



LAWS OF ALASKA

1974

Source

Chapter No.

CSHB 253 (Judiciary) am S

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AN ACT

Relating to the investment of surplus retirement fund money; and providing for an effective date.

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

* Section 1. AS 14.25.180(b) is amended to read:

(b) When, in the opinion of the commissioner of administration, there is on hand in the retirement fund a surplus over and above a reasonably safe amount to take care of current demands upon the fund, the surplus or so much of it as in the judgment of the commissioner of administration is considered proper may be invested by the commissioner of revenue in (1) bonds or other interest-bearing obligations and securities of the United States or an agency of the United States, a state of the United States, or a political subdivision of any state of the United States, if the political subdivision has a population as shown by the last federal census preceding the investment of no less than 30,000 inhabitants, except no population limitation applies to a political subdivision of this state; (2) first lien real estate mortgage securities insured by the Federal Housing Administration under the National Housing Act of the United States, or held by the Department of Commerce, or the Department of Natural Resources; (3) corporation bonds, and preferred and common stocks as the commissioner of revenue considers proper investments for the funds; (4) shares of federally chartered savings and loan associations in Alaska, to the extent that the investment is insured by the federal government or by an agency of the federal government; (5) deposits with mutual savings banks in Alaska, to the extent that the investment is insured by the federal government or an agency of the federal government; (6) deposits with state and national banks in Alaska to the extent that the investment is insured by the federal government or an agency of the federal government; (7) loans guaranteed

by the division of veterans' affairs under AS 26.15.040(b); (8) [deleted] (9) the guaranteed portion of Small Business Administration loans; (10) first lien real estate mortgages guaranteed by the federal Veterans Administration; (11) notes secured by mortgages of commercial or residential real estate or other security if the mortgages are insured by a corporation which is authorized to do business in Alaska and has combined capital, surplus and reserves aggregating at least \$20,000,000; (12) conventional residential mortgages if the originating financial institution retains at least 25 per cent of the mortgage for a minimum of two years; (13) notes secured by mortgages of commercial real estate if the originating financial institution retains at least 25 per cent of the mortgage; (14) FHA guaranteed portion of business and industrial loans made under the Rural Development Act of 1972; (15) guaranteed portion of loans made under the Federal Ship Financing Act of 1972. No more than 25 per cent of the surplus may be invested in mortgage securities of the Department of Commerce, and the state shall appropriate sufficient money from the general fund to reimburse the teacher's retirement system for any losses incurred as a result of failure of the obligors to pay on the notes. No more than \$400,000 of the surplus may be invested annually in the mortgage securities of the Department of Natural Resources, and the state shall appropriate sufficient money from the general fund to reimburse the teachers' retirement system for any losses incurred as a result of failure of the obligors to pay on the notes.

* Sec. 2. AS 14.25.180 is amended by adding new subsections to read:

(e) To qualify as a mortgage which may be purchased under (b)(12) and (13) of this section, the mortgage must

(1) have as a mortgagor an Alaska resident;

(2) be certified by the originating financial institution that the loan being sold has been made in compliance with the law and that liens supporting the loan have been perfected;

(3) have been closed after the effective date of this Act and no loan may be eligible for purchase that is held by the originating institution for a period greater than 90 days.

(f) When more than one-half of one per cent of the aggregate of all loans purchased from a financial institution becomes delinquent for 60 days, the pension fund shall discontinue purchasing loans from that financial institution until the delinquency is reduced to less than one-half of one per cent.

* Sec. 3. AS 39.35.110(a) is amended by adding new paragraphs to read:

(10) first lien real estate mortgages guaranteed by the federal Veterans Administration;

(11) notes secured by mortgages of commercial or residential real estate or other security if the mortgages

are insured by a corporation which is authorized to do business in Alaska and has combined capital, surplus and reserves aggregating at least \$20,000,000;

(12) conventional residential mortgages if the originating financial institution retains at least 25 per cent of the mortgage for a minimum of two years;

(13) notes secured by mortgages of commercial real estate if the originating financial institution retains at least 25 per cent of the mortgage;

(14) FHA guaranteed portion of business and industrial loans made under the Rural Development Act of 1972;

(15) guaranteed portion of loans made under the Federal Ship Financing Act of 1972.

* Sec. 4. AS 39.35.110 is amended by adding new subsections to read:

(e) To qualify as a mortgage which may be purchased under (a)(12) and (13) of this section, it must

(1) have as a mortgagor an Alaska resident;

(2) be certified by the originating financial institution that the loan being sold has been made in compliance with the law and that liens supporting the loan have been perfected;

(3) have been closed after the effective date of this Act and no loan may be eligible for purchase that is held by the originating institution for a period greater than 90 days.

(f) When more than one-half of one per cent of the aggregate of all loans purchased from a financial institution becomes delinquent for 60 days, the pension fund shall discontinue purchasing loans from that financial institution until the delinquency is reduced to less than one-half of one per cent.

(g) Notwithstanding any other provisions, the pension fund may purchase any assets of the retirement system of any participating municipality as of the effective date of participation in such amount as shall be mutually agreed upon by the participating municipalities and the commissioner of revenue.

* Sec. 5. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.