

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4733 HJUD HB 412 - HB 438

35

Participants need to... usually made new ones, who function in a mutually supportive way.

Costs

The participants' allowances are determined individually, based on their expenses for housing and other necessities and their own contribution to the budget through earnings. The maximum allowable is \$265 a month, which we are trying to have raised to \$350, especially for those living in urban areas. In addition, participants receive a one-time start-up payment, usually from \$100 to \$180, to buy linens, cooking utensils and other household items. This compares with the \$209 maintenance cost for teenagers in foster care and the approximately \$1,050 monthly cost for each child in a group home. As State Senator Mary Roberts, a program supporter, said at a committee hearing, "I'd like to know whether or not by expanding this program we take the 'risk' of saving money while providing better service."

Casework Support

His caseworker made discreet... placement that support in our stay. In such must support the... did not become... "State pays... that never ap... is a very real... few months in... found that the... to the apartment... apartment as a... to take drugs or... to run up large... to eat all the... to take the par... otherwise de... resources. Those... the program... al friends after a... and by the time

The job of the caseworker is to be around when needed without seeming to hover. Initially, this means dropping in every two days or so, just to see how things are going. Later, the visits taper off to biweekly check-ins, usually initiated by the participant. If "friends" seem too persistent as visitors, the worker helps the teenager get rid of them. If the client seems immobilized, the worker gets him going, helping him look through the want ads, enroll in school, find a grocery store, plan a week's meals. The help is mostly of a practical nature and in response to problems that the adolescent himself recognizes. One young man felt unequal in job-hunting. His worker drove him to a street with many small businesses and told him to go up one side and down the other, stopping at each site until he got a job. The worker waited for him, and he returned elated at having found a temporary job, which later turned into regular employment.

Drawing the line between guidance and officiousness is not easy. One young woman, for example, had her heart set on an apartment which unfortunately was infested with ants. The worker knew that they would be a problem but decided to let the participant get the apartment and learn for herself. She very soon did, and was so shaken by her experience that she lacked confidence to stay in the program. In retrospect, the worker wishes he had steered her more forcefully away from that apartment.

Being a caseworker in our program also means being parent and friend to a lonely teenager who usually has no one else to fill those roles. In addition, the Court and community expect the worker to always know where the youths are and what they are doing, an impossible task since clients are unpredictable. Jenny, for example, had usually shown pretty good judgment but suddenly took her CSO check and hitchhiked to Montana. She was charged with a crime along the way, and much agency effort was expended to help the Court understand that although Jenny was living alone she should not be tried as an adult. (She was proven innocent of the charge, by the way.)

Diane was another participant who required extraordinary casework support. A bright, usually responsible participant, Diane had become so depressed at being alone that she called the county suicide prevention center one night. Since the young woman had no close friends or relatives, the center contacted her caseworker, who spent the night with Diane and, of course, later arranged counseling for her.

Although Diane's case was an extreme one, it illustrates the fact that loneliness is one of the foremost problems these youths face. With help, Diane was able to overcome the problem and today, after successfully graduating from the program, she is enrolled in college and working part-time to support herself.

A written agreement is signed by each caseworker and participant. It spells out the program goals for the client and what client and worker will do to meet those goals. A job, school attendance, paying the bills on time, taking care of the apartment, food shopping and cooking nutritious meals are common provisions of agreements.

An evaluation of the program in 1978 showed that 60 percent of the participants were rated as meeting most or all of their educational goals; the same percentage were meeting most or all of their employment goals. No formal follow-up of the 30 graduates has yet been done, so we don't know how many are still following the course set during the program. However, an informal survey of participants shows that they are pursuing careers in electronics, forestry (2-year course in a community college), counseling, park and recreation work (a blind participant) and cosmetology. One graduate is a teacher's aide and another is working to become a recreation director.

Of the 30 who had completed the program at the time of the study, case plan

goals were achieved in 20 cases and partially attained in seven. Even those who did not achieve their goals gained some benefits from the program.

Getting Through the Program

Like all young people on their own, those in the program have setbacks and crises. The caseworker's view is that an adolescent achieves emancipation by successfully completing the program; the adolescent tends to feel that emancipation takes place when he or she enters it. For the adolescent, independence means freedom from adult controls, especially those of a parental nature. For the adult, it means assuming the responsibility to take care of oneself.

Participants seem to pass through four stages as they progress through the program. The first is *anxiety* about becoming accepted as a participant and the anxiety continues until the youngster is in his or her own apartment. Once accepted, the participant is impatient to move into the apartment and quite intolerant of delays. When the program was first initiated and everyone was unfamiliar with it, we took from two to three weeks to deliver a check after it was ordered. This time has since been reduced to three to five days. Even this improvement, however, is insufficient to reduce anxiety. Once accepted, the youngsters burn to get into their own living quarters.

The second stage—*elation*—usually lasts less than a month. The worker generally counsels moderation, on the theory that the higher these young people soar emotionally, the harder they crash. The youngsters tend to ignore or overlook potential problems; workers must always anticipate them.

The third stage is characterized by *loneliness and fear*. All of the problems of independence, familiar to adults, are now encountered by the youngster. Maintaining a routine becomes boring. Dreams of having great wealth evaporate by the middle of the month. The youngster finds he or she has little time or money for entertainment. Indeed, the first sign of trouble often comes over money. The great sum turns out to be paltry indeed, and youngsters find themselves with two weeks remaining in the month and very little money for food. Budget counseling and help in planning expenditures are important casework services with these youths.

In time, the main problem comes down to loneliness. Friends, especially the delinquent ones, start to drop away and few new friends are made. For some young people, a caseworker becomes

their main contact and chief provider of guidance and support. Some young people resort to drugs and their performance at work and school begins to slide. Some, like Diane, become clinically depressed. These youths are outside the mainstream of adolescent activity. While other young people are living at home and pursuing normal adolescent activities, residents of this program are trying to earn a living, and they accurately perceive themselves as different.

During this period we have frequently been successful in repairing relationships between a youngster and his or her parents. We always encourage this, even though the participant may have had great difficulties with parents in the past, and the youth often gravitates homeward out of a need to have contact with and receive support from someone significant. Even if a youngster cannot live at home, the receipt of even limited emotional support and encouragement from parents is an asset. The worker must pay close attention to fulfilling a youngster's need for relationships, filling the gap personally when necessary but always trying to help him or her establish as many contacts as possible. On occasion we have held group meetings for residents of the program to allow them to compare experiences and support one another.

The fourth stage is one of *quiet confidence* (as opposed to loud confidence, which is characteristic of the second stage). The transition to this stage is gradual. One day the caseworker realizes that it has been some time since the youngster has called, that he views those problems which arise with less alarm, that he has frequently thought out solutions before the caseworker learned of the problem, and that he has less need for emotional support. Another sign of this stage is the appearance of new friends, who are true associates and not part of a desperate need for any kind of companionship. These signs indicate that it is time to emancipate the youngster and close the professional relationship.

Unresolved Policy Issues

In general, the Independent Living Subsidy program can be considered a success. It gives an adolescent the support he or she needs to make the transition from substitute care to independence. Some policy issues remain unresolved, however, and will be subject to further program study. For example:

• To what extent does admission into the program reward failure? One requirement for admission—that applicants must have had two previous un-

successful placements—is now being reconsidered. The point of such a policy was to limit the program to those for whom more traditional living arrangements didn't work but in practice it has created an unnecessary barrier to admission for other prospective applicants. Whether the program should be viewed as a last resort, after all other alternatives have been tried, or as a positive step toward independence for those who demonstrate the maturity to handle it is still at issue in our agency.

• The question of roommates will loom large. At present participants are not allowed to share apartments, except, occasionally, with other participants. Roommates have often been found to be unreliable, a "bad influence" and a drain on the participant's limited resources. On the other hand, they can share expenses and help offset loneliness. Most young people seem to want close companionship with others of their own age when they first venture into the adult world, and the clients in our program are no different. However this is resolved, we expect that roommates of different sexes will continue to be forbidden.

• We are still experimenting with the best way to handle the program administratively. Whether there should be special program workers assigned to independent living caseloads or an agency worker should keep a client who moves from substitute care to the independent living program is still open to question.

Creating the program was an arduous struggle, one that continued nearly two years. In the course of this effort we learned to define the need for it with great precision. Those who seek to implement similar programs in their regions are advised to gear up for a political battle that may not be easily won. Nevertheless, we think the initial success of the Oregon Independent Living Subsidy Program justifies further experimentation in other parts of the country. We know of no similar programs in the United States. If others do exist, we would like to hear from those involved.

¹ All names of participants in the program have been changed for this article.

² Testimony before the Joint Ways and Means Committee Hearing, Subcommittee 4, Oregon Legislative Assembly, March 20, 1975.

³ J. Altmeyer and B. O'Donnell, *Report of Independent Living Subsidy Program Review, Sept. 1, 1978*. Oregon Children's Services Division, 19A Commercial St. S.E., Salem, Oregon 97310.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

No. 1

BILL VERSION: CSHB 412 (HESS)
PUBLISH DATE: HOUSE 2/22/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the pre-
emancipation services for certain minors
Sponsor: HESS
Requestor: _____

Agency Affected: Health and Social Services
BRU: Child and Youth Custody
Components: Foster Care, Residential Care

15A

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		3.0	3.0	3.0	3.0	3.0
CONTRACTUAL						
SUPPLIES						
EQUIPMENT		4.5				
LAND & STRUCTURES						
GRANTS, CLAIMS	20.0	253.0	423.0	423.0	423.0	423.0
MISCELLANEOUS						
TOTAL OPERATING	20.0	260.5	426.0	426.0	426.0	426.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	20.0	260.5	426.0	426.0	426.0	426.0
FEDERAL FUNDS						
OTHER						
TOTAL	20.0	260.5	426.0	426.0	426.0	426.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

(See attached Pages(s).)

Prepared by: Yvonne M. Chase, Director *AMC* Phone: 465-3170
Division: Division of Family and Youth Services Date: 02-23-88
Approved by Commissioner: Myra M. Munson, Commissioner *Myra M. Munson* Date: 2-24-88
Agency: Department of Health and Social Services

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CENTRAL OFFICE COMPONENT

CSHB 412 (HESS)
HOI" E 2/22/88FY 88 Grants

Initial cost of \$20,000 to develop and purchase training curriculum for emancipation services/ independent living skills, as well as purchase films, video's, and reference materials for foster parents, residential child care providers and state youth correctional institutions.

\$ 20,000.

Total \$ 20,000.

FY 89 Equipment

\$4,500 to purchase a computer for program development and client tracking. This computer would be used in administering the program and to avoid the need for additional personal service costs.

\$ 4,500.

FY 89 Travel

\$3,000 to monitor programs, and to aid in curriculum development and provide training.

\$ 3,000.

Total \$ 7,500.

FY 90-93 Travel

\$3,000 per year to monitor programs, and to aid in curriculum developpe and provide training.

\$ 3,000.

Total \$ 3,000.

FOSTER CARE COMPONENT

FY 88 Grants

\$ 00.

FY 89 Grants

\$25,000 to train 40 foster parents in independent living concepts and skills. These foster parents would then provide training to other foster parents from their areas. These trained foster parents could then provide independent living skills to 50 youth the first year and 125 per year thereafter.

\$ 25,000.

Total \$ 25,000.

House Bill 412

\$270,000 to provide supervised independent living to 30 youth ages 17 and older at an annual cost of \$9,000/year for the first year. Costs will vary per youth because of varying levels of maturity and abilities to achieve transition to subsidized independent living or full independence. Maximum time in supervised independent living would be one year.

\$270,000.

\$135,000 to provide an average subsidy of \$750/month to 15 full time equivalent youth. The amount and length of time subsidies will be provided will vary within a range based on individual needs. A full subsidy will be funded initially and decreasing to zero during the course of a year. Only youth who have gone through an independent curriculum may be admitted to this program. An independent living subsidy will assist the youth in making the transition to independent living.

\$135,000.

TOTAL \$415,000.

House Bill 412

FY 90-93 Grants

A cost of \$8,000 per year thereafter be required to train additional or new foster parents to accommodate turnover among foster parents, and to update and enhance the curriculum. \$ 8,000.

Total Per Year \$ 8,000.

RESIDENTIAL CHILD CARE COMPONENT

FY 88 Grants -0-

FY 89 Grants

\$30,000 to train staff from 14 residential child care facilities and 4 youth corrections facilities in the independent living skills curriculum. These care givers would then teach independent living skills to 75 youth the first year and 175 youth each year thereafter. Each of the residential and youth correction facilities would be required to add this component to their treatment programs. \$ 30,000.

\$135,000 to provide supervised independent living to 15 youth ages 17 and older at an annual cost of \$9,000/year for the first year. Costs will vary per youth because of varying levels of maturity and abilities to achieve transition to subsidized independent living or full independence. Maximum time in supervised independent living would be one year. \$135,000.

\$ 63,000 to provide an average subsidy of \$750/month to 7 full time equivalent youth. The amount and length of time subsidies will be provided will vary within a range based on individual needs. A full subsidy will be funded initially and decreasing to zero during the course of a year. \$ 63,000.

FY 90-93 Grants TOTAL \$228,000.

\$10,000 each year to update and enhance the independent living curriculum and to train staff from residential child care facilities and youth corrections facilities due to turnover and the need to update skills. \$ 10,000.

H B

4 3 2

Original sponsors: Donley, Ellis,
Boucher, et al.

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 432 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the Alaska Housing Finance Corpo-
7 ration to accept trades in certain cases; and provid-
8 ing for an effective date."

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

10 * Section 1. PURPOSE AND AUTHORIZATION. (a) The legislature finds
11 that a sizeable proportion of the residents of the state have mortgages
12 that exceed both the present value of the property and the present ability
13 of the mortgagors of the property to make the payments agreed to in the
14 past. The purpose of this Act is to direct the Alaska Housing Finance
15 Corporation to use creative solutions to the present crisis in the housing
16 market and, at the same time, to permit the corporation to seek the dis-
17 posal of surplus residences within the corporation's inventory.

18 (b) The Alaska Housing Finance Corporation may permit mortgagors who
19 are experiencing difficulty in meeting their mortgage payments to return
20 the residence and its mortgage to the Alaska Housing Finance Corporation
21 and to enter into a new mortgage for different residential property subject
22 to the control of the corporation at payments that are more within the
23 ability of the mortgagors.

24 (c) The Alaska Housing Finance Corporation may also permit a mortga-
25 gor who is willing to accept the responsibility for a larger mortgage to
26 offer an existing residence and its mortgage to the corporation and enter
27 into a new mortgage for different residential property subject to the
28 control of the corporation.

29 (d) The Alaska Housing Finance Corporation and the mortgagor shall in

1 each case work to assist in mitigating, through loan restructuring and
2 other methods, the financial hardship that may be present.

3 (e) In this section, "residence" includes mobile homes.

4 * Sec. 2. This Act is repealed July 1, 1991.

5 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

5-1644L ✓
Bradley
3/24/88

Draft CS
Removes
Negative Equity
Language

Original sponsors: Donley, Ellis,
Boucher, et al.

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

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27 into a new mortgage for different residential property subject to the
28 control of the corporation.

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* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SUND

NAME: RON SNITKER
TITLE:
ADDRESS: 100 KNOWLES
CITY: ANCHORAGE ZIP: 99515
PHONE: 349-4374
BILL NO: HB 432
SUBJECT: ALLOW TRADE OF AHFC HELD HOME FOR ANOTHER
MESSAGE: I WOULD LIKE IT TO BE KNOWN THAT I SUPPORT DAVE DONLEY'S BILL HB 432.

POMID: 03130346
DATE: 04/05/88
TIME: 13:03:46
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES

BARNES
COTTEN
GRUENBERG
AVARRE
TAYLOR
ULMER

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SUND

NAME: DAWN BRETTRAGER
TITLE:
ADDRESS: HC01 BOX 6763-A3
CITY: PALMER ZIP: 99645
PHONE: 745-7085
BILL NO:
SUBJECT: U OF A BUDGET
MESSAGE: I URGE YOU TO REINSTATE LINE ITEM NO 7 AT \$350,000 FOR UPPER DIVISION CLASSES AT THE EXTENDED CAMPUS SITES. REASON IS NECESSARY FOR TEACHER RECERTIFICATION.

POMID: 14130721
DATE: 04/05/88
TIME: 13:07:21
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BINKLEY
BROWN	CATO	COGHILL
COLLINS	COTTEN	DUNCAH
DAVIDSON	DAVIS	ELIASON
DONLEY	ELLIS	FAHRENKAMP
FRANK	FURNACE	FAIKS
GOILL	GRUENBERG	FANNING
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

March 29, 1988

John Sund
Chairman, Judiciary
P.O. Box V
Juneau, Alaska 99811

MAR 30 1988

In an article entitled "Help on the Hill" which was published in the March 1988 edition of On the Market, mention is made of HB432, which relates to homeowners being permitted to "trade" their homes through Alaska Housing Finance Corporation. This would be a great advantage to many of us homeowners who, like myself, purchased smaller-than-comfortable homes during the years prior to 1986 or so, when houses sold for much higher prices than they do currently.

After house prices being sky-high for so many years, when the prices of homes began to drop, we grabbed at the chance to have a home of our own in 1985, at a time when it seemed that prices just couldn't possibly drop any lower. Of course, prices continued to drop, and now today, three-bedroom homes are selling for the price we paid two years ago for a two-bedroom home. This is very frustrating, since with a family of four, two bedrooms in an already small house seem all the smaller when we realize there is no possible way to sell our house for enough to cover the mortgage in order to purchase a roomier three-bedroom. We would be taking a loss of roughly \$20,000, which not many people can afford (ourselves included), leaving of course no hope of being able to purchase another home.

I am sure there must be people in Juneau in more or less the same situation, only being faced with owning a house with too much room (for instance, older couples whose children have grown and left home), who would prefer to own and maintain a smaller house. What better way to solve a lot of homeowners' anguish but to allow some sort of "trade" between AHFC homes? It seems we hear a lot about people just walking away from their homes because of their inability to sell their homes for enough to satisfy the mortgage. What a sad situation for the Alaska Housing people to have to deal with this flood of foreclosed homes, when with a little creativity, a satisfactory solution could be enjoyed by all.

I pray that you will support this bill and press for its soon approval in order that it may be passed this session, without any further delay. Thank you for your time and your consideration of HB432.

Lauren Hulse

Lauren Hulse
P.O. Box 32195
Juneau, Alaska 99803
789-1838

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Judiciary!

3-15-88

4-6-88

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE

DISTRICT ELEVEN • SPENARD

NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

P.O. BOX V, JUNEAU 99811

(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE

DATE: February 29, 1988
TO: Members of the Judiciary Committee
FROM: Representative Dave Donley *DB*
RE: HB 432 AHFC Trade-up/Trade-down

DESCRIPTION: TOTAL FUND EQUITY

Total fund equity is the difference of Assets and Liabilities of Alaska Housing Finance Corporation. Use of up to 1% of the Total Fund Equity of \$1,521,136 would make available approximately \$15,000,000 for HB 432.

Attached you will find the June 1987, Combining Balance Sheet of All funds available to AHFC.

Combining Balance Sheet — All Funds

Alaska Housing Finance Corporation

June 30, 1987 (In Thousands)

	Revolving Fund			Combined Insurance Fund
	Corporation Operating	General Account	Home Ownership Fund	
Assets				
Cash	\$ 1,481	426	59	—
Investments	8,575	63,362	6,654	31,289
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	13,815	325,278	6,173	—
Mobile home loans, net of allowance for loan losses	5,033	26,744	69,042	—
Accrued interest receivable	134	3,345	681	200
Due from other funds	40,940	50,801	291	—
Real estate owned	—	6,816	102	—
Mobile homes owned	767	4,971	12,568	—
Other assets	945	4,416	—	—
	<u>171,690</u>	<u>496,159</u>	<u>95,570</u>	<u>31,489</u>
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ —	—	—	—
Payable to State of Alaska	—	—	—	—
Commercial paper	—	4,973	—	—
Accrued interest payable	—	—	—	—
Insurance fund reserve for loan losses	—	—	—	5,585
Due to other funds	4,959	12,824	3,306	1,885
Accrued expenses and other liabilities	591	3,385	129	—
Total liabilities	<u>5,550</u>	<u>21,182</u>	<u>3,435</u>	<u>7,470</u>
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	—	129,416	103,381	7,858
Interfund transfers representing loan subsidies and debt collateralization	—	60,574	—	3,900
Total contributed capital	<u>—</u>	<u>189,990</u>	<u>103,381</u>	<u>11,758</u>
Retained earnings (deficit):				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	—	284,987	(11,246)	12,261
Undesignated	66,140	—	—	—
Total fund equity	<u>66,140</u>	<u>474,977</u>	<u>92,135</u>	<u>24,019</u>
Commitments	—	—	—	—
	<u>171,690</u>	<u>496,159</u>	<u>95,570</u>	<u>31,489</u>

Schedule 1

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Other Bonds and Notes	Combined
1,585	1,782	1,754	2,152	5	812	10,056
198,222	199,071	294,588	132,999	17,406	304,817	1,256,963
607,922	669,219	376,294	668,618	55,082	1,241,426	3,963,827
—	—	—	—	—	—	100,819
16,076	14,145	4,459	15,435	452	15,747	70,674
288	129	—	786	40	9,847	113,122
46,100	39,288	116	39,272	89	15,057	146,840
—	—	—	—	—	—	18,306
4,286	4,356	1,563	3,128	277	9,171	78,142
<u>874,479</u>	<u>927,990</u>	<u>678,774</u>	<u>862,390</u>	<u>73,351</u>	<u>1,596,877</u>	<u>5,708,769</u>
705,648	812,298	596,374	491,469	65,000	1,306,647	3,977,436
—	—	—	—	—	10,894	10,894
—	—	—	—	—	—	4,973
20,172	6,512	7,827	6,610	2,112	21,976	3,209
—	—	—	—	—	—	5,585
26,070	11,547	5,118	33,157	1,336	12,920	113,122
791	852	671	1,690	70	2,235	10,416
<u>752,681</u>	<u>831,209</u>	<u>609,990</u>	<u>532,926</u>	<u>68,518</u>	<u>1,546,772</u>	<u>4,187,633</u>
127,835	120,312	33,086	419,930	65	91,988	1,033,871
(3,803)	(14,587)	39,598	(81,214)	5,210	(9,678)	—
<u>124,032</u>	<u>105,725</u>	<u>72,684</u>	<u>338,716</u>	<u>5,275</u>	<u>82,310</u>	<u>1,033,871</u>
(2,234)	(8,544)	(3,900)	(9,252)	(442)	159,895	421,125
—	—	—	—	—	—	66,140
<u>121,798</u>	<u>96,781</u>	<u>68,784</u>	<u>329,464</u>	<u>4,833</u>	<u>242,205</u>	<u>1,531,136</u>
<u>874,479</u>	<u>927,990</u>	<u>678,774</u>	<u>862,390</u>	<u>73,351</u>	<u>1,596,877</u>	<u>5,708,769</u>

MAR 10 1988

March 4, 1988
Residential Interest Group for
Housing Trades
1001 Boniface #12J
Anchorage, Alaska 99504
(907) 337-5116

GI
MAR 10 1988

Representative John Sund
Pouch V (MS 3100)
Juneau, Alaska 99811

Re: House Bill 432

Dear Mr. Sund:

The Residential Interest Group for Housing Trades (RIGHT) is an organization comprised of Alaskan residents who presently own either single family or zero-lot line homes, condominiums or mobile homes (homeowners) financed through the Alaska Housing Finance Corporation (AHFC). It is the goal of RIGHT to develop and establish a program through which qualified homeowners may exchange their current residences and mortgages for residences previously foreclosed upon by the AHFC.

In an effort to assist the legislature in establishing a trade program under HB 432, RIGHT has prepared a proposal for the development of a trade program a copy of which is enclosed for your information and review. This document is being submitted to every member of the 15th Alaska Legislature, every mortgage insurer who insures mortgages of the Alaska Housing Finance Corporation as well as the Board of Directors of the Alaska Housing Finance Corporation in hopes of bringing all necessary parties together to establish a trade program.

As the enclosed proposal indicates, development of a trade program is in the best interests of everyone concerned. After reviewing the enclosed proposal, please feel free to contact us regarding any comments or questions you may have.

Very truly yours,

Michael Marting
Michael Marting
Board member,
Residential Interest Group for
Housing Trades

March 2, 1988
Residential Interest Group for
Housing Trades
1001 Boniface #12J
Anchorage, Alaska 99504

Rep. David Donley
Alaska State Legislature
P.O. Box 7 (MS 3100)
Juneau, Alaska 99811

Re: House Bill 432

Dear Representative Donley:

The Residential Interest Group for Housing Trades (RIGHT) would like to take this opportunity to thank you for sponsoring House Bill 432. As you know, in its current form the bill does not provide a procedural framework through which trades may be realized. It is our understanding that the House Labor and Commerce Committee is currently considering the bill in an attempt to develop such a framework.

In order to assist you in your endeavor, RIGHT has analyzed and developed the following proposal for your consideration. We recognize that we are but one of the three parties involved and therefore urge you to meet with the other participants, Alaska Housing Finance Corporation (AHFC) and the mortgage insurers, in order to obtain successful passage of this legislation.

The downturn in Alaska's economy has caused thousands of residential foreclosures in this state. In 1987 AHFC foreclosures alone increased from the 1986 record of nearly 2,000 to over 3,700 representing an increase of 102%. This trend has continued unabated since 1984. See AHFC foreclosure statistics 1984-1987. This foreclosure rate may be attributed to both economic and non-economic factors.

Initially, many homeowners either lost their jobs or experienced some other decrease in earnings which left them unable to meet their financial obligations. Consequently, many homeowners defaulted on their mortgages. Foreclosures skyrocketed. Today, homeowners continue to default and face ultimate foreclosure due solely to economic reasons.

These initial "economic" foreclosures spawned a wave of "non-economic" foreclosures. As foreclosed residences were resold at depressed market values, homeowners began experiencing a continual decline in their property values to present levels substantially below their mortgage balances. Condominium, zero-lot line and mobile homeowners have been the groups most affected by the declining values. Faced with increasing negative equities, many homeowners have chosen foreclosure to avoid inevitable future losses. Although able to meet their financial obligations this group of homeowners default for "non-economic" reasons.

Nevertheless, many homeowners have not defaulted. Many are not only able to meet their current financial needs but are actually able to qualify for higher priced homes and mortgages. Many families have outgrown their homes. They seek to improve their standard of living but are prevented from doing so by their inability to sell their current residences which is necessary to purchase better housing. Given the likelihood that these homeowners will never again enjoy a positive equity position, there is nothing but a sense of ethics and moral obligation tying them to their loans. Their negative equities and inability to sell even at a loss leaves them not only frustrated and dissatisfied, but with little incentive to continue paying their mortgages. Currently, default is the only option available to improve their situation.

On the other hand, many people who have experienced a decrease in earnings are depleting their cash reserves in an effort to remain current on their mortgages. In many of these cases default will eventually occur. Although there are programs available to assist these homeowners, they provide only temporary relief at best. Moreover, these programs do not improve the homeowners equity position but worsen it thereby creating a yet greater incentive to default. As such, they merely delay the inevitable.

Each foreclosure increases the supply of housing available in the market thereby further decreasing market value. As values decline, more defaults occur and the cycle repeats. As a result, many lenders and mortgage insurers have unwittingly become real estate barons. Their assets have been converted from predominantly cash and securities to real property making them less liquid and less able to meet their cash needs. Additional foreclosures will only further deteriorate their financial positions.

The solution is obvious: decrease the current rate of foreclosures. This objective may be achieved in one of two ways:

1. The market can correct itself naturally without structured intervention by the private or public sectors. However, if current trends continue unchecked, there is little doubt that the market will not be corrected for many years. During this period, AHFC and its insurers will be forced to continue to acquire and maintain foreclosed residential property further depleting their cash reserves.

2. The market can be corrected through the development and implementation of a plan to reverse the trend in foreclosures. It is the objective of the Residential Interest Group for Housing Trades (RIGHT) to assist in developing such a program by allowing homeowners to trade their existing AHFC loans for residences previously foreclosed upon by the AHFC, thus providing more suitable and/or affordable housing for Alaskan homeowners. To develop a solution, we must first analyze the problem.

Whenever a foreclosure occurs three parties are directly affected:

1. the homeowner;
2. AHFC;
3. the mortgage insurance company.

The cost to each party is equal to 100% of its maximum exposure. The homeowners lose their residence and their credit is destroyed. AHFC loses future revenue and earnings in the form of mortgage payments and interest. Since AHFC is nearly 100% insured (see 1987 AHFC Annual Report, p. 4), it is the least impacted by foreclosure. Nevertheless, AHFC suffers its greatest loss with foreclosure.

It is the mortgage insurer that bears the greatest loss in terms of actual dollars. The insurer's policy limits are exceeded because of the low resale price. Accordingly, the insurer pays 100% of its maximum exposure on the property and now must also pay for upkeep of the residence if it obtains title. If not, resale and upkeep costs fall upon AHFC. In short, everyone loses everything in a foreclosure situation.

RIGHT envisions a situation wherein everyone wins a little. A typical trade would occur as follows:

1. The homeowner selects a residence for purchase from AHFC inventory. He then buys down his existing mortgage by paying to AHFC an amount equal to a percentage of the negative equity thus lowering the balance of that AHFC loan. He would then purchase the new home at its current market price financed through AHFC at 100% of its value;

2. The mortgage insurer would also buy down the mortgage by paying to AHFC an amount equal to a percentage of the maximum amount of its exposure had a foreclosure occurred. In exchange, AHFC would tender a policy release on that loan;

3. AHFC would then own the original property and be at liberty to dispose of it in a variety of ways. It could either sell the property or rent it as low income housing thus replacing the current blighted low income housing.

By adopting such a program everyone would benefit. The homeowner would be able to obtain, for a price, a better or more affordable home. His incentive to default produced by his current negative equity or financial distress would be eliminated.

The insurer has cut its losses from 100% to whatever percentage it agrees to pay for AHFC's policy release. Assuming the property purchased was from the insurer's inventory, the insurer has now sold to the homeowner one of its properties previously foreclosed upon. Since it has acquired no additional property in the trade, it has decreased its inventory and associated costs by one. Finally, trades will substantially decrease the number of foreclosures thus decreasing the potential for future losses.

AHFC directly benefits by the influx of cash from the homeowner and the insurer in "buying down" the mortgage. Moreover, such a program benefits AHFC by substantially decreasing future foreclosures. Although, arguably, AHFC may end up with less marketable property, this same result would occur were foreclosures to continue at current levels. The difference, however, is that in a trade situation AHFC receives cash at the time of repossession. In a foreclosure, AHFC receives nothing absent judgment and successful execution. Moreover, AHFC will be taking back a loan while at the same time financing a new one whenever a trade occurs thereby maintaining a steady cash flow which is not present in a foreclosure situation.

Although AHFC will accumulate an inventory of less desirable housing in the form of condominiums and mobile homes when low cost property is traded for higher priced residences, title to these dwellings will vest in one owner - AHFC. As a governmental agency, ultimate ownership by AHFC is more desirable than ownership by private mortgage insurers which usually occurs in a foreclosure. Unlike private enterprise, the government, through AHFC, is in a better position and has greater incentive to dispose of the property in such a way as will benefit the public good. Accordingly, the trade program could be utilized in conjunction with a program developed to dispose of the lower cost housing either through resale or rental as public housing or through demolition and removal (mobile homes) for resale in a more viable market.

Two factors must be kept in mind in structuring this program:

1. Costs - closing costs and realtor fees must be streamlined and reduced. For example, realtor commissions could be lowered from 6% through a competitive bidding process. Bank fees could be eliminated by direct financing through AHFC.

2. Homeowner costs - to make the program viable, the buy down payment required must be affordable. Further, should a party be unable to produce all of the buy down payment, alternative financing must be available. Perhaps a second deed of trust equal to the unpaid balance of the buy down payment could be taken out on the new home purchased through AHFC. Homeowners trading down could pay zero down, with their buy down cost transferred to the new loan.


In conclusion, RIGHT recognizes that the cost of improving the residential market should not be borne by any one group. Under current conditions the burden is placed solely upon the individual homeowner. As the foreclosure rate indicates, the homeowner is unwilling to accept this burden and it is ultimately AHFC and the mortgage insurers who must bear the loss. RIGHT offers a program through which all parties assume a share of the costs in exchange for a lessening of their burden.

Contrary to some beliefs, legislation is necessary to enable AHFC to effectuate a trade as no statute or regulation exists authorizing such activity by AHFC. In order to establish a trade program, the legislature must take steps

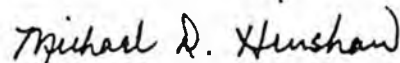
to obtain the attendance of all necessary parties at the bargaining table. This can best be achieved by the legislative appointment of a panel consisting of realtors, financial experts and representatives from AHFC, the mortgage insurance companies and the homeowners. We urge you to appoint a panel to review and develop a plan consistent with this proposal. Immediate action is necessary in order to obtain passage of this important piece of legislation during this session.

Again, thank you for your efforts in this matter. If you have any questions or wish to discuss this proposal in further detail, please do not hesitate to contact us.

Very truly yours,



Trena L. Heikes
Co-chairman,
Residential Interest Group for
Housing Trades



Michael Hinshaw
Co-chairman,
Residential Interest Group for
Housing Trades

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/4/88

FURTHER REFERRALS: Finance

DATE: March 6, 1988

The Judiciary Committee has considered HB 432

"An Act authorizing the Alaska Housing Finance Corporation to accept trades in certain cases; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 432 (Jud) the same title
 attached amendment(s) a new title
- do pass
 do not pass
 no recommendation
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
 zero fiscal note same as previous zero fiscal note published _____
 zero with analysis

SIGNING DO PASS:

[Signature]
[Signature]
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[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature] (No Rec)
[Signature]
[Signature]
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[Signature]
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[Signature]
[Signature]
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[Signature]
[Signature]

[Signature]
Chairman's signature

Original sponsors: Donley, Ellis,
Boucher, et al.

1 IN THE HOUSE BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 432 (L&C)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the Alaska Housing Finance Corpo-
7 ration to accept trades in certain cases; and provid-
8 ing for an effective date."

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

10 * Section 1. PURPOSE AND AUTHORIZATION. (a) The legislature finds
11 that a sizeable proportion of the residents of the state have mortgages
12 that exceed both the present value of the property and the present ability
13 of the mortgagors of the property to make the payments agreed to in the
14 past. The purpose of this Act is to direct the Alaska Housing Finance
15 Corporation to use creative solutions to the present crisis in the housing
16 market and, at the same time, to permit the corporation to seek the dis-
17 posal of surplus residences within the corporation's inventory.

18 (b) The Alaska Housing Finance Corporation may permit mortgagors who
19 are experiencing difficulty in meeting their mortgage payments to return
20 the residence and its mortgage to the Alaska Housing Finance Corporation
21 and to enter into a new mortgage for different residential property subject
22 to the control of the corporation at ~~rates~~ *payments* that are more within the ability
23 of the mortgagors.

24 (c) The Alaska Housing Finance Corporation may also permit a mortga-
25 gor who is willing to accept the responsibility for a larger mortgage to
26 offer an existing residence and its mortgage to the corporation and enter
27 into a new mortgage for different residential property subject to the
28 control of the corporation.

29 (d) The Alaska Housing Finance Corporation, the mortgage insurers,

STATE OF ALASKA
DEPARTMENT OF REVENUE

HM 2/11/88

M E M O R A N D U M

TO: Judy Fleming
Office of the Governor

FROM: Milt Barker *MB*
Deputy Commissioner
Treasury Division

DATE: February 11, 1988

RE: HB 432, HB 433, and Draft SCR Regarding State Agency
Loans

I have the following comments on the following legislation:

HB 432

1. This is not needed for AHFC to do trades; it should be framed as a resolution encouraging trades.
2. Trades are desirable, provided they do not permit or encourage the borrower to walk on any negative equity (mortgage balance in excess of property value); AHFC's current plans are to add this negative equity to the new mortgage obligation. Sections 1(b) and (c) of the bill appear to sanction forgiveness of negative equity.
3. Section 1(b) should not mandate "rates that are more within the ability of the mortgagors." This creates conflicts, confusion, and practical problems with other statutory provisions specifying rates on loans. The element of rates is not integral to the trade concept.

HB 433

1. What does the AG think about the Constitutionality of this bill?
2. What workload effect will there be on the courts?
3. The bill appears to grant possession (and possibly redemption rights) for an extended period regardless of any court order.

FISCAL NOTE

REQUEST:

Revision Date:
Title: An Act authorizing AhFC to accept
trades in certain cases; effective date
Sponsor: Rep. Lonley, et al
Requestor: house Judiciary

Agency Affected: Revenue
Bkl: AhFC
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Impact undeterminable (see attached memo)

Prepared By: AhFC
Division: Alaska Housing Finance Corporation
Approved by Commissioner: Hugh Malone
Agency: Department of Revenue
Phone: 276-5599
Date: 4/6/88
Date: 465-2300

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

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/3/88

FURTHER REFERRALS: Judiciary
Finance

DATE: 2/23/88

The Labor & Commerce Committee has considered HB 432

"An Act authorizing the Alaska Housing Finance Corporation to accept trades in certain cases; and providing for an effective date."

RECOMMENDS:

replace with CSHB 432 (L+C) the same title
 attached amendment(s) a new title

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

fiscal impact same as previous fiscal note published _____

zero fiscal note same as previous zero fiscal note published _____

zero with analysis

SIGNING DO PASS:

David Ouley

Ellis

Bob Bricker

Grant Munn

W. Furnace

Cliff D...

John Koyona

SIGNING OTHER RECOMMENDATIONS:

David Ouley
Chairman's signature

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act authorizing AHFC to accept trades in certain cases; effective date
Sponsor: Rep. Donley, et al
Requestor: House Labor & Commerce

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Impact undeterminable (see attached memo)

Prepared By: AHFC Phone: 276-5599
Division: Alaska Housing Finance Corporation Date: 02/16/88

Approved by Commissioner: hugh Malone Date: 02/16/88
Agency: Department of Revenue

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/3/88

FURTHER REFERRALS: Judiciary
Finance

DATE: 2/23/88

The Labor & Commerce Committee has considered HB 432

"An Act authorizing the Alaska Housing Finance Corporation to accept trades in certain cases; and providing for an effective date."

RECOMMENDS:

- replace with CSHB 432 (L+C) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

David Doney
Ellis
Paula Boucher
W. Furnace
Cliff D...
Alto K...

SIGNING OTHER RECOMMENDATIONS:

David Doney
 Chairman's signature

H

B

4

38

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Judiciary:

3-3-88

4-5-88

Original sponsors: Koponen, Ellis
and Davidson

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 438 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to statutory wills."

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

8 * Section 1. AS 13.11 is amended by adding a new section to Article 5
9 to read:

10 Sec. 13.11.215. STATUTORY WILL FORM. The following is the form
11 for the Alaska basic will:

12 Alaska Basic Will

13 NOTICE TO THE PERSON WHO SIGNS THIS WILL:

14 1. EXECUTING THIS STATUTORY WILL WITHOUT THE ADVICE AND ASSIS-
15 TANCE OF A LAWYER MAY RESULT IN ADDITIONAL EXPENSES AT THE TIME OF
16 DISTRIBUTION AND MAY RESULT IN A DISTRIBUTION OF PROPERTY CONTRARY TO
17 THE INTENT OF THE TESTATOR.

18 2. THIS STATUTORY WILL HAS SERIOUS LEGAL EFFECTS ON YOUR FAMILY
19 AND PROPERTY. IF THERE IS ANYTHING IN THIS WILL THAT YOU DO NOT
20 UNDERSTAND, YOU SHOULD CONSULT A LAWYER FOR AN EXPLANATION.

21 3. THIS WILL DOES NOT DISPOSE OF PROPERTY WHICH PASSES ON YOUR
22 DEATH TO ANY PERSON BY OPERATION OF LAW OR BY CONTRACT. FOR EXAMPLE,
23 THE WILL DOES NOT DISPOSE OF JOINT TENANCY ASSETS, PARTNERSHIP ASSETS,
24 OR YOUR SPOUSE'S ELECTIVE SHARE, AND IT DOES NOT NORMALLY APPLY TO
25 PROCEEDS OF LIFE INSURANCE ON YOUR LIFE OR YOUR RETIREMENT PLAN BENE-
26 FITS.

27 4. THIS WILL IS NOT DESIGNED TO REDUCE DEATH TAXES OR ANY OTHER
28 TAXES. YOU SHOULD DISCUSS THE TAX RESULTS OF YOUR DECISIONS WITH A
29 COMPETENT TAX ADVISOR.

1 5. YOU SHOULD MARK THROUGH ALL SECTIONS OR PARTS OF SECTIONS
2 THAT YOU DO NOT COMPLETE. YOU MAY REVOKE THIS ALASKA STATUTORY WILL
3 BY SIGNING A NEW WILL. YOU MAY AMEND THIS WILL BY CODICIL.

4 6. THIS WILL TREATS ADOPTED CHILDREN AS IF THEY ARE YOUR NATURAL
5 CHILDREN.

6 7. IF YOU MARRY OR DIVORCE AFTER YOU SIGN THIS WILL, YOU SHOULD
7 MAKE AND SIGN A NEW WILL.

8 8. IF YOU HAVE ANOTHER CHILD AFTER YOU SIGN THIS WILL, YOU
9 SHOULD MAKE AND SIGN A NEW WILL.

10 9. IF YOU HAVE CHILDREN UNDER 21 YEARS OF AGE, YOU MAY WISH TO
11 USE ANOTHER TYPE OF WILL.

12 10. IF YOU ARE MAKING SPECIFIC GIFTS TOTALING MORE THAN \$10,000
13 TO PERSONS OUTSIDE OF YOUR IMMEDIATE FAMILY OR TO ORGANIZATIONS, YOU
14 SHOULD CONSULT A LAWYER. A GIFT OF SPECIFIC REAL OR PERSONAL PROPERTY
15 MAY PREVAIL OVER A GENERAL GIFT TO YOUR SPOUSE OR CHILDREN AND THUS
16 MAY REDUCE THE AMOUNT AVAILABLE TO YOUR SPOUSE OR CHILDREN.

17 11. COMMERCIAL FISHING ENTRY PERMITS PASS TO YOUR SPOUSE UNLESS
18 YOU HAVE EXPRESSED A CONTRARY INTENT IN YOUR WILL. IF YOU HAVE NO
19 SPOUSE, THE PERMIT WILL BE DISTRIBUTED AS PART OF YOUR PERSONAL PROP-
20 erty.

21 12. CERTAIN REAL PROPERTY, SUCH AS NATIVE ALLOTMENTS, HELD IN
22 TRUST FOR ALASKA NATIVES AND AMERICAN INDIANS BY THE FEDERAL GOVERN-
23 MENT ARE SUBJECT TO SPECIAL PROVISIONS OF FEDERAL LAW. IF YOU OWN
24 THIS TYPE OF PROPERTY, YOU SHOULD CONTACT A LAWYER, YOUR TRIBAL GOV-
25 ERNMENT, OR THE FEDERAL BUREAU OF INDIAN AFFAIRS BEFORE ATTEMPTING TO
26 USE THIS WILL FORM TO DISPOSE OF THE PROPERTY.

27 13. THIS WILL IS NOT VALID UNLESS IT IS SIGNED BY AT LEAST TWO
28 WITNESSES. YOU SHOULD CAREFULLY READ AND FOLLOW THE WITNESSING PROCE-
29 DURE DESCRIBED AT THE END OF THIS WILL.

1 14. YOU SHOULD DEPOSIT THIS WILL WITH THE SUPERIOR COURT NEAREST
2 TO YOUR COMMUNITY. YOU SHOULD ALSO KEEP AN INVENTORY OF YOUR IMPOR-
3 TANT PROPERTY WITH YOUR WILL. THE INVENTORY SHOULD INCLUDE INFORMA-
4 TION ON YOUR BANK ACCOUNTS, SAFE DEPOSIT BOXES, INSURANCE POLICIES,
5 STOCKS, BONDS, AND SIMILAR PROPERTY.

6 15. YOU SHOULD NOT CHANGE, DELETE, OR ADD WORDS TO THE FACE OF
7 THIS ALASKA STATUTORY WILL WITHOUT CONSULTING A LAWYER. IF YOU HAVE
8 ANY DOUBTS WHETHER OR NOT THIS WILL ADEQUATELY SETS OUT YOUR WISHES
9 FOR THE DISPOSITION OF YOUR PROPERTY, YOU SHOULD CONSULT A LAWYER.

10 16. DEFINITIONS.

11 A. "CODICIL" MEANS AN AMENDMENT OR ADDITION TO A WILL; IT MAY
12 EXPLAIN, MODIFY, QUALIFY, ALTER, OR REVOKE PROVISIONS OF A WILL.

13 B. "ELECTIVE SHARE" MEANS THAT PORTION OF A DECEDENT'S ESTATE
14 WHICH A SPOUSE MAY CHOOSE TO RECEIVE IF THE DECEDENT'S SPOUSE DECIDES
15 TO REJECT THE PROVISIONS MADE FOR THE SPOUSE IN THE DECEDENT'S WILL;
16 THE ELECTIVE SHARE IS EQUAL TO ONE-THIRD OF THE DECEDENT'S ESTATE.

17 C. "JOINT TENANCY ASSET" MEANS PROPERTY OWNED JOINTLY BY TWO OR
18 MORE PERSONS AND WHICH PASSES TO THE SURVIVING PERSONS AT THE DEATH OF
19 ONE OF THE JOINT OWNERS RATHER THAN PASSING THROUGH THE ESTATE OF THE
20 DECEASED; "JOINT TENANCY ASSET" INCLUDES A TENANCY BY THE ENTIRETIES
21 WITH RIGHT OF SURVIVORSHIP ASSET, BUT DOES NOT INCLUDE A TENANCY IN
22 COMMON ASSET.

23 D. "PARTNERSHIP ASSETS" MEANS PROPERTY OF ANY KIND THAT BELONGS
24 TO THE PARTNERSHIP AND THAT IS NOT THE SEPARATE PROPERTY OF THE PART-
25 NERS.

26 E. "PERSONAL PROPERTY" MEANS AN ITEM OF PROPERTY THAT IS NOT
27 REAL PROPERTY.

28 F. "REAL PROPERTY" MEANS LAND AND ANYTHING THAT IS CONSTRUCTED
29 UPON, GROWING UPON, OR ATTACHED TO LAND.

1 G. "TENANCY BY THE ENTIRETIES WITH RIGHT OF SURVIVORSHIP ASSET"
2 MEANS PROPERTY OWNED JOINTLY BY A HUSBAND AND WIFE AND WHICH PASSES TO
3 THE SURVIVING SPOUSE AT THE DEATH OF THE OTHER SPOUSE RATHER THAN
4 PASSING THROUGH THE ESTATE OF THE DECEASED SPOUSE.

5 H. "TENANCY IN COMMON ASSET" MEANS PROPERTY OWNED SIMULTANEOUSLY
6 BY TWO OR MORE PERSONS AND WHICH PASSES THROUGH THE ESTATE OF A
7 DECEASED OWNER RATHER THAN PASSING TO THE SURVIVING CO-OWNERS.

8 (A printed form for the Alaska basic will must set
9 out the above notice in 10-point boldface type.)

10 ALASKA BASIC WILL OF

11 _____
12 (Print your name)

13 Article 1. Declaration.

14 This is my will and I revoke all prior wills and codicils.

15 Article 2. Disposition of my property.

16 2.1 REAL PROPERTY. Except as provided in paragraph 2.3, I give
17 all my real property to my spouse, if living; otherwise it shall be
18 equally divided among my children who survive me. If my spouse does
19 not survive me and if none of my children survives me, my real pro-
20 perty that is not distributed by paragraph 2.3 shall become part of
21 the residuary estate.

22 2.2 PERSONAL AND HOUSEHOLD ITEMS. Except as provided in para-
23 graph 2.3, I give my spouse, if my spouse survives me, all my books,
24 jewelry, clothing, personal automobiles, recreational equipment,
25 household furnishings and effects, and other tangible articles of a
26 household, recreational, or personal use, together with all policies
27 of insurance insuring these items. If my spouse does not survive me,
28 the personal representative shall distribute these items among my
29 children who survive me, in as nearly equal shares as feasible in the

1 personal representative's discretion. If my spouse does not survive
2 me and if none of my children survives me, the items described in this
3 paragraph shall become part of the residuary estate.

4 2.3 GIFTS TO PERSONS OR CHARITIES. I make the following gifts
5 of real or personal property to the persons or charities in the cash
6 amount stated in words (.....Dollars) and figures (\$.....) or of the
7 property described. I SIGN OPPOSITE EACH GIFT MADE. I WRITE THE
8 WORDS "NOT USED" ON THE REMAINING LINES. If I fail to sign opposite
9 any gift, then that gift is not made. If the person mentioned does
10 not survive me or if the charity does not accept the gift, then that
11 gift is not made.

12	FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
13	OR CHARITY TO RE-	OR DESCRIPTION OF	TESTATOR.
14	CEIVE GIFT. (Name only	PROPERTY.	
15	one. Please print.)		

21	FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
22	OR CHARITY TO RE-	OR DESCRIPTION OF	TESTATOR.
23	CEIVE GIFT. (Name only	PROPERTY.	
24	one. Please print.)		

28	FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
29			

1 OR CHARITY TO RE- OR DESCRIPTION OF TESTATOR.
2 CEIVE GIFT. (Name only PROPERTY.
3 one. Please print.)
4
5
6
7

8 FULL NAME OF PERSON AMOUNT OF CASH GIFT SIGNATURE OF
9 OR CHARITY TO RE- OR DESCRIPTION OF TESTATOR.
10 CEIVE GIFT. (Name only PROPERTY.
11 one. Please print.)
12
13

14
15
16 FULL NAME OF PERSON AMOUNT OF CASH GIFT SIGNATURE OF
17 OR CHARITY TO RE- OR DESCRIPTION OF TESTATOR.
18 CEIVE GIFT. (Name only PROPERTY.
19 one. Please print.)
20

21 2.4 ALL OTHER ASSETS (MY "RESIDUARY ESTATE"). I adopt only one
22 Property Disposition Clause by placing my initials on the line in
23 front of the letter "A," "B," or "C" signifying which clause I wish to
24 adopt. I place my signature after clause "A," clause "B," or clause
25 "C." If I fail to sign the appropriate distribution(s) or if I sign
26 in more than one clause or if I fail to place my initials on the
27 appropriate line, this paragraph will be invalid and the remainder of
28 my property shall be distributed as if I did not make a will as set
29 out in AS 13.11.005 - 13.11.065 or a subsequent provision of law.

1 Property Disposition Clauses (select only one):

2 _____ A. I leave all my remaining property to my spouse, if
3 (initials of
4 testator)
5 living. If my spouse is not living, then in equal shares to my
6 children and the descendants of any deceased child.

7
8 _____
9 (signature of testator)

10 _____ B. I leave all my remaining property to my children and
11 (initials of
12 testator)
13 the descendants of any deceased child. I leave nothing to my spouse
14 even if my spouse survives me.

15
16 _____
17 (signature of testator)

18 _____ C. The executor shall distribute my residuary estate to my
19 (initials of
20 testator)
21 heirs at law, their identities and respective shares to be determined
22 under the laws of the State of Alaska relating to intestate succession
23 in effect on the date of my death as set out in AS 13.11.005 - 13.11.-
24 065 or a subsequent provision of law.

25
26 _____
27 (signature of testator)

28 Article 3. Nomination of guardian, conservator, and
29 personal representative.

3.1 GUARDIAN. (If you have a child or children under 18 years

1 of age, you may name at least one person to serve as guardian for the
2 child or children.)

3 A. If a guardian is needed for my child or children, then I
4 nominate the first guardian named below to serve as guardian of my
5 child or children. If the person does not serve, then the others
6 shall serve in the order I list them. My nomination of a guardian is
7 not valid without my signature.

8 FIRST GUARDIAN _____
9 (signature of testator)

10 SECOND GUARDIAN _____
11 (signature of testator)

12 THIRD GUARDIAN _____
13 (signature of testator)

14 B. A guardian of the person or of the estate shall have all of
15 the powers conferred by law. All powers of the guardian may be ex-
16 ercised without court authorization.

17 3.2 CONSERVATOR. (A conservator may be named to manage the
18 property of a minor child or minor children. You do not need to name
19 a conservator if you wish the guardian to act as conservator. If you
20 wish to name a conservator in addition to a guardian, complete this
21 paragraph. If you do not wish to name a separate conservator, do not
22 complete this paragraph.)

23 A. I nominate the first conservator named below to serve as
24 conservator for my minor child or minor children. If the first con-
25 servator does not serve, then the others shall serve in the order I
26 list them. My nomination of a conservator is not valid without my
27 signature.

28 FIRST CONSERVATOR _____
29 (signature of testator)

1 SECOND CONSERVATOR _____

2 (signature of testator)

3 THIRD CONSERVATOR _____

4 (signature of testator)

5 B. The conservator shall have all of the powers conferred by
6 law.

7 3.3 PERSONAL REPRESENTATIVE. (Name at least one.)

8 A. I nominate the person or institution named as first personal
9 representative below to administer the provisions of this will. If
10 that person or institution does not serve, then I nominate the others
11 to serve in the order I list them. My nomination of a personal repre-
12 sentative is not valid without my signature.

13 FIRST PERSONAL

14 REPRESENTATIVE _____

15 (signature of testator)

16 SECOND PERSONAL

17 REPRESENTATIVE _____

18 (signature of testator)

19 THIRD PERSONAL

20 REPRESENTATIVE _____

21 (signature of testator)

22 B. In addition to powers conferred upon personal representatives
23 by law, the personal representative may sell estate assets at public
24 or private sale, for cash or on credit terms; lease estate assets
25 without restriction as to duration; or invest surplus money of the
26 estate in real or personal property, as the personal representative
27 considers advisable. The personal representative may distribute
28 estate assets otherwise distributable to a minor beneficiary to the
29 guardian of the minor's person or estate, an adult person with whom

1 the minor resides and who has the care, custody, or control of the
2 minor, or a custodian, serving on behalf of the minor under the Uni-
3 form Gifts to Minors Act of any state, or the Uniform Transfers to
4 Minors Act of any state. The personal representative is free of
5 liability and is discharged from further accountability for distribut-
6 ing assets in compliance with this paragraph.

7 On any distribution of assets from the estate, the personal
8 representative may partition, allot, and distribute the assets in
9 kind, including undivided interests in an asset or in any part of it;
10 partly in cash and partly in kind; or entirely in cash. If a distri-
11 bution is being made to more than one beneficiary, the personal repre-
12 sentative may distribute assets among them on a prorated or nonpro-
13 rated basis, with the assets valued as of the date of distribution.

14 3.4 BOND. (The bond provides a fund to pay those who do not
15 receive the share of your estate to which they are entitled, including
16 your creditors, because of improper performance of duties by the
17 personal representative or guardian. Bond premiums are paid out of
18 your estate.)

19 My signature means that a bond is not required for any individual
20 named in this will as personal representative or guardian. If I do
21 not sign, then a bond is required for each of those persons as set out
22 in the Alaska Uniform Probate Code.

23 _____
24 (signature of testator)

25 I sign my name to this Alaska
26 Statutory Will

27 on _____ at _____, _____
28 Date City State

(signature of testator)

STATEMENT OF WITNESSES (You must use two competent witnesses. It is advisable, but not required in most instances, that you do not allow persons who receive property under your will to serve as witnesses.)

Each of us declares under penalty of perjury under the laws of Alaska that the testator signed this Alaska statutory will in our presence, all of us being present at the same time, and we now, at the testator's request, in the testator's presence, and in the presence of each other, sign below as witnesses, declaring that the testator appears to be of sound mind and under no duress, fraud, or undue influence.

Signature _____ Residence Address: _____

Print Name

Here: _____

Signature _____ Residence Address: _____

Print Name

Here: _____

5-1369B
Utermohle
4/5/88

Original sponsors: Koponen, Ellis
and Davidson

Adopted 4/5
w/ Amds

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 438 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to statutory wills." 7

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

8 * Section 1. AS 13.11 is amended by adding a new section to Article 5
9 to read:

10 Sec. 13.11.215. STATUTORY WILL FORM. The following is the form
11 for the Alaska basic will:

12 Alaska Basic Will

13 NOTICE TO THE PERSON WHO SIGNS THIS WILL:

14 1. EXECUTING THIS STATUTORY WILL WITHOUT THE ADVICE AND ASSIS-
15 TANCE OF A LAWYER MAY RESULT IN ADDITIONAL EXPENSES AT THE TIME OF
16 DISTRIBUTION AND MAY RESULT IN A DISTRIBUTION OF PROPERTY CONTRARY TO
17 THE INTENT OF THE TESTATOR.

18 2. THIS STATUTORY WILL HAS SERIOUS LEGAL EFFECTS ON YOUR FAMILY
19 AND PROPERTY. IF THERE IS ANYTHING IN THIS WILL THAT YOU DO NOT
20 UNDERSTAND, YOU SHOULD CONSULT A LAWYER FOR AN EXPLANATION.

21 3. THIS WILL DOES NOT DISPOSE OF PROPERTY WHICH PASSES ON YOUR
22 DEATH TO ANY PERSON BY OPERATION OF LAW OR BY CONTRACT. FOR EXAMPLE,
23 THE WILL DOES NOT DISPOSE OF JOINT TENANCY ASSETS, PARTNERSHIP ASSETS,
24 OR YOUR SPOUSE'S ELECTIVE SHARE, AND IT DOES NOT NORMALLY APPLY TO
25 PROCEEDS OF LIFE INSURANCE ON YOUR LIFE OR YOUR RETIREMENT PLAN BENE-
26 FITS.

27 4. THIS WILL IS NOT DESIGNED TO REDUCE DEATH TAXES OR ANY OTHER
28 TAXES. YOU SHOULD DISCUSS THE TAX RESULTS OF YOUR DECISIONS WITH A
29 COMPETENT TAX ADVISOR.

1 5. YOU SHOULD MARK THROUGH ALL SECTIONS OR PARTS OF SECTIONS
 2 THAT YOU DO NOT COMPLETE. YOU MAY REVOKE THIS ALASKA STATUTORY WILL
 3 BY SIGNING A NEW WILL. YOU MAY AMEND THIS WILL BY CODICIL.

4 6. THIS WILL TREATS ADOPTED CHILDREN AS IF THEY ARE YOUR NATURAL
 5 CHILDREN.

6 7. IF YOU MARRY OR DIVORCE AFTER YOU SIGN THIS WILL, YOU SHOULD
 7 MAKE AND SIGN A NEW WILL.

8 8. IF YOU HAVE ANOTHER CHILD AFTER YOU SIGN THIS WILL, YOU
 9 SHOULD MAKE AND SIGN A NEW WILL.

10 9. IF YOU HAVE CHILDREN UNDER 21 YEARS OF AGE, YOU MAY WISH TO
 11 USE ANOTHER TYPE OF WILL.

12 10. IF YOU ARE MAKING SPECIFIC GIFTS TOTALING MORE THAN \$10,000
 13 TO PERSONS OUTSIDE OF YOUR IMMEDIATE FAMILY OR TO ORGANIZATIONS, YOU
 14 SHOULD CONSULT A LAWYER. A GIFT OF SPECIFIC REAL OR PERSONAL PROPERTY
 15 MAY PREVAIL OVER A GENERAL GIFT TO YOUR SPOUSE OR CHILDREN AND THUS
 16 MAY REDUCE THE AMOUNT AVAILABLE TO YOUR SPOUSE OR CHILDREN.

17 11. COMMERCIAL FISHING ENTRY PERMITS PASS TO YOUR SPOUSE UNLESS
 18 YOU HAVE EXPRESSED A CONTRARY INTENT IN YOUR WILL. IF YOU HAVE NO
 19 SPOUSE, THE PERMIT WILL BE DISTRIBUTED AS PART OF YOUR PERSONAL
 20 PROPERTY.

21 12. CERTAIN REAL PROPERTY, SUCH AS NATIVE ALLOTMENTS, HELD IN
 22 TRUST FOR ALASKA NATIVES AND AMERICAN INDIANS BY THE FEDERAL GOVERN-
 23 MENT ARE SUBJECT TO SPECIAL PROVISIONS OF FEDERAL LAW. IF YOU OWN
 24 THIS TYPE OF PROPERTY, YOU SHOULD CONTACT A LAWYER, YOUR TRIBAL
 25 GOVERNMENT, OR THE FEDERAL BUREAU OF INDIAN AFFAIRS BEFORE ATTEMPTING
 26 TO USE THIS WILL FORM TO DISPOSE OF THE PROPERTY.

27 13. THIS WILL IS NOT VALID UNLESS IT IS SIGNED BY AT LEAST TWO
 28 WITNESSES. YOU SHOULD CAREFULLY READ AND FOLLOW THE WITNESSING PROCE-
 29 DURE DESCRIBED AT THE END OF THIS WILL.

1 14. YOU SHOULD ~~KEEP THIS WILL IN YOUR SAFE-DEPOSIT BOX OR OTHER~~
 2 ~~SAFE PLACE OR~~ DEPOSIT THIS WILL WITH THE SUPERIOR COURT NEAREST
 3 YOUR COMMUNITY. YOU SHOULD ALSO KEEP AN INVENTORY OF YOUR IMPORTA
 4 PROPERTY WITH YOUR WILL. THE INVENTORY SHOULD INCLUDE INFORMATION
 5 YOUR BANK ACCOUNTS, SAFE DEPOSIT BOXES, INSURANCE POLICIES, STOCK
 6 BONDS, AND SIMILAR PROPERTY.

7 15. YOU SHOULD NOT CHANGE, DELETE, OR ADD WORDS TO THE FACE
 8 THIS ALASKA STATUTORY WILL WITHOUT CONSULTING A LAWYER. IF YOU HA
 9 ANY DOUBTS WHETHER OR NOT THIS WILL ADEQUATELY SETS OUT YOUR WISH
 10 FOR THE DISPOSITION OF YOUR PROPERTY, YOU SHOULD CONSULT A LAWYER.

11 16. DEFINITIONS.

12 *New* A. "CODICIL" MEANS AN AMENDMENT OR ADDITION TO A WILL; IT MA
 13 EXPLAIN, MODIFY, QUALIFY, ALTER, OR REVOKE PROVISIONS OF A WILL.

14 B. "ELECTIVE SHARE" MEANS THAT PORTION OF A DECEDENT'S ESTAT
 15 WHICH A SPOUSE MAY CHOOSE TO RECEIVE IF THE DECEDENT'S SPOUSE DECIDE
 16 TO REJECT THE PROVISIONS MADE FOR THE SPOUSE IN THE DECEDENT'S WILL
 17 THE ELECTIVE SHARE IS EQUAL TO ONE-THIRD OF THE DECEDENT'S ESTATE.

18 C. "JOINT TENANCY ASSET" MEANS PROPERTY OWNED JOINTLY BY TWO
 19 MORE PERSONS AND WHICH PASSES TO THE SURVIVING PERSONS AT THE DEATH
 20 ONE OF THE JOINT OWNERS RATHER THAN PASSING THROUGH THE ESTATE OF TH
 21 DECEASED.

22 D. "PARTNERSHIP ASSETS" MEANS PROPERTY OF ANY KIND THAT BELONG
 23 TO THE PARTNERSHIP AND THAT IS NOT THE SEPARATE PROPERTY OF TH
 24 PARTNERS.

25 E. "PERSONAL PROPERTY" MEANS AN ITEM OF PROPERTY THAT IS NO
 26 REAL PROPERTY.

27 F. "REAL PROPERTY" MEANS LAND AND ANYTHING THAT IS CONSTRUCTE
 28 UPON, GROWING UPON, OR ATTACHED TO LAND.

29 (A printed form for the Alaska basic will must set

1 out the above notice in 10-point boldface type.)

2 ALASKA BASIC WILL OF

3
4 _____
5 (Print your name)

6 Article 1. Declaration.

7 This is my will and I revoke all prior wills and codicils.

8 Article 2. Disposition of my property.

9 2.1 REAL PROPERTY. Except as provided in paragraph 2.3, I give
10 all my real property to my spouse, if living; otherwise it shall be
11 equally divided among my children who survive me. If my spouse does
12 not survive me and if none of my children survives me, my real prop-
13 erty that is not distributed by paragraph 2.3 shall become part of
14 the residuary estate.

15 2.2 PERSONAL AND HOUSEHOLD ITEMS. Except as provided in para-
16 graph 2.3, I give my spouse, if my spouse survives me, all my books
17 jewelry, clothing, personal automobiles, recreational equipment
18 household furnishings and effects, and other tangible articles of
19 household, recreational, or personal use, together with all policies
20 of insurance insuring these items. If my spouse does not survive me,
21 the personal representative shall distribute these items among my
22 children who survive me, in as nearly equal shares as feasible in the
23 personal representative's discretion. If my spouse does not survive
24 me and if none of my children survives me, the items described in this
25 paragraph shall become part of the residuary estate.

26 2.3 GIFTS TO PERSONS OR CHARITIES. I make the following gifts
27 of real or personal property to the persons or charities in the cash
28 amount stated in words (.....Dollars) and figures (\$.....) or of the
29 property described. I SIGN OPPOSITE EACH GIFT MADE. I WRITE THE
WORDS "NOT USED" ON THE REMAINING LINES. If I fail to sign opposite

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any gift, then that gift is not made. If the person mentioned does not survive me or if the charity does not accept the gift, then the gift is not made.

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
OR CHARITY TO RECEIVE GIFT. (Name only one. Please print.)	OR DESCRIPTION OF PROPERTY.	TESTATOR.

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
OR CHARITY TO RECEIVE GIFT. (Name only one. Please print.)	OR DESCRIPTION OF PROPERTY.	TESTATOR.

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
OR CHARITY TO RECEIVE GIFT. (Name only one. Please print.)	OR DESCRIPTION OF PROPERTY.	TESTATOR.

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
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OR CHARITY TO RE-	OR DESCRIPTION OF	TESTATOR.
CEIVE GIFT. (Name only	PROPERTY.	
one. Please print.)		

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
OR CHARITY TO RE-	OR DESCRIPTION OF	TESTATOR.
CEIVE GIFT. (Name only	PROPERTY.	
one. Please print.)		

2.4 ALL OTHER ASSETS (MY "RESIDUARY ESTATE"). I adopt only one Property Disposition Clause by placing my initials on the line in front of the letter "A," "B," or "C" signifying which clause I wish to adopt. I place my signature after clause "A," clause "B," or clause "C." If I fail to sign the appropriate distribution(s) or if I sign in more than one clause or if I fail to place my initials on the appropriate line, this paragraph will be invalid and the remainder of my property shall be distributed as if I did not make a will as set out in AS 13.11.005 - 13.11.065 or a subsequent provision of law.

Property Disposition Clauses (select only one):

_____ A. I leave all my remaining property to my spouse, if (initials of testator) living. If my spouse is not living, then in equal shares to my children and the descendants of any deceased child.

(signature of testator)

_____ B. I leave all my remaining property to my children and
(initials of
testator)

the descendants of any deceased child. I leave nothing to my spouse
even if my spouse survives me.

(signature of testator)

_____ C. The executor shall distribute my residuary estate to my
(initials of
testator)

heirs at law, their identities and respective shares to be determined
under the laws of the State of Alaska relating to intestate succession
in effect on the date of my death as set out in AS 13.11.005 - 13.11.-
065 or a subsequent provision of law.

(signature of testator)

Article 3. Nomination of guardian, conservator, and
personal representative.

3.1 GUARDIAN. (If you have a child or children under 18 years
of age, you may name at least one person to serve as guardian for the
child or children.)

A. If a guardian is needed for my child or children, then I
nominate the first guardian named below to serve as guardian of my
child or children. If the person does not serve, then the others
shall serve in the order I list them. My nomination of a guardian is
not valid without my signature.

FIRST GUARDIAN _____

(signature of testator)

SECOND GUARDIAN _____

(signature of testator)

THIRD GUARDIAN _____

(signature of testator)

B. A guardian of the person or of the estate shall have all of the powers conferred by law. All powers of the guardian may be exercised without court authorization.

3.2 CONSERVATOR. (A conservator may be named to manage the property of a minor child or minor children. You do not need to name a conservator if you wish the guardian to act as conservator. If you wish to name a conservator in addition to a guardian, complete this paragraph. If you do not wish to name a separate conservator, do not complete this paragraph.)

A. I nominate the first conservator named below to serve as conservator for my minor child or minor children. If the first conservator does not serve, then the others shall serve in the order I list them. My nomination of a conservator is not valid without my signature.

FIRST CONSERVATOR _____

(signature of testator)

SECOND CONSERVATOR _____

(signature of testator)

THIRD CONSERVATOR _____

(signature of testator)

B. The conservator shall have all of the powers conferred by law.

3.3 PERSONAL REPRESENTATIVE. (Name at least one.)

A. I nominate the person or institution named as first personal

1 representative below to administer the provisions of this will. I
 2 that person or institution does not serve, then I nominate the others
 3 to serve in the order I list them. My nomination of a personal repre-
 4 sentative is not valid without my signature.

5 FIRST PERSONAL

6 REPRESENTATIVE _____

7 (signature of testator)

8 SECOND PERSONAL

9 REPRESENTATIVE _____

10 (signature of testator)

11 THIRD PERSONAL

12 REPRESENTATIVE _____

13 (signature of testator)

14 B. In addition to powers conferred upon personal representatives
 15 by law, the personal representative may sell estate assets at public
 16 or private sale, for cash or on credit terms; lease estate assets
 17 without restriction as to duration; or invest surplus money of the
 18 estate in real or personal property, as the personal representative
 19 considers advisable. The personal representative may distribute
 20 estate assets otherwise distributable to a minor beneficiary to the
 21 guardian of the minor's person or estate, an adult person with whom
 22 the minor resides and who has the care, custody, or control of the
 23 minor, or a custodian, serving on behalf of the minor under the Uni-
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 29 representative may partition, allot, and distribute the assets in

1 kind, including undivided interests in an asset or in any part of it
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7 3.4 BOND. (The bond provides a fund to pay those who do not
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 9 your creditors, because of improper performance of duties by the
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 11 your estate.)

12 My signature means that a bond is not required for any individual
 13 named in this will as personal representative or guardian. If I do
 14 not sign, then a bond is required for each of those persons as set out
 15 in the Alaska Uniform Probate Code.

16 _____
 17 (signature of testator)

18 I sign my name to this Alaska

19 Statutory Will

20 on _____ at _____, _____

21 Date City State

22 _____
 23 (signature of testator)

24 STATEMENT OF WITNESSES (You must use two competent witnesses. It is
 25 advisable, but not required in most instances, that you do not allow
 26 persons who receive property under your will to serve as witnesses.)

27 Each of us declares under penalty of perjury under the laws of
 28 Alaska that the testator signed this Alaska statutory will in our
 29 presence, all of us being present at the same time, and we now, at the

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testator's request, in the testator's presence, and in the presence of
each other, sign below as witnesses, declaring that the testator
appears to be of sound mind and under no duress, fraud, or undue
influence.

Signature _____ Residence Address: _____

Print Name

Here: _____

Signature _____ Residence Address: _____

Print Name

Here: _____

adopted CS 4/5/88

5-1369B
Utermohle
4/5/88

Original sponsors: Koponen, Ellis
and Davidson

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 438 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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8 * Section 1. AS 13.11 is amended by adding a new section to Article 5
9 to read:

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11 for the Alaska basic will:

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15 TANCE OF A LAWYER MAY RESULT IN ADDITIONAL EXPENSES AT THE TIME OF
16 DISTRIBUTION AND MAY RESULT IN A DISTRIBUTION OF PROPERTY CONTRARY TO
17 THE INTENT OF THE TESTATOR.

18 2. THIS STATUTORY WILL HAS SERIOUS LEGAL EFFECTS ON YOUR FAMILY
19 AND PROPERTY. IF THERE IS ANYTHING IN THIS WILL THAT YOU DO NOT
20 UNDERSTAND, YOU SHOULD CONSULT A LAWYER FOR AN EXPLANATION.

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22 DEATH TO ANY PERSON BY OPERATION OF LAW OR BY CONTRACT. FOR EXAMPLE,
23 THE WILL DOES NOT DISPOSE OF JOINT TENANCY ASSETS, PARTNERSHIP ASSETS,
24 OR YOUR SPOUSE'S ELECTIVE SHARE, AND IT DOES NOT NORMALLY APPLY TO
25 PROCEEDS OF LIFE INSURANCE ON YOUR LIFE OR YOUR RETIREMENT PLAN BENE-
26 FITS.

27 4. THIS WILL IS NOT DESIGNED TO REDUCE DEATH TAXES OR ANY OTHER
28 TAXES. YOU SHOULD DISCUSS THE TAX RESULTS OF YOUR DECISIONS WITH A
29 COMPETENT TAX ADVISOR.

dist. info

1 5. YOU SHOULD MARK THROUGH ALL SECTIONS OR PARTS OF SECTION
2 THAT YOU DO NOT COMPLETE. YOU MAY REVOKE THIS ALASKA STATUTORY WILL
3 BY SIGNING A NEW WILL. YOU MAY AMEND THIS WILL BY CODICIL.

4 6. THIS WILL TREATS ADOPTED CHILDREN AS IF THEY ARE YOUR NATURAL
5 CHILDREN.

6 7. IF YOU MARRY OR DIVORCE AFTER YOU SIGN THIS WILL, YOU SHOULD
7 MAKE AND SIGN A NEW WILL.

8 8. IF YOU HAVE ANOTHER CHILD AFTER YOU SIGN THIS WILL, YOU
9 SHOULD MAKE AND SIGN A NEW WILL.

10 9. IF YOU HAVE CHILDREN UNDER 21 YEARS OF AGE, YOU MAY WISH TO
11 USE ANOTHER TYPE OF WILL.

12 10. IF YOU ARE MAKING SPECIFIC GIFTS TOTALING MORE THAN \$10,000
13 TO PERSONS OUTSIDE OF YOUR IMMEDIATE FAMILY OR TO ORGANIZATIONS, YOU
14 SHOULD CONSULT A LAWYER. A GIFT OF SPECIFIC REAL OR PERSONAL PROPERTY
15 MAY PREVAIL OVER A GENERAL GIFT TO YOUR SPOUSE OR CHILDREN AND THEREFORE
16 MAY REDUCE THE AMOUNT AVAILABLE TO YOUR SPOUSE OR CHILDREN.

17 11. COMMERCIAL FISHING ENTRY PERMITS PASS TO YOUR SPOUSE UNLESS
18 YOU HAVE EXPRESSED A CONTRARY INTENT IN YOUR WILL. IF YOU HAVE NO
19 SPOUSE, THE PERMIT WILL BE DISTRIBUTED AS PART OF YOUR PERSONAL
20 PROPERTY.

21 12. CERTAIN REAL PROPERTY, SUCH AS NATIVE ALLOTMENTS, HELD IN
22 TRUST FOR ALASKA NATIVES AND AMERICAN INDIANS BY THE FEDERAL GOVERNMENT
23 ARE SUBJECT TO SPECIAL PROVISIONS OF FEDERAL LAW. IF YOU OWN
24 THIS TYPE OF PROPERTY, YOU SHOULD CONTACT A LAWYER, YOUR TRIBAL
25 GOVERNMENT, OR THE FEDERAL BUREAU OF INDIAN AFFAIRS BEFORE ATTEMPTING
26 TO USE THIS WILL FORM TO DISPOSE OF THE PROPERTY.

27 13. THIS WILL IS NOT VALID UNLESS IT IS SIGNED BY AT LEAST TWO
28 WITNESSES. YOU SHOULD CAREFULLY READ AND FOLLOW THE WITNESSING PROCEDURE
29 DESCRIBED AT THE END OF THIS WILL.

1 14. YOU SHOULD KEEP THIS WILL IN YOUR SAFE-DEPOSIT BOX OR OTHER
2 SAFE PLACE OR DEPOSIT THIS WILL WITH THE SUPERIOR COURT NEAREST TO
3 YOUR COMMUNITY. YOU SHOULD ALSO KEEP AN INVENTORY OF YOUR IMPORTANT
4 PROPERTY WITH YOUR WILL. THE INVENTORY SHOULD INCLUDE INFORMATION ON
5 YOUR BANK ACCOUNTS, SAFE DEPOSIT BOXES, INSURANCE POLICIES, STOCKS
6 BONDS, AND SIMILAR PROPERTY.

7 15. YOU SHOULD NOT CHANGE, DELETE, OR ADD WORDS TO THE FACE OF
8 THIS ALASKA STATUTORY WILL WITHOUT CONSULTING A LAWYER. IF YOU HAVE
9 ANY DOUBTS WHETHER OR NOT THIS WILL ADEQUATELY SETS OUT YOUR WISHES
10 FOR THE DISPOSITION OF YOUR PROPERTY, YOU SHOULD CONSULT A LAWYER.

11 16. DEFINITIONS.

12 A. "CODICIL" MEANS AN AMENDMENT OR ADDITION TO A WILL; IT MAY
13 EXPLAIN, MODIFY, QUALIFY, ALTER, OR REVOKE PROVISIONS OF A WILL.

14 B. "ELECTIVE SHARE" MEANS THAT PORTION OF A DECEDENT'S ESTATE
15 WHICH A SPOUSE MAY CHOOSE TO RECEIVE IF THE DECEDENT'S SPOUSE DECIDES
16 TO REJECT THE PROVISIONS MADE FOR THE SPOUSE IN THE DECEDENT'S WILL.
17 THE ELECTIVE SHARE IS EQUAL TO ONE-THIRD OF THE DECEDENT'S ESTATE.

18 C. "JOINT TENANCY ASSET" MEANS PROPERTY OWNED JOINTLY BY TWO OR
19 MORE PERSONS AND WHICH PASSES TO THE SURVIVING PERSONS AT THE DEATH OF
20 ONE OF THE JOINT OWNERS RATHER THAN PASSING THROUGH THE ESTATE OF THE
21 DECEASED.

22 D. "PARTNERSHIP ASSETS" MEANS PROPERTY OF ANY KIND THAT BELONGS
23 TO THE PARTNERSHIP AND THAT IS NOT THE SEPARATE PROPERTY OF
24 PARTNERS.

25 E. "PERSONAL PROPERTY" MEANS AN ITEM OF PROPERTY THAT IS NOT
26 REAL PROPERTY.

27 F. "REAL PROPERTY" MEANS LAND AND ANYTHING THAT IS CONSTRUCTED
28 UPON, GROWING UPON, OR ATTACHED TO LAND.

29 (A printed form for the Alaska basic will must set

1 out the above notice in 10-point boldface type.)

2 ALASKA BASIC WILL OF

3
4 _____
5 (Print your name)

6 Article 1. Declaration.

7 This is my will and I revoke all prior wills and codicils.

8 Article 2. Disposition of my property.

9 2.1 REAL PROPERTY. Except as provided in paragraph 2.3, I give
10 all my real property to my spouse, if living; otherwise it shall be
11 equally divided among my children who survive me. If my spouse does
12 not survive me and if none of my children survives me, my real pro-
13 perty that is not distributed by paragraph 2.3 shall become part of
14 the residuary estate.

15 2.2 PERSONAL AND HOUSEHOLD ITEMS. Except as provided in para-
16 graph 2.3, I give my spouse, if my spouse survives me, all my books,
17 jewelry, clothing, personal automobiles, recreational equipment,
18 household furnishings and effects, and other tangible articles of a
19 household, recreational, or personal use, together with all policies
20 of insurance insuring these items. If my spouse does not survive me,
21 the personal representative shall distribute these items among my
22 children who survive me, in as nearly equal shares as feasible in the
23 personal representative's discretion. If my spouse does not survive
24 me and if none of my children survives me, the items described in this
25 paragraph shall become part of the residuary estate.

26 2.3 GIFTS TO PERSONS OR CHARITIES. I make the following gifts
27 of real or personal property to the persons or charities in the cash
28 amount stated in words (.....Dollars) and figures (\$.....) or of the
29 property described. I SIGN OPPOSITE EACH GIFT MADE. I WRITE THE
WORDS "NOT USED" ON THE REMAINING LINES. If I fail to sign opposite

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any gift, then that gift is not made. If the person mentioned does not survive me or if the charity does not accept the gift, then that gift is not made.

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
OR CHARITY TO RE-	OR DESCRIPTION OF	TESTATOR.
CEIVE GIFT. (Name only	PROPERTY.	
one. Please print.)		

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
OR CHARITY TO RE-	OR DESCRIPTION OF	TESTATOR.
CEIVE GIFT. (Name only	PROPERTY.	
one. Please print.)		

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
OR CHARITY TO RE-	OR DESCRIPTION OF	TESTATOR.
CEIVE GIFT. (Name only	PROPERTY.	
one. Please print.)		

FULL NAME OF PERSON	AMOUNT OF CASH GIFT	SIGNATURE OF
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OR CHARITY TO RE- OR DESCRIPTION OF TESTATOR.
CEIVE GIFT. (Name only PROPERTY.
one. Please print.)

FULL NAME OF PERSON AMOUNT OF CASH GIFT SIGNATURE OF
OR CHARITY TO RE- OR DESCRIPTION OF TESTATOR.
CEIVE GIFT. (Name only PROPERTY.
one. Please print.)

2.4 ALL OTHER ASSETS (MY "RESIDUARY ESTATE"). I adopt only on
Property Disposition Clause by placing my initials on the line i
front of the letter "A," "B," or "C" signifying which clause I wish t
adopt. I place my signature after clause "A," clause "B," or claus
"C." If I fail to sign the appropriate distribution(s) or if I sig
in more than one clause or if I fail to place my initials on th
appropriate line, this paragraph will be invalid and the remainder c
my property shall be distributed as if I did not make a will as se
out in AS 13.11.005 - 13.11.065 or a subsequent provision of law.

Property Disposition Clauses (select only one):

_____ A. I leave all my remaining property to my spouse, i
(initials of
testator)
living. If my spouse is not living, then in equal shares to my
children and the descendants of any deceased child.

(signature of testator)

_____ B. I leave all my remaining property to my children and
(initials of
testator)

the descendants of any deceased child. I leave nothing to my spouse
even if my spouse survives me.

(signature of testator)

_____ C. The executor shall distribute my residuary estate to my
(initials of
testator)

heirs at law, their identities and respective shares to be determined
under the laws of the State of Alaska relating to intestate succession
in effect on the date of my death as set out in AS 13.11.005 - 13.11.-
065 or a subsequent provision of law.

(signature of testator)

Article 3. Nomination of guardian, conservator, and
personal representative.

3.1 GUARDIAN. (If you have a child or children under 18 years
of age, you may name at least one person to serve as guardian for the
child or children.)

A. If a guardian is needed for my child or children, then I
nominate the first guardian named below to serve as guardian of my
child or children. If the person does not serve, then the others
shall serve in the order I list them. My nomination of a guardian is
not valid without my signature.

FIRST GUARDIAN _____

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(signature of testator)

SECOND GUARDIAN _____

(signature of testator)

THIRD GUARDIAN _____

(signature of testator)

B. A guardian of the person or of the estate shall have all of the powers conferred by law. All powers of the guardian may be exercised without court authorization.

3.2 CONSERVATOR. (A conservator may be named to manage the property of a minor child or minor children. You do not need to name a conservator if you wish the guardian to act as conservator. If you wish to name a conservator in addition to a guardian, complete this paragraph. If you do not wish to name a separate conservator, do not complete this paragraph.)

A. I nominate the first conservator named below to serve as conservator for my minor child or minor children. If the first conservator does not serve, then the others shall serve in the order I list them. My nomination of a conservator is not valid without my signature.

FIRST CONSERVATOR _____

(signature of testator)

SECOND CONSERVATOR _____

(signature of testator)

THIRD CONSERVATOR _____

(signature of testator)

B. The conservator shall have all of the powers conferred by law.

3.3 PERSONAL REPRESENTATIVE. (Name at least one.)

A. I nominate the person or institution named as first personal

1 representative below to administer the provisions of this will. I
 2 that person or institution does not serve, then I nominate the other
 3 to serve in the order I list them. My nomination of a personal repre
 4 sentative is r . . valid without my signature.

5 FIRST PERSONAL

6 REPRESENTATIVE _____

7 _____
 8 (signature of testator)

9 SECOND PERSONAL

10 REPRESENTATIVE _____

11 _____
 12 (signature of testator)

13 THIRD PERSONAL

14 REPRESENTATIVE _____

15 _____
 16 (signature of testator)

17 B. In addition to powers conferred upon personal representative
 18 by law, the personal representative may sell estate assets at publi
 19 or private sale, for cash or on credit terms; lease estate asset
 20 without restriction as to duration; or invest surplus money of th
 21 estate in real or personal property, as the personal representativ
 22 considers advisable. The personal representative may distribut
 23 estate assets otherwise distributable to a minor beneficiary to th
 24 guardian of the minor's person or estate, an adult person with who
 25 the minor resides and who has the care, custody, or control of th
 26 minor, or a custodian, serving on behalf of the minor under the Uni
 27 form Gifts to Minors Act of any state, or the Uniform Transfers to
 28 Minors Act of any state. The personal representative is free o
 29 liability and is discharged from further accountability for distribut
 ing assets in compliance with this paragraph.

On any distribution of assets from the estate, the personal
 representative may partition, allot, and distribute the assets in

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kind, including undivided interests in an asset or in any part of it partly in cash and partly in kind; or entirely in cash. If a distribution is being made to more than one beneficiary, the personal representative may distribute assets among them on a prorated or nonprorated basis, with the assets valued as of the date of distribution.

3.4 BOND. (The bond provides a fund to pay those who do not receive the share of your estate to which they are entitled, including your creditors, because of improper performance of duties by the personal representative or guardian. Bond premiums are paid out of your estate.)

My signature means that a bond is not required for any individual named in this will as personal representative or guardian. If I do not sign, then a bond is required for each of those persons as set out in the Alaska Uniform Probate Code.

(signature of testator)

I sign my name to this Alaska

Statutory Will

on _____ at _____, _____

Date City State

(signature of testator)

STATEMENT OF WITNESSES (You must use two competent witnesses. It is advisable, but not required in most instances, that you do not allow persons who receive property under your will to serve as witnesses.)

Each of us declares under penalty of perjury under the laws of Alaska that the testator signed this Alaska statutory will in our presence, all of us being present at the same time, and we now, at the

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testator's request, in the testator's presence, and in the presence of
each other, sign below as witnesses, declaring that the testator
appears to be of sound mind and under no duress, fraud, or undue
influence.

Signature _____ Residence Address: _____

Print Name

Here: _____

Signature _____ Residence Address: _____

Print Name

Here: _____



MAR 20 1988

ALASKA STATE LEGISLATIVE COMMITTEE

CHAIRMAN
Miss Patricia Oakes
Box 30009
Central, AK 99730
(907) 520-5227

VICE CHAIRMAN
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Juneau, AK 99801
(907) 586-2066

SECRETARY
Mrs. Marian R. Triggs
475 Panorama Drive
Fairbanks, AK 99712
(907) 457-4386

3/22/88

*Halt where are we
on this bill??*

The Honorable John Sund, Chairman
House Judiciary Committee
PO Box V
Juneau, AK 99811

Dear Representative Sund:

We urge favorable Judiciary Committee consideration of HB 438,
"An Act Relating to statutory wills."

We feel such legislation is vital to clearly defining for Alaskans what is necessary for a legal will. Such clarification is not only important to those who consult attorneys to have wills draw up, but also to those low-income citizens who tend to use "stationery store" wills or ignore wills altogether. Clarifying and simplifying the process will not only enable more citizens to clearly state their estate wishes, but may cause less pressure on the State Court system from time spent in handling probate cases.

It was a step forward to get the "rights of the terminally ill" legislation through in the 14th Legislature. We are hopeful that the present legislature will be able to provide good legislation on statutory wills and statutory powers of attorney to assist all citizens in these matters.

Sincerely yours,

Miss Patricia Oakes, Chairman
AARP/Alaska State Legislative Committee

STATE OF ALASKA
THE LEGISLATURE

DOUGHY STATE CAPITAL
LINEAD ALASKA PRINT
107 265 1300

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 22, 1988

SUBJECT: Section-by-section summary of HB 438,
an Act relating to statutory wills

TO: Representative Niilo Koponen

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum contains a section-by-section summary of HB 438, an Act relating to statutory wills.

A section-by-section summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

HB 438 amends AS 13.11, by adding a new section providing for statutory will forms.

Sec. 13.11.215(a) contains the text of the Alas'a basic will form.

The introductory language of the basic will advises persons of the limitations of the basic will and of the procedure for completing the basic will. The introductory language must be printed in large, 10-point boldface type in order to emphasize the importance of reading the introductory language before using the basic will.

ARTICLE 1. Declaration.

Article 1 of the basic will contains the declaration that the will revokes all prior wills and codicils previously executed by the testator. The testator is the person who makes a will.

ARTICLE 2. Disposition of Property.

Article 2 of the basic will contains provisions for distribution of the testator's property.

Article 2.1 provides that all real property of the testator that is not given away under Article 2.3 is given to the testator's spouse if the spouse is alive. If the testator's spouse is not living then the real property is divided equally among the testator's children. If the testator has no living spouse or children then the real property is distributed as part of the residuary estate under Article 2.4.

Article 2.2 of the basic will provides that all personal and household property of the testator that is not given away under Article 2.3 is given to the testator's spouse if the spouse is alive. If the testator's spouse is not living then the personal and household property is divided equally among the testator's children. If the testator has no living spouse or children then the personal and household property is distributed as part of the residuary estate under Article 2.4.

Article 2.3 provides for the gift of specific real and personal property to specific persons or charities. The basic will provides space for five specific gifts. If the testator wants to make more than five specific gifts, then the testator must execute a codicil containing the additional gifts.

Article 2.4 provides for the disposition of all other property of the testator that is not given away under 2.1-2.3 of this Article. The testator has three alternatives for distribution of the residuary estate. The testator may leave residuary property to:

1. the testator's spouse, if living, or equally to all living children and the living descendants of deceased children if the spouse is not living;
2. the testator's living children and living descendants of deceased children, regardless of whether the testator's spouse is living; or,
3. the testator's heirs as determined under the laws of Alaska for intestate succession.

ARTICLE 3. Nomination of guardian, conservator,
and personal representative.

Article 3 of the basic will provides for the appointment of a guardian, conservator, and personal representative.

Article 3.1 provides for the appointment of a guardian and alternate guardians for minor children. The guardian is given authority to exercise all powers conferred by law.

Article 3.2 provides for the appointment of a conservator to manage the property of minor children. Two alternate conservators may be appointed. The conservator is given authority to exercise all powers conferred by law.

Article 3.3 provides for the appointment of a personal representative to administer the provisions of the will. Two alternate personal representatives may be appointed. The personal representative is given authority to sell assets of the estate at public or private sale, for cash or on credit and to invest the proceeds of the sale. The personal representative may distribute assets given to a minor under the will to the minor's guardian or custodian. The personal representative is free from liability if the personal representative distributes the assets in accordance with the will. The personal representative is given authority to distribute assets of the estate among the beneficiaries of the estate.

Article 3.4 provides that the testator may release the personal representative and guardian from the requirement to obtain a bond. If the testator decides to require a bond, then the premiums for the bond are paid from the estate.

The completed will is then signed by the testator in the presence of two witnesses who also sign the will.

Section 13.11.215(b) contains the text of the Alaska basic will with trust form.

The introductory language of the basic will with trust advises persons of the limitations of the basic will with trust and of the procedures for completing the basic will with trust. The introductory language must be printed in large, 10-point bold face type in order to emphasize the importance of reading the introductory language before using the basic will with trust.

ARTICLE 1. Declaration.

Article 1 of the basic will with trust contains the declaration that the will revokes all prior wills and codicils.

ARTICLE 2. Disposition of Property.

Article 2 of the basic will with trust provides for distribution of the testator's property.

Article 2.1 provides that all personal and household property of the testator that is not given away under Article 2.2 is given to the testator's spouse if the spouse is alive. If the testator's spouse is not living, then the personal and household property is divided equally among the testator's children. If the testator has no living spouse or children, then the property is distributed as part of the residuary estate under Article 2.3.

Article 2.2 provides for the gift of specific real and personal property to specific persons or charities. The basic will with trust provides space for five specific gifts. If the testator wants to make more than five specific gifts, then the testator must execute a codicil containing the additional gifts.

Article 2.3 provides for the distribution of the residuary estate. The testator has three options for distribution of the residuary estate. The testator may select from the two options provided in the basic will with trust, or may elect not to choose either option. If the testator does not select either option, then the residuary estate is distributed as if the testator does not have a will.

Option A provides that the testator's spouse receives the residuary estate if the spouse is alive. If the spouse is not alive, then the residuary estate is placed into a trust if any child of the testator is under 21 years of age. As long as any of the testator's children are under the age of 21 years, the trustee shall distribute the principal and income of the trust as necessary for the health, support, maintenance, and education of the children. The trustee has authority to distribute the trust disproportionately among the children in accordance with their needs. The trust is terminated when the last child reaches the age of 21 years. If the testator's spouse and children do not survive the testator, the residuary is distributed to the testator's descendants. The testator may elect to change the critical age for the purposes of the trust provisions from 21 years to any age down to 18 years.

Option B provides that the residuary estate is placed into a trust if any child of the testator is under 21 years of age.

The spouse receives none of the residuary estate under this option even if the spouse is living. As long as one of the testator's children is under the age of 21 years, the trustee shall distribute the principal and income of the trust as necessary for the health, support, maintenance, and education of the children. The trustee has authority to distribute the trust disproportionately among the children in accordance with their needs. The trust is terminated when the last child reaches the age of 21 years. If the testator's spouse and children do not survive the testator, the residuary is distributed to the testator's descendants. The testator may elect to change the critical age for the purposes of the trust provisions from 21 years to any age down to 18 years.

ARTICLE 3. Nomination of guardian, trustee,
and personal representative.

Article 3 of the basic will with trust provides for the appointment of a guardian, trustee, and personal representative.

Article 3.1 provides for the appointment of a guardian and alternate guardians for minor children. The guardian is given authority to exercise all powers conferred by law.

Article 3.2 provides for the appointment of trustees to administer the trust. Two alternate trustees may be appointed. The powers of the trustee, and the conditions attached to the administration of the trust, are set out in the will. The terms of the trust also provide for the distribution of the trust if there has been an ineffective disposition of the remaining trust assets.

Article 3.3 provides for the appointment of a personal representative to administer the provisions of the will. Two alternate personal representatives may be appointed. The personal representative is given authority to sell assets of the estate at public or private sale for cash or on credit and to invest the proceeds of the sale. The personal representative may distribute assets given to a minor under the will to the minor's guardian or custodian. The personal representative is free from liability if the personal representative distributes the assets in accordance with the will. The personal representative is given authority to distribute assets of the estate.

Article 3.4 provides that the testator may release the personal representative or guardian from the requirement to

Representative Koponen
Page 6
February 22, 1988

obtain a bond. If the testator requires a bond, then the premiums for the bond are paid from the estate.

The completed basic will with trust is then signed by the testator in the presence of two witnesses who also sign the will.

GU:bb
wkb3/009

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU, ALASKA 99801
707 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 17, 1988

SUBJECT: HB 438 and federal regulations relating to disposition of certain property of Alaska Natives

TO: Representative Niilo Koponen

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum discusses the interaction of HB 438, an Act relating to statutory wills, and federal regulations relating to disposition of certain property by of Alaska Natives.

Under federal regulations an Alaska Native may provide for the disposition of trust property by will if the Alaska Native is 21 years old, and the will is attested by two disinterested adult witnesses. (43 CFR 4.260(a)) Trust property is real or personal property possessed by an Alaska Native but which is owned by the United States for the benefit of the Alaska Native, or any real or personal property that the Alaska Native may not alienate without the consent of the Secretary of the Interior. Other real or personal property of Alaska Natives is not affected by these restrictions.

These provisions of federal law are at variance from the probate laws of Alaska. In Alaska any person over the age of 18 may make a will and any person may witness a will. The Uniform Probate Code, as adopted in Alaska, does not restrict a person from serving as a witness to a will because the person has an interest in the will (AS 13.11.170).

AS 13.11.170 provides that any competent person may witness a will and that a will or provision of a will is not invalid because it is witnessed by an interested person. An interested person is an heir, child, spouse, creditor,

beneficiary, or any other person having a property right in or a claim against the estate of a deceased.

AS 13.11.170 was enacted in 1972 as part of the Uniform Probate Code. The Uniform Probate Code was developed by the National Conference of Commissioners on Uniform State Laws. In developing the Uniform Probate Code the commissioners considered whether interested persons should be allowed to witness wills and decided that the mere fact that a person had an interest in the will was not sufficient to invalidate the will or a provision of the will. The commissioners explained their position on interested witnesses as follows:

Interest no longer disqualifies a person as a witness, nor does it invalidate or forfeit a gift under the will. Of course, the purpose of this change is not to foster use of interested witnesses, and attorneys will continue to use disinterested witnesses in execution of wills. But the rare and innocent use of a member of the testator's family on a home-drawn will would no longer be penalized. This change does not increase appreciably the opportunity for fraud or undue influence. A substantial gift by will to a person who is one of the witnesses to the execution of the will would itself be a suspicious circumstance, and the gift could be challenged on grounds of undue influence. The requirement of disinterested witnesses has not succeeded in preventing fraud and undue influence; and in most cases of undue influence, the influencer is careful not to sign as witness but to use disinterested witnesses.

HB 438 adopts statutory will forms for use by persons who have relatively small and uncomplicated testamentary estates. Since the statutory wills implement Alaska's probate laws, the statutory wills may be executed by any Alaskan, Alaska Native or otherwise, who is 19 years or older and witnessed by any competent person regardless of whether the person has an interest in the will.

The restrictions contained in the federal regulations do not reflect the modern view of testamentary capacity and competency to witness wills. Most states have lowered the age of majority to 18, 19, or 20 years of age and the federal voting age is 19 years of age. It seems inconsistent to maintain this disability for Alaska Natives and American Indians until they reach the age of 21 years.

Representative Niilo Koponen
Page 3
February 17, 1988

In regard to witnesses to wills, the modern view on whether interest should disqualify a witness is reflected in the comments of the Commissioners of Uniform Laws quoted above.

The federal regulations are a frequent source of concern because they vary from state laws. A valid will under the laws of Alaska may not be sufficient to transfer an interest in trust property subject to the federal regulations. Because the federal regulations apply to a certain limited class of property, and because the federal regulations reflect an archaic view toward the execution and witnessing of wills as a policy matter, the federal regulations should be changed rather than amending state law to be consistent with the federal regulations.

Until the federal regulations are changed, however, trust property held by Alaska Natives will be a class of property that can be passed by a statutory will only if the testator is at least 21 years of age, and if the witnesses to the will are disinterested parties. Since state law to the contrary in this matter is preempted by federal law, it might be useful to amend state law to reflect this fact.

Another option available to the Legislature is to request the Department of Interior, by resolution or other means, to amend the federal regulations so that state law on these issues controls the age at which a person may make a will, and who may witness wills.

If I can provide further information on this subject, please contact me.

GJ:bb
wkb2/104

Alaska State Legislature
Representative Niilo Koponen

Pouch V
Juneau, Alaska 99811
(907) 465-4992

542 4th Avenue, Suite C
Fairbanks, Alaska 99701
(907) 456-8161

POSITION PAPER

HB 438 "An Act relating to statutory wills."

February 1988

HB 438, "An act relating to statutory wills, " has been introduced by request of many senior citizens who have contacted my office in the past years concerning the costs and difficulty that they have had in preparing their wills.

HB 438 is intended to provide an alternative for people who chose not to hire an attorney to prepare their wills who have relatively small and uncomplicated testamentary estates. Currently such people leave holographic wills or use generic will forms supplied by stationers and business supply houses. These forms should be of greatest value to low income people, members of minority groups and residents in rural areas of Alaska. Their availability will permit public interest and "pro-bono" attorneys working with these constituencies to focus on the more immediate needs of their clients.

Many states have statutory will forms. The basic will form allows individuals to fill in the blanks. This will can also be changed over and over again without the expense of an attorney. Under AS 13.11.170 any person over the age of 18 may make a will and any person may witness a will. The statutory will forms asks for two witnesses to sign the will in order for the will to be valid.

Conversation with Frank Collin, lawyer who helped draft California's legislation in 1983.

It was California's Bar Association that sponsored this legislation.

They have two basic will forms 1) trust 2) w/out a trust.

"Absolutely no pressure at the State Bar about taking work away from lawyers" in fact it has helped and been quite useful. The reason being is that the basic will form serves people who won't normally have a will and in the long run it is better to have one than to not, despite intestate statutes. These will forms also serve people lawyers would never see anyway and the forms can be handed out at senior citizen centers, legal services etc. Lawyers use these wills to their advantage. When it comes in handy for a lawyer is when someone calls up and says they are going on a trip soon and they want to prepare a will, they just use a basic will form or if a person is in the hospital and not sure if they are going to survive, they can call their lawyer to come over and the lawyer can use a basic will form.

There has not been an increase in litigation cases in fact he thinks it has been cut down because people are using these forms instead of using blank pieces of paper.

1/2 million people have used these will forms.

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**ADMITTED IN WASHINGTON, D.C.
AND ALASKA

ALL OTHERS ADMITTED
IN ALASKA

February 17, 1988

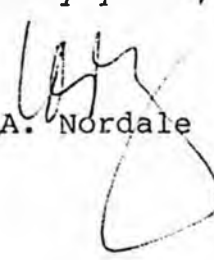
The Honorable Niilo Koponen
The Honorable Max Gruenberg
The Honorable Johnny Ellis
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Niilo, Max and Representative Ellis:

For several years the word was that the Legislature did not like attorneys. From now on we know that at least you three have the welfare of attorneys at heart. The bills setting up statutory wills and powers of attorney are going to produce much, and complicated, litigation and it's enough to make one's mouth water just dreaming about it.

Thanks for the economic boost. It's great to know that you want to stimulate that area of the law where attorneys really make their money. The Alaska Bar Association owes you medals and other suitable awards.

Sincerely yours,


Mary A. Nordale

MAN:sd/11.81

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to statutory wills."
Sponsor: Repr. Koponen
Requestor: Repr. Koponen

Agency Affected: Department of Law
BRU: Legal Services
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-
PART-TIME					
TEMPORARY					

ANALYSIS : (Attach a separate page if necessary)

This bill amends Alaska's probate laws by establishing statutory will forms. A person's will is a private matter between individuals and does not involve the Department of Law.

Prepared by: Richard I. Pegues Director Phone: 465-3672
Division: Administrative Services Date: February 10, 1988
Approved by Commissioner: Richard I. Pegues (FOR) Date: February 10, 1988
Agency: Department of Law

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 438
Publish Date: 2-8-88

Revision Date:
Title: An act relating to statutory wills

Agency Affected: Alaska Court System
BRU: Trial Courts

Sponsor: Koponen, Ellis
Requestor:

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)						
	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
Personal Services
Travel
Contractual
Supplies
Equipment
Land & Structures
Grants & Claims
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL
REVENUE

FUNDING: (Thousands of Dollars)						
General Funds	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Other	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:						
Full-time	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Part-time	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Temporary	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: *Jan Strandberg*
 Division: Alaska Court System Phone: 264-8228
 Date: 2-16-88
 Approved by: *Arthur H. Snowden, II*
 Agency: Alaska Court System Date: 2-16-88

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management & Budget
 - Impacted Agency(ies)
 - Senate Secretary

Adams said he plans to hold joint house-senate hearings on the jobs bill beginning next Tuesday.

Legislator wants to make will-making easier: Hoping to reduce the time and expense of making out a will, Rep. Niilo Koponen has introduced a bill to put a fill-in-the-blanks will form into state statute.

Anyone could copy the form from the statute book, fill in the spaces for name and other personal information, and have a completed will.

The Fairbanks Democrat said he started work on the bill in response to senior citizen requests, but since has found a large demand for a basic will form.

"It is legal for people to draft their own will," Koponen said.

His bill (HB438) is intended to provide an alternative for people who chose not to hire an attorney for the job.

He introduced the measure Monday.

Although people may write their own wills, many do not. "A lot of people find a blank piece of paper to be intimidating," said Rosemary Haffner, a staff attorney with Alaska Legal Services Corp. in Fairbanks.

Haffner has been concerned with the issue since 1982, when as a legal service attorney in Anchorage she found herself unable to keep up with senior citizens' requests for wills.

There are some disadvantages to the will form, she said. Like any form, it tries to fit many sizes and types of estates, rather than the exact fit that a private attorney could offer.

LA Empire Feb 16 '88

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