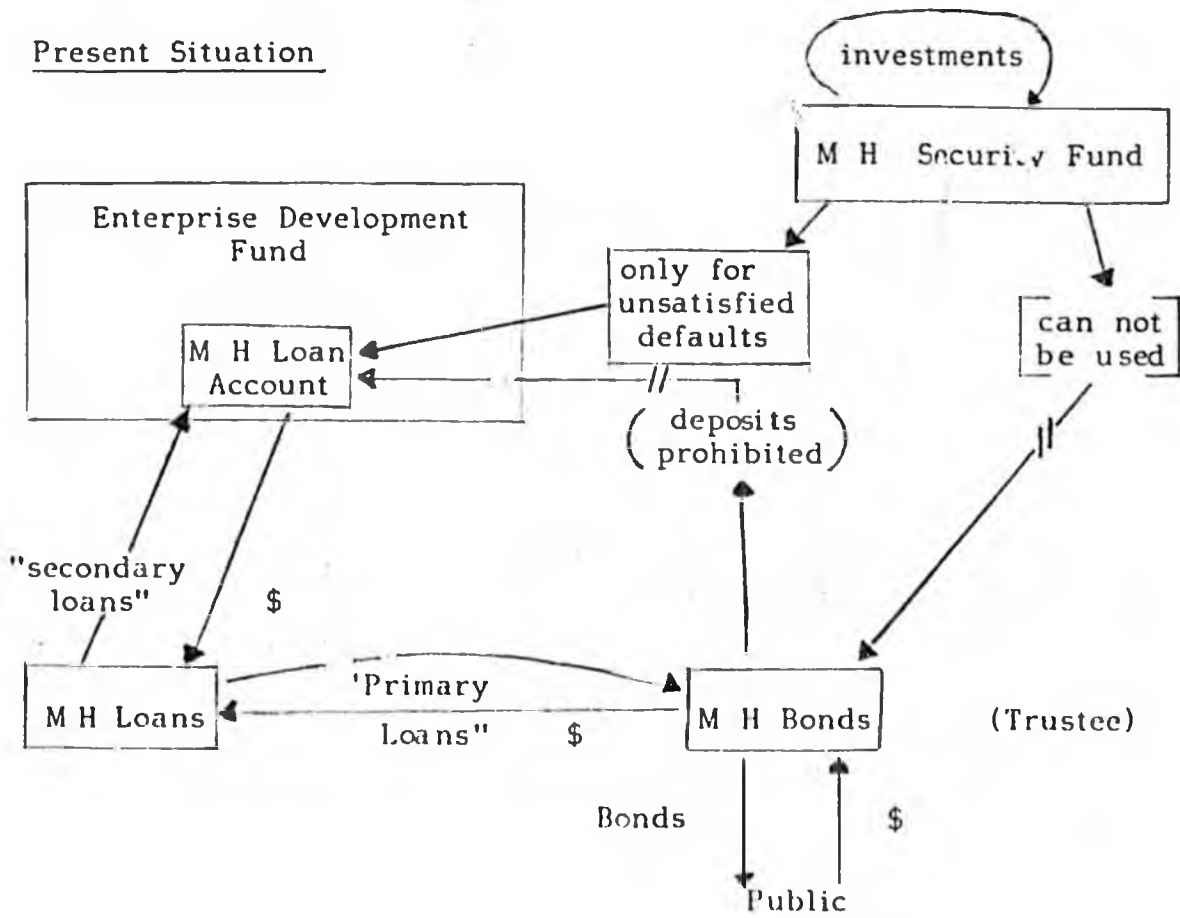
Amendment # 2 makes bothe AHFC and HAD revolving with principal and interest repayments returning to the funds. If HAD does not receive the interest, we will not have a revolving fund, because 'n the early years, all it will be receiving is interest repayments.

The idea of AHFC as revolving is not new; that was the original intent in 1980; we just passed HB 336 accomplishing it again; and a bill to do that was introduced in the last legislature by Bennett Farhrekamph and Parr.

Proposed Situation



Present Situation



302 TITLE & SPONSOR SUMMARY

INDEXED TITLE: SCS CSND 302(RLS)  
ACT RELATING TO STATE HOUSING LOAN AND STATE ALTERNATIVE  
TECHNOLOGY LOAN PROGRAMS,  
PROVIDING FOR AN EFFECTIVE DATE

GENERAL DOLLARS: \$0 (F. NOTE)

THE SPONSOR: HOUSE SPECIAL COMMITTEE.

OTHER DOLLARS: \$5,007,300

CO-SPONSORS:

CURRENT STATUS: 7/27/83 CHAPTER 0102 CLA 03

302 HOUSE ACTION  
DATE SEQ PAGE

LEGISLATIVE ACTION

5/29/83 01 0669 FIRST READING -- COMMITTEE REPORTS  
 6/15/83 02 0873 C&RA -- CS05, NR01  
 6/15/83 03 0873 C&RA F/NOTE EQUALS ZERO  
 6/05/83 04 1170 LOAN -- CS04  
 6/05/83 05 1191 LOANS F/NOTES USE SUPPL #55  
 6/20/83 06 1444 FIN -- CS10  
                   TAKEN UP IMMEDIATELY  
 6/20/83 07 1444 FIN F/NOTE USE SUPPL #64  
 6/20/83 08 1440 SECOND READING  
 6/20/83 09 1440 FIN CS ADOPTED BY UNAN CONSENT  
 6/20/83 10 1449 AM01 NOT ADOPTED BY DIV 04-33-03  
 6/20/83 11 1452 AM02 NOT ADOPTED BY DIV 17-21-02  
 6/20/83 12 1453 AM03 ADOPTED BY DIV 23-16-01  
 6/20/83 13 1453 ADVANCED TO 3RD READING BY UNAN CONSENT  
 6/20/83 14 1452 THIRD READING  
 6/20/83 15 1453 PASSED BY DIV 20-00-01  
 6/20/83 16 1454 EFFECTIVE DATE VOTE SAME AS PASSAGE  
 6/20/83 17 1454 NOTICE OF RECONSIDERATION GIVEN  
 6/21/83 18 1481 RECONSIDERATION NOT TAKEN UP  
 6/26/83 21 2107 CONCURRED IN SENATE AND BY DIV 20-11-00

302 HOUSE ACTION  
DATE SEQ PAGE

LEGISLATIVE ACTION

6/26/83 30 2107 EFFECTIVE DATE VOTE SAME AS PASSAGE  
 7/05/83 35 2155 TRANSMITTED TO GOVERNOR  
 7/21/83 37 2179 SIGNED BY GOVERNOR CHOICE, EFF 00/00/00  
 7/27/83 38 2179 EFFECTIVE DATE SECS. 1-12, 07/20/83  
 7/27/83 39 2179 EFFECTIVE DATE SECS. 14-20, 07/20/83  
 7/27/83 40 2179 EFFECTIVE DATE SECS. 22-2, 07/20/83  
 7/27/83 41 2179 EFFECTIVE DATE SECS. 13&21, 01/01/84

302 SENATE ACTION  
DATE SEQ PAGE

LEGISLATIVE ACTION

6/23/83 17 1070 FIRST READING -- COMMITTEE REPORTS  
 6/09/83 20 1243 L&C CS02, NR03  
 6/20/83 21 1201 FIN -- CS04, NR01  
 6/20/83 22 1206 FIN CARRIES SEN SUPPL #41  
 6/23/83 23 1258 SEN F/NOTE SEN SUPPL #42  
 6/23/83 24 1257 SEN -- CS01, CS03, OTHERS  
                   TAKEN UP IMMEDIATELY  
 6/23/83 25 1350 FIRST READING  
 6/23/83 26 1350 FIN CS ADOPTED BY UNAN CONSENT  
 6/23/83 27 1350 AMENDED TO SEN F/NOTE BY UNAN CONSENT  
 6/23/83 28 1350 SEN -- CS01 ADOPTED BY UNAN CONSENT  
 6/23/83 29 1350 SEN -- CS02 TO SEN F/NOTE BY UNAN CONSENT  
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 6/23/83 100 1350 SEN F/NOTE

# COMMITTEE REPORT

## SENATE

FURTHER: ESTABLISH

122/03

Date: \_\_\_\_\_

Mr. President:

The Committee on LABOR & HUMAN RESOURCES has had CSHR 302 (P.H.)

Trade, Labor, and Skills Development Technology Loan Program, 122/03

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CHAIRMAN



## 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: Representative Rick Uehling  
FROM: Bill Lovell, Staff  
DATE: May 20, 1983  
  
RE: CSHB 302 (Finance) AmH

For your convenience, I have analyzed the Finance Committee Substitute for House Bill 302, Amended House.

Sections 1 - 3 increase the amount of money that may be loaned for single-family residences under AHFC loan programs, from the current FNMA limits (at the present, \$160,000) to 10 percent above those limits. Sections 1 and 2 make it clear that no change is made to loan limits for duplex, triplex, or four-plex housing.

Section 4 repeals the "Rogers' Ratchet" and replaces it with similar, but more concise language.

Section 5 clarifies the method in which AHFC will determine the effective interest rate for loans purchased with funds obtained from program receipts, interest income, and fees.

Section 6 removes the residency requirement for eligibility for veterans' interest rates and changes eligibility requirements for national guard members and reservists.

Section 7 makes the hiring of a financial advisor for an AHFC bond sale permissive instead of mandatory.

Section 8 makes technical amendments to the housing assistance loan fund in the Department of Community and Regional Affairs to make it clear that the fund is a revolving fund, and that principal payments from housing loans are returned to the fund.

Section 9 establishes a home ownership assistance fund in the Department of Community and Regional Affairs to assist

lower and moderate income Alaskans to purchase homes under the community and regional affairs nonconforming and rural housing programs. The maximum subsidy available under the new fund is the amount that reduces the effective interest rate for a borrower to six percent. The maximum amount of a loan that can be subsidized from the fund is \$120,000.

Section 10 allows a person to have both a nonconforming or rural housing loan and a nonowner-occupied housing loan under the housing loan programs of the Department of Community and Regional Affairs.

Section 11 prohibits the Department of Community and Regional Affairs from making a mortgage loan for rental housing unless the borrower agrees not to discriminate against tenants or prospective tenants on account of sex, marital status, changes in marital status, pregnancy, parenthood, race, religion, color, national origin, or status as a student.

Section 12 sets nonconforming housing loans at one-quarter percent more than AHFC rates and sets rural housing loans at one percent less than AHFC rates.

Section 13 changes the definition of "rural" for community and regional affairs housing loans to include every community with fewer than 4,500 people that is not connected by road or rail to Anchorage, but is more than 50 air miles from Anchorage.

Section 14 adds central heating systems fueled by wood or coal to the list of alternative energy devices that are eligible for alternative energy loans under AS 45.88.

Section 15 repeals a portion of the AHFC interest rate calculation mechanism that is no longer necessary and repeals the 80/20 split allocation provision (80 percent rural and 20 percent urban) for nonconforming housing loans.

Section 16 delays the effective date of the home ownership assistance fund until January 1, 1984.

Section 17 makes the rest of the bill effective immediately.

# STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

## LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 25, 1983

SUBJECT: Inclusion of regional Native housing  
authority provisions in HB 302  
(Work Order No. 13-1435)

TO: Senator Richard I. Eliason  
Chairman, Senate Labor and  
Commerce Committee

FROM: *HL* Linn H. Asper  
Legislative Counsel

You have asked if the statutory changes you requested regarding regional Native housing authorities (AS 18.55.996) can be added to a Senate Labor and Commerce Committee substitute to CSHB 302 (Finance). Since the title of the bill cannot be changed to accommodate the new material (Uniform Rule 24(c)) the question is whether or not the title of the bill as passed by the House of Representatives covers the proposed addition under applicable state constitutional requirements. The title of the House passed version of the bill is "An Act relating to state housing loan and state alternative technology loan programs; and providing for an effective date." For your purposes, the relevant part of the title is "relating to state housing loan . . . programs". It is my opinion that the regional Native housing authority program is arguably a "state housing loan program" making inclusion of your new material permissible under the single subject and descriptive title requirements of the Alaska Constitution (Article II, section 13). The regional housing authorities have been created to administer both state and federal housing loan money. In particular you should note that the housing authorities can make loans under the Department of Community and Regional Affairs' rural housing loan program (AS 18.55.997). In this sense it is not reaching too far to describe the regional Native housing authority program as a "state housing loan program". For what it is worth, the title of Chapter 113, SLA 1982 is, in relevant part, "An Act relating to certain state loan and grant

programs . . . " and contains an amendment to the regional housing authority statute.

While it would be better practice to change the title of the bill to clarify your proposed addition, this is not possible under the Uniform Rules and I believe you may properly add the material without changing the title.

LHA:ljb  
21/026

# TELEGRAM

ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

06005 TDJU SITKA ALASKA 54 05-25 1153A PDT

PMS SENATOR RICHARD ELIASON

POUCH V

**4693**

JUNEAU AK 99811

SENATOR ELIASON:

THE SITKA COMMUNITY ASSOCIATION RESPECTFULLY REQUESTS YOUR  
ASSISTANCE TO AMEND ALASKA STATUTE 1.55.996 AS FOLLOWS:

ADD A PARAGRAPH TO INCLUDE THE SITKA COMMUNITY  
ASSOCIATION (BARRANOF ISLAND HOUSING AUTHORITY)  
TO THE LIST OF ASSOCIATIONS AUTHORIZED TO FORM  
NATIVE HOUSING AUTHORITIES.

THANK YOU VERY MUCH FOR YOUR SUPPORT ON THIS MATTER.

WILLIAM N. BRAD, PRESIDENT

SITKA COMMUNITY ASSOCIATION

Inform

Barbara Morse -

Quinn

When scheduled :

272-4585 :

Zenith 4585

Bill Fact Sheet

Date Received \_\_\_\_\_

Bill Number HB 302 Title \_\_\_\_\_

Fiscal Note - Date Requested \_\_\_\_\_ Date Received \_\_\_\_\_

- Of Whom \_\_\_\_\_

Dept. Position Paper - Date Requested \_\_\_\_\_ Date Received \_\_\_\_\_

- Of Whom \_\_\_\_\_

Resource People

Initial Hearing - Date 6-2-83

People Contacted

Koren (C+RA) - Position paper/fiscal note 5/23  
(Barbara Morse)

Richard Rainery DCRA Leg. Coordinator

Barbara Morse Quinn

AHFC (Judy Despain for Donna Cline)

DCED

Rep. Uehling

Follow-up Hearing - Date \_\_\_\_\_

Donna Cline

276-5589

AHFC  
(HB 180 portion)

Final Action \_\_\_\_\_ Date \_\_\_\_\_

H B

302

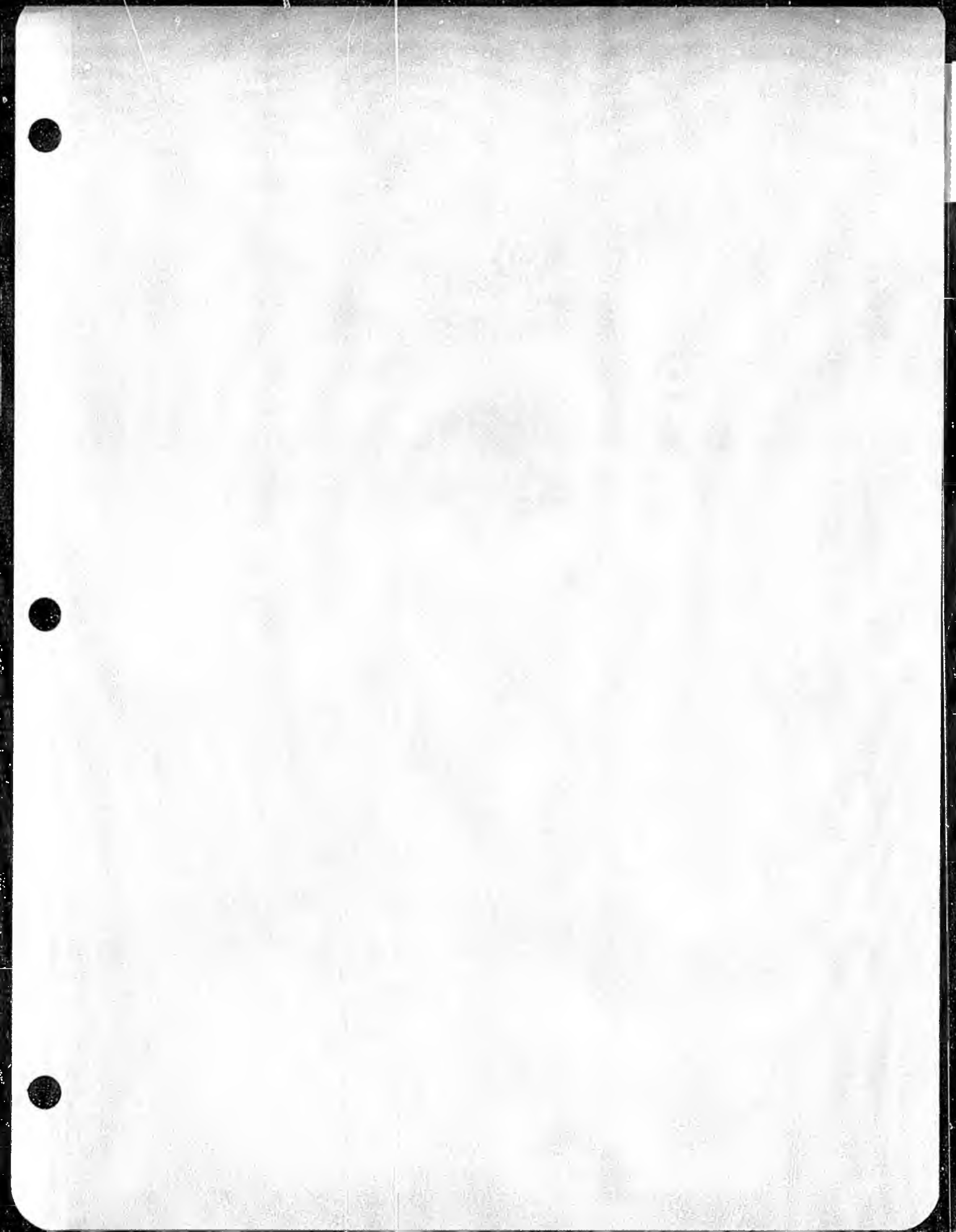
#2

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT

HB 302

by the

HOUSE SPECIAL COMMITTEE ON STATE LOANS



CHAIRMAN  
HOUSE SPECIAL COMMITTEE  
ON STATE LOANS

VICE-CHAIRMAN

HOUSE RESOURCES COMMITTEE  
HOUSE LABOR AND COMMERCE COMMITTEE

MEMBER

JOINT GAS PIPELINE COMMITTEE  
HOUSE FINANCE SUBCOMMITTEE ON  
ADMINISTRATION, REVENUE  
AND THE GOVERNOR'S OFFICE

Alaska State Legislature



House of Representatives

Representative  
RICK UEHLING

ANCHORAGE  
DISTRICT 12 - SEAT A  
1634 JUNEAU DRIVE  
ANCHORAGE, ALASKA 99501  
(907) 274-4256

POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4821

MEMORANDUM

TO: Members of the Special Committee on State Loans  
Members of the Community and Regional Affairs Committee

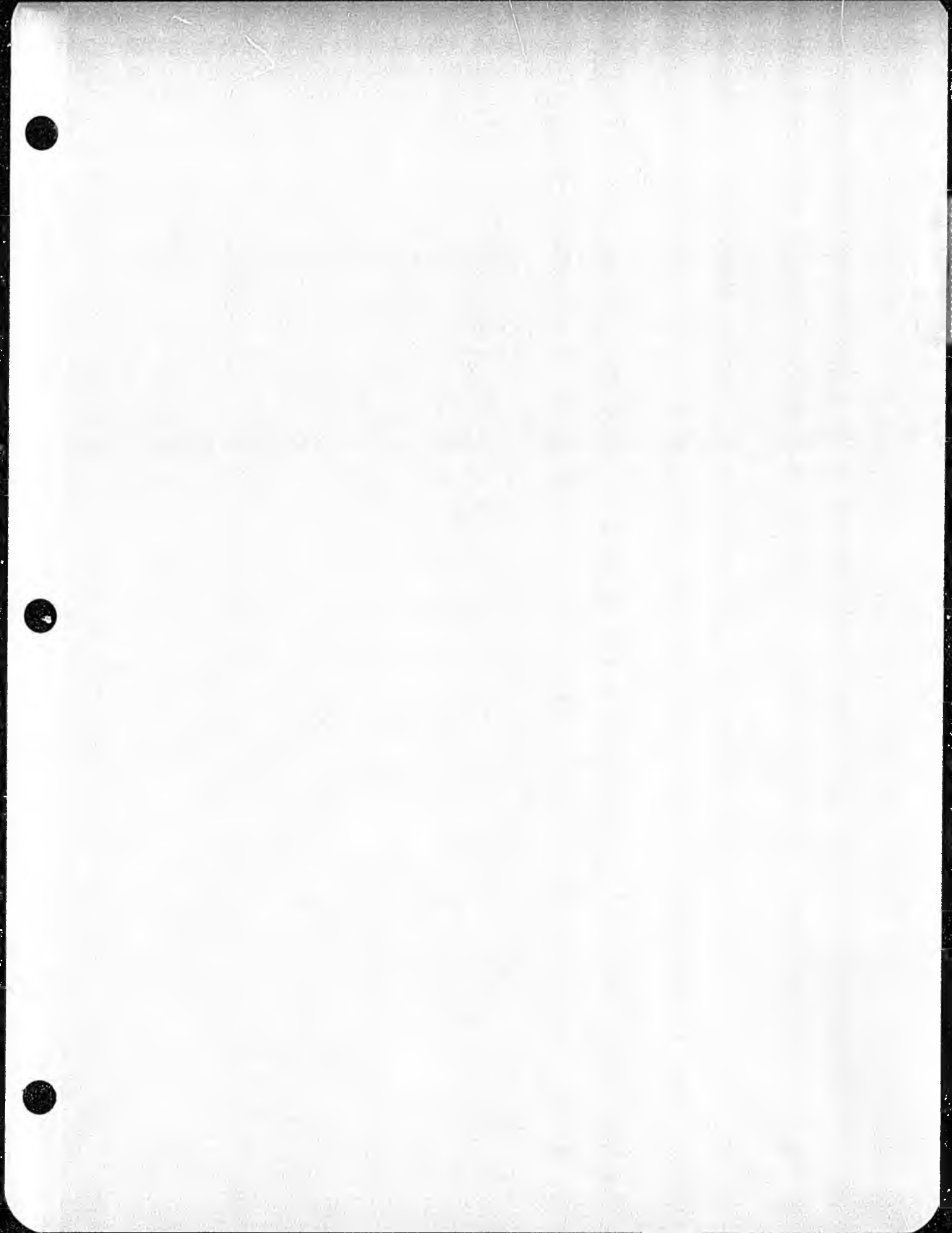
FROM: Representative Rick Uehling *RAU*

DATE: April 7, 1983

RE: House Bill 302

For your convenience, I have prepared this packet of information on House Bill 302, "An Act relating to Alaska Housing Finance Corporation; relating to rural and nonconforming housing loans; and providing for an effective date."

SECTION I.....House Bill 302  
SECTION II.....Sectional Analysis of HB 302  
SECTION III.....Alaska Statutes directing Alaska Housing Finance Corporation  
SECTION IV.....Statistical Information regarding AHFC  
SECTION V.....Fiscal notes from AHFC and Department of C&RA  
SECTION VI.....Remarks by Representative Rick Uehling on Behalf of House Bill 302  
SECTION VII.....AS 44.47.385 (Repealed in HB 302)



Introduced: 3/29/83  
Referred: Community & Regional Affairs,  
House Special Committee on State Loans  
and Finance

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 HOUSE BILL NO. 302

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-  
7 ration; relating to rural and nonconforming housing  
8 loans; and providing for an effective date."

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

10 \* Section 1. AS 18.56.096(1) is amended to read:

11 (1) a first mortgage loan under this chapter that exceeds  
12 the limitations on first mortgage loans purchased by the Federal  
13 National Mortgage Association as to [PRINCIPAL AMOUNT AND] loan-to-  
14 value ratio; [OR]

15 \* Sec. 2. AS 18.56.096(2) is amended to read:

16 (2) a second mortgage loan [THE AMOUNT OF WHICH, WHEN  
17 COMBINED WITH THE PRINCIPAL BALANCE OF A FIRST MORTGAGE LOAN ON THE  
18 PROPERTY, EXCEEDS THE LIMITATION ON THE AMOUNT SET OUT IN (1) OF THIS  
19 SECTION OR] that has a loan-to-value ratio, when considered with the  
20 principal balance of the first mortgage loan, that exceeds 90 percent;  
21 [.]

22 \* Sec. 3. AS 18.56.096 is amended by adding a new paragraph to read:

23 (4) a first mortgage loan that exceeds \$250,000, or a  
24 second mortgage loan, the amount of which, when combined with the  
25 principal balance of a first mortgage loan on the property, exceeds  
26 \$250,000.

27 \* Sec. 4. AS 18.56.098(g)(1) is amended to read:

28 (1) The interest rate on the first \$90,000 of a mortgage  
29 loan purchased with the proceeds of an [THE FIRST] issue of taxable

1 bonds of the corporation is four percent less than [10 PERCENT OR] the  
2 cost of funds of that issue, except that

3 (A) if the cost of funds of that issue is less than 10  
4 percent, the interest rate is equal to the cost of funds; and

5 (B) if the cost of funds of that issue is more than 10  
6 percent, the interest rate may not be less than 10 percent [,  
7 WHICHEVER IS LESS].

8 \* Sec. 5. AS 18.56.098(g)(5) is amended to read:

9 (5) The interest rate on a mortgage loan purchased with  
10 [FROM] money that is not the proceeds of either taxable or tax-exempt  
11 bonds [APPROPRIATED TO THE CORPORATION] is the rate the corporation  
12 determines is appropriate by application of the provisions of (1) [-  
13 (4)] of this subsection. [THE RATE MAY BE BASED ON AN ESTIMATE OF THE  
14 COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF BONDS.]

15 \* Sec. 6. AS 18.56.101 is amended to read:

16 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
17 following persons are eligible veterans for the purposes of AS 18.56.-  
18 098(g) and (h):

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

23 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
24 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
25 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
26 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-  
27 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
28 TERRITORY OR STATE; OR

29 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE

1 TERRITORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS  
2 BEEN A RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR  
3 AT THE TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO  
4 THE TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

5 (C)] whose discharge was under honorable conditions;

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

8 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-  
9 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

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

12 [(C)] the veteran's [HIS] discharge was under honorable  
13 conditions;

14 (3) a person who has served for not less than five years in  
15 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
16 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the  
17 United States armed forces [IN ALASKA] if the reserve unit required,  
18 as a minimum, one weekend each month of duty and 15 consecutive days  
19 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
20 whose discharge was under honorable conditions.

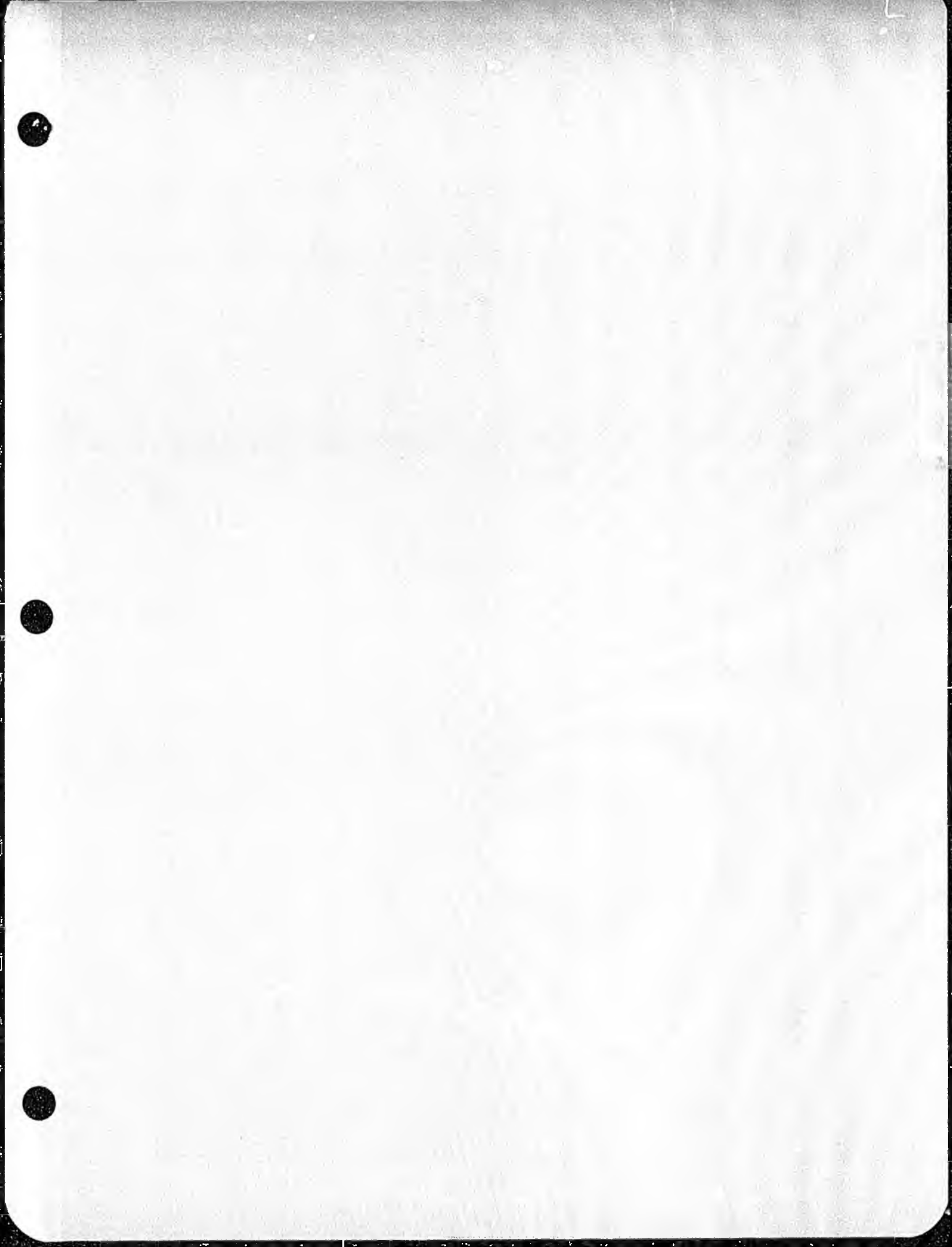
21 \* Sec. 7. AS 18.56.115 is amended to read:

22 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
23 the private sale of bonds or bond anticipation notes to an under-  
24 writer, the corporation may [SHALL] retain a financial advisor who is  
25 independent from the underwriter.

26 \* Sec. 8. The amendments to AS 18.56.098(g) made by secs. 4 and 5 of  
27 this Act apply only to mortgage loans purchased by the Alaska Housing  
28 Finance Corporation from the proceeds of bonds issued after the effective  
29 date of secs. 4 and 5 of this Act.

*Definition of MORT to be included*

- 1 \* Sec. 9. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.
- 2 \* Sec. 10. This Act takes effect immediately in accordance with AS 01.-
- 3 10.070(c).



STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 29, 1983

SUBJECT: AHFC and housing assistance loans  
(HB 302, Work Order No. 13-1140)

TO: Representative Rick Uehling

FROM: *EHA* Linn H. Asper  
Legislative Counsel

You have asked for a sectional analysis of HB 302, relating to the Alaska Housing Finance Corporation and housing assistance loans administered by the Department of Community and Regional Affairs.

Section 1 deletes the provision that now ties the maximum amount of AHFC loans to Federal National Mortgage Association limits.

Section 2 makes the same deletion with regard to second mortgages that Sec. 1 makes for first mortgages.

Section 3 establishes a new limit of \$250,000 for first mortgages purchased by AHFC, and a limit of \$250,000 for second mortgages when combined with the outstanding balance of the first mortgage.

Section 4, in combination with the repeal of AS 18.-- 56.098(g)(2) made in Sec. 9 of the bill, eliminates the "Rogers ratchet" method of determining interest rates on AHFC loans. Instead, a flat four percent subsidy is enacted so that the interest rate on an AHFC loan will be four percent less than the cost of funds for that loan, with two exceptions:

(1) if the cost of funds is less than 10 percent, the interest rate equals the cost of funds; and

(2) if the cost of funds is more than 10 percent the interest rate may not be less than 10 percent.

Representative Rick Uehling

Page 2

March 29, 1983

Section 5 makes technical changes to AS 18.56.098(g)(5) to conform that paragraph with the changes made elsewhere in the section.

Section 6 changes the definition of "eligible veteran" for the purposes of the increased veteran's subsidy for AHFC loans, by deleting questionable residency requirements and by changing the national guard and reserve service requirements.

Section 7 makes the retention of a financial advisor by the AHFC for the negotiation of private sales of bonds optional instead of mandatory.

Section 8 is a transitional provision that ties the changes in the method used to compute AHFC interest rates to bond sales that take place after the effective date of the Act.

Section 9 repeals AS 18.56.098(g)(2), referred to above in connection with Sec. 4, and repeals AS 44.47.385, which established an allocation formula, based on population, for nonconforming housing loan money administered by the division of housing assistance in the Department of Community and Regional Affairs.

Section 10 provides an immediate effective date for the Act.

LHA:ljb  
12/029



ALASKA HOUSING FINANCE  
CORPORATION LAW

1980



Alaska Housing Finance Corporation

235 East Eighth Avenue  
Anchorage, Alaska

P. O. Box 1020  
Anchorage, Alaska 99510

Telephone (907) 276-5599

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Reprinted from Alaska Statutes

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SESSION LAWS OF ALASKA 1980

Chapter 106

Section  
10. Findings and Intent relating  
to the Alaska Housing Finance  
Corporation

Section  
11. Priorities in the purchase of  
mortgage loans by the Alaska  
Housing Finance Corporation

Sec. 10. Findings and intent relating to the Alaska Housing Finance Corporation. The legislature finds that

- (1) there exists in the State a serious shortage of capital to finance residential housing; interest rates are often far above levels which are affordable to persons of most income levels; these conditions are inimical to the stability, prosperity and economic welfare of the residents of the State and to the sound growth of urban and rural communities in the state;
- (2) private enterprise has not been able to provide, without assistance adequate residential housing to meet the basic housing and shelter needs of most Alaskans, or to consistently provide, without assistance, capital for these purposes at rates of interest which people of most income levels can afford; existing State and Federal programs are inadequate to meet the housing needs of most Alaskans; it is imperative that housing at a reasonable price be made available to promote stable economic growth and that coordination and cooperation among private enterprise, State government and local government be encouraged to finance residential housing for all Alaskans;
- (3) the continuance of the Alaska Housing Finance Corporation with the powers granted to it by this Act is essential to assist private enterprise in the financing of residential housing at a reasonable cost for all Alaskans and serves a public purpose in benefiting the people of the State; in this Act, the Alaska Housing Finance Corporation is empowered to act on behalf of the State and its people in serving this public purpose for the benefit of the general public.

Sec. 11. Priorities in purchase of mortgage loans by the Alaska Housing Finance Corporation. In purchasing mortgage loans under the special mortgage purchase program established under AS 18.56.098, enacted in Sec. 27 of this Act, the Alaska Housing Finance Corporation shall give the highest priority to the purchase of mortgage loans totaling \$24,554,000 for applicants under the Department of Revenue emergency

home mortgage loan program of February 28, 1980, who submitted their applications to the Department of Revenue before the close of the Department of Revenue emergency home mortgage loan program of February 28, 1980, but who did not receive a loan because of the exhaustion of the \$105,000,000 in the Department of Revenue emergency home mortgage loan program of February 28, 1980. The Alaska Housing Finance Corporation shall give the next highest priority to the purchase of a mortgage loan made to an applicant who has vacated his home because it was sold under the Department of Revenue emergency home mortgage loan program of February 28, 1980, and who now cannot close on the purchase of a new home because of the exhaustion of the \$105,000,000 in the Department of Revenue emergency home mortgage loan program of February 28, 1980. The Alaska Housing Finance Corporation shall give the next highest priority, on the basis of the immediacy with which the applicant will have to vacate his present home, to the purchase of a mortgage loan made to an applicant who has failed to close on the purchase of a new home because of the exhaustion of the \$105,000,000 in the Department of Revenue emergency home mortgage loan program of February 28, 1980. The priorities established under this section shall be observed to the extent the Alaska Housing Finance Corporation determines that it is reasonable to do so on the basis of evidence of the circumstances giving rise to the priority.

## TITLE 18. HEALTH AND SAFETY

### Chapter 56. Alaska Housing Finance Corporation

Section	Section
10. Findings and purpose	99. Powers of Corporation to deal in mortgage loans
20. Alaska Housing Finance Corporation	100. Housing development fund
30. Corporation governing body	101. Eligibility for veterans' interest rates
40. Meetings of Board	103. Federal taxation of interest on bonds and bond anticipation notes
45. Minutes of meetings	104. Allocation of tax-exempt bonds
50. Administration of affairs	105. Allocation of lending activities
52. Executive Director	107. Loan origination and servicing fees for rural areas
55. Legal advisor	110. Bonds and notes
60. Employment of Personnel	115. Independent financial advisor
70. Personnel exempt from State Personnel Act	120. Validity of any pledge
80. Interdepartmental cooperation	125. Capital reserve fund
84. International borrowing	130. Remedies
88. Administrative procedure	140. Negotiable instruments
89. Executive Budget Act	150. Obligations eligible for investment
90. General powers	160. Refunding instruments
91. Homeownership fund	170. Credit of state not pledged
93. Insurance	180. Officers not liable
95. Mortgage insurance	190. Tax exemption
96. Limitations on powers to make or purchase mortgage loans	200. Annual report
97. Collateral for loans	210. Definitions
98. Special mortgage loan purchase program	

Sec. 18.56.010. Findings and purposes. (a) There exists within the state a serious shortage of decent, safe and sanitary residential housing available at low or moderate prices or rentals to persons of lower and moderate income. There also exist within the state remote, underdeveloped or blighted areas where the development of decent, safe and sanitary housing is necessary to economic growth. These conditions are inimical to the safety, health, welfare and prosperity of the residents to the state and to the sound growth of urban and rural communities.

(b) The legislature finds and declares that private enterprise has not been able to provide, without assistance, an adequate supply of safe and sanitary homes at prices or rents which persons of lower or moderate income can afford, or to achieve rehabilitation of much of the present housing for persons of lower and moderate income, or to provide without assistance the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas, and that existing state and federal programs are inadequate to meet housing needs of persons of lower and moderate income or of remote, underdeveloped or blighted areas. It is imperative that the supply of housing for persons of lower and moderate income and the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas be increased and that coordination and cooperation among private enterprise, state and local government be encouraged to sponsor, build and rehabilitate residential housing for these persons.

(c) The legislature finds and declares further that, in accomplishing this purpose, the creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income or persons in remote, underdeveloped or blighted area and that these activities serve a public purpose in benefiting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public.

(d) The program of making loans for residential housing to veterans in accordance with AS 26.15 has increased and improved the supply of adequate housing in the state, and the continuation of the program is essential to the economic growth of the state and the expansion of the supply of adequate residential housing in the state. Participation by the Alaska Housing Finance Corporation in the program of purchasing and insuring state veterans' loans as provided in this chapter will be of material aid in insuring the continuance of the program of making loans for residential housing to veterans in accordance with AS 26.15.

(e) Expansion of the program of the Alaska Housing Finance Corporation of purchasing insured and uninsured mortgage loans is essential to the economic growth of the state and the supply of adequate residential housing in the state.

(f) The legislature finds that enabling the Alaska Housing Finance Corporation to assist in financing the program of veterans' loans for residential housing in accordance with AS 26.15 and to expand its program of purchasing other mortgage loans serves a public purpose in benefiting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public.

Legislative committee reports. - For report on ch 81, SLA 1972 (CSHB 547), see 1972 House Journal, p 859. For report on ch 151, SLA 1975 (HCS CSSB 289 am H), see 1975 Senate Journal, p 769; 1975 House Journal p 1275

Sec. 18.56.020. Alaska Housing Finance Corporation. The Alaska Housing Finance Corporation is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state.

(§ 1 ch 107 SLA 1971; am § 78 ch 218 SLA 1976; am § 12 ch 106 SLA 1980)

Sec. 18.56.030. Corporation governing body. (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 a principal department of the executive branch of state government appointed by the governor; and
- (3) two public members appointed by the governor.

(b) If a member described in (a)(1) or (2) of this section is unable to attend a meeting of the board, he may by an instrument in writing filed with the board, designate his deputy or assistant to act in his place as a member at the meeting. For all purposes of this chapter, the designee is a member of the board at the meeting.

(c) The board members described in (a)(2) and (3) of this section serve two-year terms. However, the initial appointment of one member described in (a)(3) of this section shall be for a one-year term.

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

(e) The members of the board described in (a)(3) of this section receive \$100 compensation for each day spent on official business of the corporation and may be reimbursed by the corporation for actual and necessary expenses at the same rate paid to members of state boards under AS 39.20.180.

Section 14, ch 106, SLA 1980 purported to add a subsection (f); it was effective, however, on the effective date of the amendment to the Alaska

Constitution proposed in 1980 Legislative Resolve No. 43, which was defeated at the general election held in November, 1980.

Sec. 18.56.040. Meetings of board. (a) The board shall elect a Chairman from among its membership at its annual meeting in each year. A majority of the members constitute a quorum for organizing the board, conducting its business and exercising the powers of the corporation. The board shall meet at the call of its chairman. The board shall meet not less than once each three months.

(b) The board may meet and transact business by electronic media if

- (1) public notice of the time and locations where the meeting will be held by electronic media has been given in the same manner as if the meeting were held in a single location;
- (2) participants and members of the public in attendance can hear and have the same right to participate in the meeting as if the meeting were conducted in person; and
- (3) copies of pertinent reference materials, statutes, regulations and audio-visual materials are reasonably available to participants and to the public.

(c) A meeting by electronic media as provided in this section has the same legal effect as a meeting in person. (§ 1 ch 107 SLA 1971; am § a ch 115 SLA 1981)

(d) For the purposes of this chapter public notice of 24 hours or more is adequate notice of a meeting of the board at which the issuance of corporation bonds is authorized. (§ 15 ch 113 SLA 1982)

Sec. 18.56.045. Minutes of meetings. The board shall keep minutes of each meeting and send a certified copy to the governor and to the Legislative Budget and Audit Committee. (§ 1 ch 107 SLA 1971; am § 2 ch 115 SLA 1981)

Sec. 18.56.050. Administration of affairs. The board shall manage the assets and business of the corporation and may prescribe, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with AS 18.56.052. (§ 1 ch 107 SLA 1971; am § 2 ch 167 SLA 1978; am § 15 ch 106 SLA 1980)

Sec. 18.56.052. Executive director. The corporation shall employ an executive director, who may not be a member of the board. The executive director shall be appointed by the board of directors and serves at the pleasure of the board. (§ 3 ch 167 SLA 1978)

Sec. 18.56.055. Legal advisor. The attorney general is the legal counsel for the corporation. He shall advise the corporation in legal matters and represent it in suits. (§ 1 ch 107 SLA 1971)

Sec. 18.56.060. Employment of personnel. The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and, subject to the approval of the board, engage professional and technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director. (§ 4 ch 167 SLA 1978; am § 16 ch 106 SLA 1980)

Sec. 18.56.070. Personnel exempt from State Personnel Act. The personnel of the corporation are exempt from AS 39.25. (§ 1 ch 107 SLA 1971; am § 17 ch 106 SLA 1980)

Sec. 18.56.080. Interdepartmental cooperation. All departments, agencies and public corporations of the state may provide information, services, facilities and loans to the corporation upon its request. The corporation shall, upon request, reimburse departments, agencies and public corporations of the state for services or facilities provided, loans advanced or expenses incurred on the corporation's behalf at the request of the corporation. (§ 1 ch 107 SLA 1971; am § 18 ch 106 SLA 1980)

Sec. 18.56.084. International borrowing. For the purpose of obtaining access to international capital markets to borrow money for the special mortgage loan purchase program (AS 18.56.098), as an addition to the powers of the corporation under AS 18.56.090, the corporation may

- (1) establish or cause to be established, subsidiary corporations incorporated in the state or in another state, or under the laws of a foreign jurisdiction;

- (2) invest in corporations established under this section;
- (3) issue bonds and borrow money for investments in corporations established under this section;
- (4) borrow from corporations established under this section;
- (5) guarantee the obligations of corporations established under this section; or
- (6) enter into agreements with corporations established under this section or with other persons. In exercising a power under this section, the corporation may not subject its assets to risk of loss through foreign currency exchange. A guarantee under this section constitutes a bond of the corporation as defined in AS 18.56.210(13). (§ 16 ch 113 SLA 1982)

Sec. 18.56.088. 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 Procedures Act (AS 44.62) does not apply to this chapter. The corporation shall make available to members of the public copies of the regulations adopted under (b)-(e) of the section. Within 45 days after adoption, the chairman of the board shall submit a regulation adopted under (b)-(e) of this section to the chairman of the Administration 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 board may adopt regulations by motion or by resolution or in any other manner permitted by its bylaws.

(c) The board 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 including, but not limited to, income limitations and the determination of remote, underdeveloped or blighted areas of the state;
- (2) loan guidelines and terms including but not limited to maximum loan amounts and required loan-to-value ratios, but excluding mortgage loan interest rates;
- (3) characteristics of housing 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.

- (5) establishment of a procedure, including a fee schedule, for the commitment for one year or less of money for the purchase of an individual mortgage loan at a specific interest rate. (§ 16 ch 113 SLA 1982)

(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 board 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 board or the corporation. 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 board 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 board shall consider all relevant matter presented to it before adopting, amending, or repealing a regulation. At a hearing under this subsection, the board may continue or postpone the hearing to a time and place which it determines. A regulation which 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 board's action in order for them to determine whether their interests could be affected by the board'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 board makes a finding in its order of adoption or repeal, including a statement of the facts which constitute the emergency, that the adoption of the regulation or order of repeal is necessary for the immediate preservation of the orderly operation of the corporation'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 board 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 board 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 board, unless otherwise specifically provided by the order of adoption.

(g) The provisions of (b)-(e) of this section do not apply to regulations governing interest rates on the corporation's mortgage loan program.

(h) The board shall adopt regulations in accordance with (a)-(f) of this section which establish a procedure by which a seller of mortgage loans may appeal a decision of the corporation not to purchase mortgage loans offered by the seller. (§ 5 ch 167 SLA 1978; am § 19 ch 106 SLA 1980)

Sec. 18.56.089. Executive Budget Act. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07) for fiscal years beginning after June 30, 1981. (§ 20 ch 106 SLA 1980)

Sec. 18.56.090. General powers. In addition to other powers granted in this chapter, the corporation may, for the purpose of providing housing for persons of lower and moderate income or persons located in remote, underdeveloped or blighted areas of the state and for its other corporate purposes.

- (1) Repealed by § 51 ch 115 SLA 1981.
- (2) make or participate in the making of mortgage loans to sponsors, developers, builders and purchasers of residential housing, if the corporation determines that mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;
- (3) purchase or participate in the purchase of mortgage loans made to sponsors, developers, builders, owners and purchasers of residential housing, if the corporation
  - A. has given approval before the initial making of the loan and has determined that mortgage loans were, at the time the approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions, or
  - B. has determined that the purchase or participation will result in additional residential housing, taking into account without limitation such factors as reinvestment of the proceeds of the sale in additional mortgage loans, increased availability of mortgage loans insured by the federal government, its agencies or departments, the reduction, if any, of interest payments to be made with respect to mortgage loans, or such other factors as will tend to increase or improve the supply of residential housing within the state;

- (4) make partial rental payments and mortgage interest payments under a contract with any housing owner if the payments will be applied to decrease rental or mortgage interest charges of persons of lower and moderate income or owners or purchasers of residential housing in remote, underdeveloped or blighted areas of the state;
- (5) make loans from the housing development fund;
- (6) collect and pay reasonable fees and charges in connection with making, purchasing and servicing its mortgages, loans, notes, bonds, certificates, commitments and other evidences of indebtedness;
- (7) acquire real property, or any interest in real property, in its own name, by purchase, transfer or foreclosure, when the acquisition is necessary or appropriate to protect any loan in which the corporation has an interest; sell transfer and convey any such property to a buyer; and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;
- (8) sell, at public or private sale, to any purchaser, including the Federal National Mortgage Association, all or any part of a mortgage or other development or document securing a construction, land development, mortgage or temporary loan of any type permitted by this chapter;
- (9) purchase, in order to meet the requirements of the sale of its mortgages to the Federal National Mortgage Association, stock of the Federal National Mortgage Association;
- (10) procure insurance against any loss in connection with its operation;
- (11) consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the corporation is a party;
- (12) borrow money as provided in this chapter to carry out and effectuate its corporate purposes; and issue its obligations as evidence of any such borrowing;
- (13) include in any borrowing the amounts necessary to pay financing charges, interest on the obligations;
- (14) under AS 18.56.088, adopt and publish regulations respecting its lending programs and such other regulations as are necessary to effectuate its purposes;

- (15) provide technical and advisory services to sponsors, builders and developers of residential housing and to residents of it;
- (16) promote research and development in scientific methods of constructing low-cost and energy-efficient residential housing of high durability;
- (17) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person, firm, corporation, governmental agency or other entity;
- (18) receive, administer and comply with the conditions and requirements respecting any appropriation or gift, grant or donation of property or money;
- (19) sue and be sued in its own name;
- (20) adopt an official seal;
- (21) adopt bylaws for the regulation of its affairs and the conduct of its business and prescribe rules, regulations and policies in connection with the performance of its functions and duties;
- (22) employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers and such other consultants and employees as may be required in the judgment of the corporation, and fix and pay their compensation from funds available to the corporation;
- (23) do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this chapter;
- (24) invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or any funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States of America.  
(§1 ch 107 SLA 1971; am § 3 ch 81 SLA 1972; am § 17 ch 167 SLA 1978; am § 14 ch 72 SLA 1979; am § 21 ch 106 SLA 1980)

Sec. 18.56.091. Home Ownership Fund. There is established in the corporation the home ownership fund, consisting of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase homes financed under the special mortgage purchase program by providing a subsidy to the persons in an amount not greater than the difference between:

- (1) the amount annually required to pay interest and principal on that person's loan and real property taxes and insurance for the home purchased with the loan; and
- (2) 25 percent of that person's annual gross income. (§ 22 ch 106 SLA 1980)

Sec. 18.56.093. Insurance.

(2) There is established in the corporation the housing insurance fund, the rural housing hazard insurance fund and the rural housing title insurance fund. The funds shall be completely segregated from all other funds of the corporation, and are trust funds for the uses and purposes of this section. The corporation may adopt regulations under AS 18.56.088 and enter into agreements with respect to the exercise of any power relating to the funds under this section, including, without limitations, agreements as to the use of the money in the funds, agreements with respect to the terms and conditions upon which payments from the funds must be made to the corporation with respect to mortgage loans insured under this section, agreements as to accounts or subaccounts in the funds for different categories of loans, and agreements regarding the payment of and security for bonds of the corporation. The corporation may pledge, assign, or grant other interests in the funds as may be necessary or appropriate in connection with the insurance of mortgage loans and to provide for the payment of and security for bonds of the corporation.

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

(c) A mortgage loan purchased by the corporation as part of its special mortgage loan purchase program may be insured by the housing insurance fund, and a mortgage loan on a mobile home or residence located in a remote, underdeveloped, blighted or rural area of the state may also be insured (1) against hazard loss by the rural housing hazard insurance fund when hazard insurance from the other sources satisfactory to private mortgage lenders is not, in the opinion of the corporation, available on reasonable terms, and (2) against title defect by the rural housing title insurance fund when title insurance from other sources satisfactory to private mortgage lenders is not, in the opinion of the corporation, available on reasonable terms. The endorsement of the corporation on the mortgage that it is insured by any fund under this section at the time of purchase or acquisition of the mortgage loan is conclusive evidence that the mortgage loan is insured under the provisions of this section by the fund.

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

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

- (1) as to the mortgages insured by the housing insurance fund, or an account of the housing insurance fund, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the fund, and any other appropriate factors.
- (2) as to mortgages insured by the rural housing title insurance fund, estimates of defaults and losses by reason of title defects which are otherwise uninsured, estimates of earnings and income of amounts on deposit in the fund or the account, and any other appropriate factors; and
- (3) as to mortgages insured by the rural housing hazard insurance fund, or an account of the rural housing hazard insurance fund, estimates of default by reason of hazard losses which are otherwise uninsured, estimates of earnings and income of amounts on deposit in the fund or the account, and any other appropriate factors.

(f) On December 1, of each year the corporation shall ascertain the amount on deposit in each fund. If the amount in any fund or account is less than the fund requirement, for the fund or account, the corporation shall, no later than January 2 of the following year, certify in writing to the governor and to the legislature, the amount, if any, required to restore that fund or account to the fund requirement. The legislature may appropriate the amount and the corporation shall deposit in the fund or account all amounts appropriated during the then current state fiscal year. Nothing in this subsection creates a debt or liability of the state. (§22 ch 106 SLA 1980)

Sec. 18.56.095. Mortgage Insurance. (a) There is another special fund of the state to be known as the "state mortgage insurance fund" (called the "mortgage insurance fund") which shall be completely segregated and set apart from all other funds of the state, and which is a trust fund for the uses and purposes of this section and into and from which money shall be paid as provided in this section. The mortgage insurance fund shall be held by the commissioner of revenue, subject to the power of the commissioner of commerce to enter into and perform agreements with respect to the use of money in the mortgage insurance fund and to pledge, assign or grant interests in the mortgage insurance fund as provided in this section. The commissioner of commerce may enter into agreements with the corporation with respect to the exercise of any power or approval relating to the mortgage insurance fund under this section, including, without limitation, agreements as to the use of money in the mortgage insurance fund, agreements with respect to the terms and conditions upon which payments from the mortgage insurance fund shall be made to the corporation with respect to mortgage loans insured under this section, and agreements regarding the payment of and security for mortgage insurance bonds, and in connection with these agreements the commissioner of commerce may pledge, assign or grant other interests in the mortgage insurance fund to the corporation as may be necessary or appropriate in connection with the insurance of mortgage loans and to provide for the payment of and security for mortgage insurance bonds. Any such agreement or any of the rights of the corporation under the agreement and payment received or to be received under the agreement may be pledged or assigned by the corporation for the benefit of the holders of mortgage insurance bonds.

(b) In addition to any other fees and charges which the corporation may charge on mortgage loans, it may collect or cause to be collected on all mortgage loans made or purchased with the proceeds of the sale of mortgage insurance bonds, either or both a special mortgage loan insurance commitment fee or a mortgage loan insurance premium. The special mortgage loan insurance commitment fees and special mortgage loan insurance premiums when received shall be deposited in the mortgage insurance fund by the corporation, or by any mortgage loan servicer, trustee, or agent designated by the corporation to receive them, and shall be held, invested and, together with all investment income derived from them, reinvested by the commissioner of revenue in investments authorized under AS 37.10.070(a), subject to any agreement with the corporation under (a) of this section.

(c) If, at any time after receipt by the corporation of a payment from the mortgage insurance fund with respect to a mortgage loan or any portion of the principal and interest and other amounts payable on a mortgage loan, the corporation recovers an amount on the mortgage loan or portion of it from any source other than the mortgage insurance fund, it shall apply the amount recovered in the following order: first to repay the general fund of the state to the extent of appropriations made pursuant to requests made under (f) of this section, and second, to repay the mortgage insurance fund.

(d) A mortgage loan may be insured if the loan to value ratio at the time of the insurance loan does not exceed 80 percent or, if the loan to value ratio does exceed that percentage, if it is federally insured or guaranteed or insured by a

qualified mortgage insurance company to the extent of the excess. The endorsement of the corporation on the mortgage at the time of purchase or acquisition of the mortgage loan is conclusive evidence that the mortgage loan is insured under the provisions of this section. The insurance is payable solely from the mortgage insurance fund.

(e) Mortgage loans may only be insured when the amount in the mortgage insurance fund as a percentage of the sum of all mortgage loans to be insured and all unpaid principal on mortgage loans insured by the corporation, equals or exceeds the fund requirement. As used in this section, the "fund requirement" is calculated as follows as to the following mortgage loans insured by the corporation:

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

(f) On December 1, of each year the commissioner of commerce and economic development shall determine the amount on deposit in the mortgage insurance fund. If the amount in the fund is less than the fund requirement, the commissioner of commerce and economic development shall request the corporation to transfer from any available funds the amount necessary to restore the mortgage insurance fund to the fund requirement and the corporation shall promptly comply with the request from any funds available subject to agreements with holders of any of its obligations. If sufficient funds are not provided as the result of such requests, the commissioner of commerce and economic development shall, no later than January 2 of the following year, make and deliver to the governor and to the chairmen of the house and senate finance committees his certificate stating the sum required to restore the fund to the fund requirement and the sum so certified may be appropriated and paid to the fund during the then current state fiscal year. Nothing in this subsection creates a debt or liability of the state.

(h) As used in this section, unless the context clearly indicates a different meaning:

- (1) "loan-to-value ratio" means the ratio between the principal amount of a mortgage loan and the appraised value, as determined by the corporation, of the residential housing financed by such mortgage loan;
- (2) "mortgage insurance bond" means a bond, note or other obligation of the corporation, the proceeds of which are authorized to be expended to purchase or make a mortgage loan insured under this section;

- (3) "qualified mortgage insurance company" means a mortgage insurance company satisfactory to the corporation;
- (4) "special mortgage loan insurance commitment fee" and "special mortgage loan insurance premium" mean, respectively, a fee of such percent of the principal amount of a mortgage loan to be insured under this section, and an annual insurance premium of such percent of the portion of the unpaid principal amount of a mortgage loan insured under this section which is not federally insured or guaranteed or insured by a private mortgage insurance company, which the corporation with the approval of the commissioner of commerce and economic development determines is actuarially sound for the operation of the mortgage insurance fund;
- (5) Repealed by § 77 ch 106 SLA 1980.
- (6) the determination of what is "actuarially sound" with respect to the operation of the mortgage insurance fund shall be based on a consideration of the factors which will provide sufficient revenues for the operation of the fund, without regard to amounts which may have been or may, after the date of determination of actuarial soundness, be appropriated pursuant to (f) of this section, including, without limitation, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the mortgage insurance fund, and any other appropriate factors.  
(§ 8 ch 151 SLA 1975; am §§ 23, 24, 25, 26 § 77 ch 106 SLA 1980)

Legislative committee reports. - For 289 am H), see 1975 Senate Journal report on ch. 151, SLA 1975 (HCS CSBB p 769; 1975 House Journal p. 1275.

Sec. 18.56.096. Limitations on Powers to Make or Purchase Mortgage Loans. The corporation may not make, participate in the making of, purchase, or participate in the purchase of

- (1) a first mortgage loan under this chapter that exceeds the limitations on first mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio; or
- (2) a second mortgage loan the amount of which, when combined with the principal balance of a first mortgage loan on the property, exceeds the limitation on the amount set out in (1) of this section or that has a mortgage loan, that exceeds 90 percent. (§ 27 ch 106 SLA 1980; ch 115 SLA 1981)

- (3) a mortgage loan to finance the purchase of new housing or for the improvement or rehabilitation of existing housing, unless the construction, improvement, or rehabilitation work has been performed by a contractor who is registered to work as a contractor under AS 08.18; this paragraph does not apply if the construction, improvement, or rehabilitation work
- (A) has been totally or substantially performed by the borrower;
  - (B) has been performed by a borrower who acts as the contractor for the construction, improvement, or rehabilitation work; or
  - (C) has been performed in an area designated by the corporation as exempt from the requirements of this paragraph because of the unavailability of registered contractors in that area. (§ 18 ch 113 SLA 1982)

Sec. 18.56.097. Collateral For Loans. Under procedures established by regulations of the corporation adopted in accordance with AS 18.56.088 a person may pledge as security for the repayment of a loan made, purchased or insured by the corporation under this chapter a preference right he holds to receive title to land he occupies as a primary place of residence, primary place of business, subsistence campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to the person by the Native corporation to which the land was granted under Section 14 of the Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. Secs. 1601-1626, as amended by P.L. 94-204) before it may be pledged as security under this section. The Department of Community and Regional Affairs shall prescribe procedures and standard forms for establishing and appraising the value of a preference right held by a person to secure the repayment of a loan made, purchased or insured by the corporation under this chapter.

(§ 27 ch 106 SLA 1980)

Sec. 18.56.098. Special Mortgage Loan Purchase Program. (a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase first or second mortgage loans, including graduated payment mortgage loans, made for the purchase improvement or rehabilitation of residences. (§ 4 ch 115 SLA 1981)

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

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond anticipation notes issued by the corporation for the special mortgage loan purchase program and may expend amounts appropriated to the special mortgage loan purchase program for mortgage loan subsidies or other purposes of the program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section. (§ 5 ch 115 SLA 1981)

(d) Repealed by § 51 ch 115 SLA 1981.

(e) The corporation shall establish regulations in accordance with AS 18.56.088 to implement the special mortgage loan purchase program. The regulations shall include provisions allowing, prohibiting, or restricting the right to assume or the right to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. A provision in a mortgage loan purchased by the Corporation after June 30, 1981, that prohibits or restricts the right to assume or the right to provide for the payment of mortgage loans is enforceable. The corporation shall enforce the regulations adopted under this subsection. (§ 6 ch 115 SLA 1981)

(f) In this section and in AS 18.56.099,

- (1) "graduated payment mortgage loan" means a mortgage loan the terms of which provide for monthly principal and interest payments which
  - (A) during the first year of the mortgage loan are lower than the monthly principal and interest payments that would be required under the terms of a level payment mortgage loan made at the same interest rate; and
  - (B) during subsequent years of the mortgage loan are graduated to provide for the same return over the term of the loan that would have been provided by a level payment mortgage loan made at the same interest rate;
- (2) "mortgage loan" includes a beneficial interest or participation in a mortgage loan;
- (3) Repealed by § 51 ch 115 SLA 1981.
- (4) "residence" means an owner-occupied, single-family residence, including a mobile home, or an owner-occupied duplex, triplex or four-plex. (§ 19 ch 113 SLA 1982)

(g) The corporation shall establish the interest rate on a first mortgage loan purchased under (a) of this section in accordance with the following:

- (1) The interest rate on the first \$90,000 of a mortgage loan purchased with the proceeds of the first issue of taxable bonds of the corporation is 10 percent or the cost of funds, whichever is less.
- (2) The interest rate on the first \$90,000 of a mortgage loan 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.
  - (B) Except as provided in (C) and (D) of this paragraph and (3) of this subsection, the interest rate may not be less than 10 percent and may not be reduced.
  - (C) If the difference between the cost of funds of an issue of taxable bonds and the interest rate established for a mortgage loan purchased with the proceeds of the previous issue would be equal to or less than three percent, the interest rate on mortgage loans purchased with the proceeds of that taxable bond issue and subsequent taxable bond issues is three percent less than the cost of funds of the taxable bond issue that is used to purchase the mortgage loan.
  - (D) The interest rate on a mortgage loan purchased with the proceeds of a taxable bond issue may not be less than 10 percent unless the cost of funds of the taxable bond issue is less than 10 percent, in which case the interest on a mortgage loan purchased with the proceeds of a taxable bond issue is equal to the cost of funds.
  - (E) If the proceeds of a taxable bond issue are to be used only for the purchase of mortgage loans for triplex and four-plex residences, the cost of funds of that bond issue is not considered in determining

the interest rate on the first \$90,000 of a mortgage loan. The interest rate on the first \$90,000 of a mortgage loan that is purchased with the proceeds from a taxable bond issue used solely for the purchase of mortgage loans for triplex and four-plex residences is equal to the interest rate, as determined under this paragraph, on a mortgage loan purchased with the proceeds of the preceding issue of taxable bonds.

( § 20 ch 113 SLA 1982)

- (3) An interest rate determined under this subsection on the first \$90,000 of a mortgage loan that is not purchased from the proceeds of bonds that are qualified veterans' mortgage bonds under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S. C. 103(A)), as amended, shall be reduced by one percentage point if the loan is made to an eligible veteran under am 18.56.101. (§ 21, ch 113 SLA 1982)
- (4) The interest rate for the amount of a mortgage loan purchased under (a) of this section that exceeds \$90,000 is equal to the cost of funds to the corporation attributable to that part of the loan.
- (5) The interest rate on a mortgage loan purchased from money appropriated to the corporation is the rate the corporation determines is appropriate by application of the provisions of (1)-(4) of this subsection. The rate may be based on an estimate of the cost of funds of a proposed issue or issues of bonds.
- (6) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103 (A)), as amended, other than bonds that constitute qualified veterans' bonds under (i) of this section, is 10 percent or the cost of the funds, whichever is less. A higher or lower interest rate shall be established on the entire loan amount if required under the Mortgage Subsidy Bond Tax Act. (§ 22 ch 113 SLA 1982)
- (7) In this subsection
  - (A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under the provisions of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of first mortgage loans.

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section. (§ 7 ch 115 SLA 1981; am § 1 ch 35 SLA 1982)

(i) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that constitute qualified veterans' mortgage bonds under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103 (A)) as amended, is the greater of

- (1) four percent less than the cost of funds or
- (2) the rate for other loans to veterans under AS 18.56.098(g)(3). 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.

(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 qualifying veterans. In this subsection a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may subsequently be defined under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as amended. (§ 23 ch 113 SLA 1982)

(k) The interest rate limitations of AS 45.45.010 do not apply to loans purchased under this section or to loans that the corporation has, in any manner, committed itself to purchase. (§ 24 ch 113 SLA 1982)

Sec. 18.56.099. Powers of Corporation to Deal in Mortgage Loans. The corporation may purchase, sell, hold, or otherwise deal in mortgage loans. In connection with the purchase or sale of a beneficial interest or participation in a mortgage loan, the corporation may enter into a trust agreement providing for the custody, control, and administration of the mortgage loan. The trust agreement may provide that the corporation or a bank or trust company shall act as trustor or trustee under the trust and that title to the mortgage loans subject to the trust shall be considered to have passed as provided in the trust agreement. To the extent provided in the trust agreement, the effect of a sale of a beneficial interest or participation in a mortgage loan is the same as the sale of the mortgage loan subject to the trust. (§ 27 ch 106 SLA 1980)

Sec. 18.56.100. Housing Development Fund. (a) There is created a housing development fund to be administered by the corporation as a trust fund separate and distinct from any other money or funds administered by the corporation. (§ 25 ch 113 SLA 1982)

(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 purchase, make, or participate in the making of mortgage loans which are not federally insured or guaranteed 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. (§ 26 ch 113 SLA 1982)

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

- (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. (§ 27 ch 113 SLA 1982)

(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.

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 or 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.  
(§ 8 ch 115 SLA 1981)

Sec. 18.56.103. Federal Taxation of Interest on Bonds and Bond Anticipation Notes. If the interest on bonds or bond anticipation notes of the corporation issued after June 1, 1980, becomes taxable under the income tax laws of the United States, the legislature may appropriate an amount sufficient to pay the outstanding principal and interest on the bonds or bond anticipation notes. Nothing in this section creates a debt or liability of the State of Alaska.  
(§ 29 ch 106 SLA 1980)

Sec. 18.56.104. Allocation of Tax-Exempt Bonds. (a) Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the state under sec. 103A(g)(4) of that Act is allocated solely to the corporation. A municipality may not issue mortgage revenue bonds under sec. 103A(g)(4) of the Mortgage

Subsidy Bond Tax Act of 1980 unless permitted to do so by the corporation. The amount of mortgage revenue bonds issued by a municipality under sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 with the permission of the corporation shall be deducted from the total amount permitted by that Act.

(b) The provisions of this section apply to home rule municipalities. (§ 9 ch 115 SLA 1981)

Sec. 18.56.105. Allocation of Lending Activities. The corporation shall designate regions within the state which in the aggregate, encompass the entire state. In participating in the making or purchasing of loans under AS 18.56.090(1)-(3) or under AS 18.56.100, the corporation shall make its money available through the private financial institutions in the state within each region designated by the corporation under this section. The corporation shall allocate its money among the regions on the basis of recent and future anticipated lending activity as well as the potential need for the loans in each region and may reallocate its money among the regions as it considers appropriate to reflect changes in lending activity or need in the regions. (29 ch 106 SLA 1980)

Sec. 18.56.107. Loan Origination and Servicing Fees for Rural Areas. Loan origination and service fees charged for a loan made or purchased in a rural area with money received by the corporation after July 1, 1981, may be higher than loan origination and service fees charged for other loans made or purchased by the corporation and the corporation may pay a portion of the higher fees. (§ 10 ch 115 SLA 1981)

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. (§ 28 ch 113 SLA 1982)

(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 or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when these definitive bonds or bond anticipation notes have been executed and are available for delivery.

(d) Bonds or bond anticipation notes, except state guaranteed bonds and bond anticipation notes, may be sold in the manner, and on the terms the corporation determines. State guaranteed bonds and bond anticipation notes shall be sold at public sale by the corporation in amounts and at times as may be approved by the state bond committee, on terms fixed under the notice of sale. (§ 29 ch 113 SLA 1982)

(e) If an officer whose signature or a facsimile of whose signature appears on any bonds or notes or coupons attached to them ceases to be an officer before the delivery of the bond, note or coupon, his signature or facsimile is valid the same as if he had remained in office until delivery.

(f) In any resolution of the corporation authorizing or relating to the issuance of bonds or bond anticipation notes, the corporation has power by provisions in the resolution which will constitute covenants of the corporation and contracts with the holders of the bonds or bond anticipation notes

- (1) to pledge to any payment or purpose all or any part of its revenues to which its right then exists or may thereafter come into existence, and the money derived from the revenues, and the proceeds of any bonds or notes;
- (2) to covenant against pledging all or any part of its revenues, or against permitting or suffering a lien on the revenues or its property;
- (3) to covenant as to the use and disposition of any and all payments of principal or interest received by the corporation on mortgage loans, construction loans or other investments held by the corporation;
- (4) to covenant as to establishment of reserves or sinking funds and the making of provision for and the regulation and disposition of the reserves or sinking funds;
- (5) to covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind;

- (6) to covenant as to bonds and notes to be issued, and their limitations, terms and conditions, and as to the custody, application and disposition of the proceeds of the bonds and notes;
- (7) to covenant as to the issuance of additional bonds or notes, or as to limitations on the issuance of additional bonds or notes and the incurring of other debts;
- (8) to covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of the payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes;
- (9) to provide for the replacement of lost, stolen, destroyed or mutilated bonds or notes;
- (10) to covenant against extending the time for the payment of bonds or notes or interest on the bonds or notes;
- (11) to covenant as to the redemption of bonds or notes and privileges of their exchange for other bonds or notes of the corporation;
- (12) to covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves or other purposes, and as to the use and disposition of the money held in the funds;
- (13) to establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, and the manner in which the consent may be given;
- (14) to covenant as to the custody of any of its properties or investments, their safekeeping and insurance, and the use and disposition of insurance money;
- (15) to covenant as to the time or manner of enforcement or restraint from enforcement of any rights of the corporation arising by reason of or with respect to nonpayment of any principal or interest of any mortgage loans or construction loans;
- (16) to provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all the bonds, notes

or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

- (17) to vest in a trustee or trustees within or outside the state such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes, and to limit or abrogate the right of the holders of any bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;
- (18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the corporation with the holders of its bonds or notes;
- (19) to agree with any corporate trustee which may be any trust company or bank having the powers of a trust company within or outside the state as to the pledging or assigning of revenues or funds to which or in which the corporation has any rights or interest; the agreement may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;
- (20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or such other fiduciaries as the resolution may provide within or outside the state;
- (21) to limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes;
- (22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the corporation, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section. (§ 1 ch 107 SLA 1971)

(g) Notwithstanding AS 18.56.090(12) and (a) of this section, the corporation may not issue bonds, other than refunding bonds, in any 12-month period beginning after June 30, 1983, in an amount that exceeds the amount of bonds authorized to be issued during the preceding 12-month period, unless a different amount is authorized by the legislature. (§ 11 ch 115 SLA 1981; am § 2 ch 35 SLA 1982)

Sec. 18.56.115. Independent Financial Advisor. In negotiating the private sale of bonds or bond anticipation notes to an underwriter, the corporation shall retain a financial advisor who is independent from the underwriter. (§ 2 ch 130 SLA 1978)

Sec. 18.56.120. Validity of Any Pledge. The pledge of assets or revenues of the corporation to the payment of the principal or interest on any obligations of the agency is valid and binding from the time the pledge is made and any such assets or revenues are immediately subject to the lien of the pledge without physical delivery or further act. The lien of any pledge is valid and binding against all parties having claims of any kind in tort, contract or otherwise against the corporation, irrespective of whether those parties have notice of the lien of the pledge. Nothing herein prohibits the corporation from selling assets subject to any pledge, except that any sale may be restricted by the trust agreement or resolution providing for the issuance of the obligations. (§ 1 ch 107 SLA 1971)

Sec. 18.56.125. Capital Reserve Fund. (a) For the purpose of any one or more issues of its obligations, the corporation may establish one or more special funds, called "capital reserve funds", and shall pay into those capital reserve funds (1) any money appropriated and made available by the state for the purpose of any of those funds, (2) any proceeds of the sale of its obligations, to the extent provided in the resolution or resolutions of the corporation authorizing their issuance, and (3) any other money which may be made available to the corporation for the purposes of those funds from any other source. All money held in a capital reserve fund, except as provided in this section, shall be used as required, solely for (1) the payment of the principal of obligations or of the sinking fund payments with respect to those obligations; (2) the purchase or redemption of obligations, (3) the payment of interest on obligations, or (4) the payment of any redemption premium required to be paid when those obligations are redeemed before maturity; however, money in any fund, may not be withdrawn from it at any time in an amount which would reduce the amount of that fund to less than the capital reserve requirements set out in (b) of this section, except for the purpose of making, with respect to those obligations, payment, when due, of principal, interest, redemption premiums and the sinking fund payments for the payment of which other money of the corporation is not available. Any income or interest earned by, or increment to, a capital reserve fund, due to the investment of the fund or any other amounts in it, may be transferred by the corporation to other funds or accounts of the corporation to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(b) If the corporation decides to issue obligations secured by such a capital reserve fund, the obligations may not be issued if the amount in such capital reserve fund is less than such a percent, not exceeding 10 percent of the principal amount of all of those obligations secured by that capital reserve fund then to be issued, and then outstanding in accordance with their terms, as may be established by resolution of the corporation (called the "capital reserve fund requirement"), unless the corporation, at the time of issuance of the obligations, deposits in such capital reserve fund from the proceeds of the obligations to be issued or from other sources, an amount which, together with the amount then in the fund, will not be less than the capital reserve fund requirement.