



LAWS OF ALASKA

1979

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Chapter No.

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AN ACT

Relating to agricultural loans under the Alaska Agricultural Loan Act; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: May 6, 1979
Actual Effective Date: May 7, 1979

AN ACT

Relating to agricultural loans under the Alaska Agricultural Loan Act; and providing for an effective date.

* Section 1. AS 03.10.030 is amended by adding a new subsection to read:

(e) An installment payment is delinquent unless it is mailed by the borrower on or before the 15th day after the date specified for payment in the loan agreement or unless it is received by the department on or before the 15th day after the date specified for payment in the loan agreement. If an installment payment is delinquent, the director shall assess a delinquency penalty. The delinquency penalty shall be an amount equal to seven per cent of the delinquent payment.

* Sec. 2. AS 03.10.030(a) is amended to read:

(a) A farm development loan may not exceed \$500,000 [\$200,000]. The mortgage which secures a farm development loan may be of any priority if the total indebtedness on the real estate, including the secured farm development loan, does not exceed \$500,000 [\$200,000]. A farm development loan which, if granted, would raise the existing indebtedness on the real estate above \$500,000 [\$200,000], or a farm development loan on real estate which has a prior existing indebtedness of \$500,000 [\$200,000] or more, may be made only if all prior mortgagees agree to subordinate their mortgages to that of the state for the amount of the farm development loan which exceeds the \$500,000 [\$200,000] indebtedness limit on the real estate. A loan may not run longer than 30 years nor

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1 bear interest exceeding six per cent, and it shall be secured by a real
2 estate or chattel mortgage, or both.

3 * Sec. 3. AS 03.10.030(b) is amended to read:

4 (b) Except for loans for irrigation systems as provided in this
5 subsection, a chattel loan may not exceed \$300,000 [\$100,000] for each
6 farm unit and may not run longer than seven years or the useful life of
7 the chattel if more than seven years. It may not bear interest exceed-
8 ing six per cent. It shall be secured by a real estate or chattel
9 mortgage, or both. Loans and the real estate and chattel mortgage
10 security on them for irrigation systems may be in amounts and for terms
11 as determined by the commissioner.

12 * Sec. 4. AS 03.10.030(c) is amended to read:

13 (c) A short term loan, to be amortized within one year, not to
14 exceed \$200,000 [\$25,000] to any one borrower may be made for operating
15 purposes.

16 * Sec. 5. AS 03.10 is amended by adding a new section to read:

17 Sec. 03.10.035. USE OR DISPOSAL OF MORTGAGED FARM LAND. (a) A
18 borrower may not use farm land for a non-farm use or sell, lease or
19 otherwise dispose of farm land if that land is encumbered by a mortgage
20 given to secure the payment of a farm development, chattel, or irriga-
21 tion system loan under this chapter unless the borrower either

22 (1) pays the outstanding balance of the loan in a lump sum or
23 under other terms agreed to by the commissioner which accelerate payment
24 of the loan; or

25 (2) pays the outstanding principal balance for the remaining
26 term of the loan at the prevailing rate of interest which is charged by
27 commercial banks in the state during the calendar quarter in which the
28 department receives notice of the change of use, sale, lease or other
29 disposal of the farm land.

1 (b) In this section, "non-farm use" means a use of land other than
2 for the production of domesticated plants and animals useful to man,
3 including forage and sod crops, grain and feed crops, fruits, vegetables
4 and livestock.

5 * Sec. 6. AS 03.10.040 is amended to read:

6 Sec. 03.10.040. CREATION OF FUND. There is an agricultural re-
7 volving loan fund which shall not exceed \$20,000,000 [\$5,000,000] to
8 carry out the purpose of this chapter.

9 * Sec. 7. The provisions of AS 03.10.030(e) enacted in sec. 1 of this Act
10 and AS 03.10.035 enacted in sec. 5 of this Act apply to farm development,
11 chattel, and irrigation system loans made after July 1, 1979.

12 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
13 070(c).