



LAWS OF ALASKA

1982

Source

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Chapter No.

113

AN ACT

Relating to certain state loan and grant programs; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 9

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TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.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: June 24, 1982
Actual Effective Date: Sections 1 - 20, 24 - 27, 32 - 72 and 74 take effect June 25, 1982; sections 21 - 23 and 28 - 30 take effect on the date of approval by the voters of the state of a constitutional amendment to art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state to contract debt for housing loans for veterans; section 31 takes effect January 1, 1983; and section 73 takes effect on the day after the transfer of funds by the Alaska Industrial Development Authority to the state general fund is made under sec. 69(j) of this chapter, or, if there are no funds available to make the transfer, on the 61st day after all multifamily housing loans that have been made from the multifamily housing loan account of the enterprise development fund of the Alaska Industrial Development Authority are discharged or are considered to be discharged under sec. 69(i) of this chapter.

AN ACT

Relating to certain state loan and grant programs; and
providing for an effective date.

* Section 1. AS 03.10.020(1) is amended to read:

(1) make loans to individual resident farmers, homesteaders, and partnerships or corporations composed of farmers and homesteaders, for clearing land for agricultural purposes, development of farms, storage and processing of farm produce, livestock and machinery and to individuals, partnerships or corporations, for storage and processing plants for agricultural products;

* Sec. 2. AS 03.10.030(a) is repealed and reenacted to read:

(a) A farm development, chattel, or irrigation loan made under this chapter

(1) may not exceed a term of 30 years;

(2) may not, when added to the outstanding balance of other loans made under this chapter, exceed a total outstanding balance of \$1,000,000;

(3) shall be secured by a real estate or chattel mortgage of any priority, except that the portion of a loan that exceeds \$500,000, when added to prior indebtedness that is secured by the same property, must be secured by a first mortgage;

(4) shall bear interest at a rate that may not be less than eight percent or more than the commercial rate, unless the commercial rate is eight percent or less; in this paragraph "commercial rate" means

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1 the prevailing rate of interest at private lending institutions in the
2 state for loans similar to those referred to in this subsection.

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

4 (e) An installment payment is delinquent unless it is mailed by
5 the borrower on or before the 30th [15TH] day after the date specified
6 for payment in the loan agreement or unless it is received by the depart-
7 ment on or before the 30th [15TH] day after the date specified for
8 payment in the loan agreement. If an installment payment is delinquent,
9 the director may [SHALL] assess a delinquency penalty. The delinquency
10 penalty shall be an amount equal to seven percent of the delinquent
11 payment, but the combined delinquency penalty and loan interest may not
12 exceed 15 percent.

13 * Sec. 4. AS 03.10.030(f) is amended to read:

14 (f) A farm product processing loan may not exceed \$250,000
15 [\$2,500,000]. A mortgage which secures a farm product processing loan
16 may be of any priority if the total indebtedness on the real estate,
17 including the secured farm product processing loan, does not exceed
18 \$250,000 [\$2,500,000]. A farm product processing loan which, if made,
19 would raise the existing indebtedness on the real estate securing the
20 loan above \$250,000 [\$2,500,000], or a farm product processing loan on
21 real estate which has a prior indebtedness of \$250,000 [\$2,500,000] or
22 more, may be made only if all prior mortgagees agree to subordinate
23 their mortgages to that of the state for the amount of the farm product
24 processing loan which exceeds the \$250,000 [\$2,500,000] indebtedness
25 limit on the real estate. A farm product processing loan may not exceed
26 a term of 30 years or bear interest that is less than [EXCEEDING] eight
27 percent a year and shall be secured by a real estate or chattel mortgage
28 or both.

29 * Sec. 5. AS 03.10.030 is amended by adding new subsections to read:

1 (g) A loan for clearing land may not

- 2 (1) exceed \$250,000;
- 3 (2) bear interest that is less than eight percent;
- 4 (3) have a term in excess of 20 years; or
- 5 (4) be made for clearing land that is not classified as class

6 III or better by the United States Soil Conservation Service under the
7 land classification system used by the United States Soil Conservation
8 Service.

9 (h) The commissioner shall adopt regulations to establish other
10 terms for loans made under this chapter, consistent with the provisions
11 of this section, and may establish interest rates for loans under (a)(4)
12 of this section that

- 13 (1) encourage agricultural development;
- 14 (2) do not subsidize nonviable agricultural enterprises; and
- 15 (3) do not discriminate against viable existing agricultural
16 enterprises.

17 * Sec. 6. AS 03.10.050 is amended by adding a new subsection to read:

18 (d) A meeting of the agricultural revolving loan fund board to act
19 on applications for loans is exempt from the public meeting requirements
20 of AS 44.62.310.

21 * Sec. 7. AS 16.10.310 is repealed and reenacted to read:

22 Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department may

- 23 (1) make loans to

24 (A) individual commercial fishermen who have been state
25 residents for a continuous period of five years immediately preced-
26 ing the date of application for a loan under AS 16.10.300 - 16.10.-
27 370 and have had a crewmember or commercial fishing license under
28 AS 16.05.480 or a permit under AS 16.43 for any one of the past
29 five years, and who actively participated in the fishery during

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1 that period, for the purchase of entry permits;

2 (B) an individual who has been a state resident for a
3 continuous period of five years immediately preceding the date of
4 application for a loan under AS 16.10.300 - 16.10.370, who (i)
5 because of lack of training or lack of employment opportunities in
6 the area of residence does not have occupational opportunities
7 available other than commercial fishing; or (ii) is economically
8 dependent on commercial fishing for a livelihood and commercial
9 fishing has been a traditional way of life for him in Alaska, for
10 the repair, restoration or upgrading of existing vessels and gear,
11 for the purchase of entry permits and gear, and for the construc-
12 tion and purchase of vessels;

13 (C) corporations, partnerships, or joint ventures, 100
14 percent of which are owned by individual commercial fishermen who
15 have been state residents for a continuous period of five years
16 immediately preceding the date of application for a loan under
17 AS 16.10.310(a)(1)(B) and have had a crewmember or commercial
18 fishing license under AS 16.05.480 or a permit under AS 16.43 for
19 any one of the past five years, and who actively participated in
20 the fishery during that period, for the repair, restoration or
21 upgrading of existing vessels and gear, for the purchase of gear,
22 and for the construction and purchase of vessels;

23 (2) designate agents and delegate its powers to them as
24 necessary;

25 (3) adopt regulations necessary to carry out its functions;

26 (4) establish amortization plans for repayment of loans,
27 which may include extensions for poor fishing seasons or for adverse
28 market conditions for Alaskan products;

29 (5) enter into agreements with private lending institutions,

1 other state agencies, or agencies of the federal government, to carry
2 out the purposes of AS 16.10.300 - 16.10.370;

3 (6) enter into agreements with other agencies or organiza-
4 tions to create an outreach program to make loans under AS 16.10.300 -
5 16.10.370 in rural areas of the state.

6 (b) The department shall consult with the Department of Fish and
7 Game on regulations and procedures established under this chapter.

8 * Sec. 8. AS 16.10.320(a) is repealed and reenacted to read:

9 (a) A loan under AS 16.10.310 - 16.10.370

10 (1) may not exceed a term of 15 years;

11 (2) may not bear interest exceeding 10-1/2 percent;

12 (3) shall be secured by a first priority lien and appropriate
13 security agreement; and

14 (4) may not exceed 90 percent of the appraised value of the
15 collateral used to secure the loan, except that a loan granted under
16 AS 16.10.333 for the purchase of an Alaska limited entry permit may not
17 exceed an amount determined in accordance with (f) or (h) of this
18 section.

19 * Sec. 9. AS 16.10.320(d) is repealed and reenacted to read:

20 (d) Loans made to a borrower under AS 16.10.310(a)(1)(A) may not
21 exceed a total of \$300,000. Loans made to a borrower under AS 16.10.-
22 310(a)(1)(B) or (C) may not exceed a total of \$100,000. A loan to an
23 associate of the borrower is considered to be a loan to the borrower.
24 For the purposes of this section, "associate of the borrower" means

25 (1) a corporation or other organization of which the borrower
26 is an officer, director or partner, or is, directly or indirectly, the
27 beneficial owner of 10 percent or more of any class of equity securi-
28 ties;

29 (2) a person who is, directly or indirectly, the beneficial

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owner of 10 percent or more of any class of equity securities of the borrower;

(3) a trust or other estate in which the borrower has a substantial beneficial interest or as to which the borrower serves as trustee or in a similar fiduciary capacity.

* Sec. 10. AS 16.10.320(e) is amended to read:

(e) Two or more individual commercial fishermen who each satisfy the requirements specified in AS 16.10.310(a)(1)(B) [AS 16.10.310(a)(1)-(A)] may jointly obtain a commercial fishing loan for the construction of a fishing vessel or the purchase of an existing fishing vessel. Loans granted under this subsection

(1) may not exceed the amount specified in (d) [(a)(1)] of this section multiplied by the number of qualified commercial fishermen applying for the loan;

(2) may not exceed a term of 15 years;

(3) shall be secured by a first priority lien and appropriate security agreement;

(4) may not bear interest exceeding 10-1/2 [NINE AND ONE-HALF] percent; and

(5) may not exceed 90 [75] percent of the appraised value of the collateral used to secure the loan.

* Sec. 11. AS 16.10.320(f) is amended to read:

(f) Except as permitted in (h) of this section, a [A] loan made [GRANTED] under AS 16.10.310(a)(1)(A) and (B) [AS 16.10.333(a)] for the purchase of an Alaska limited entry permit may not exceed 90 percent of the appraised value of the collateral used to secure the loan.

* Sec. 12. AS 16.10.320 is amended by adding new subsections to read:

(h) A loan for an entry permit under AS 16.10.310(a)(1)(B) may be made for up to 100 percent of the appraised value of the collateral used

1 to secure the loan if the borrower demonstrates that (1) he has at least
2 three years of experience as a commercial fisherman in the fishery to
3 which the entry permit applies; and (2) he has not owned an Alaska
4 limited entry permit in the year immediately preceding the application
5 for the loan. In this subsection "three years of experience as a commer-
6 cial fisherman in the fishery" means that for an accumulated total of
7 three fishing seasons in the same fishery the borrower has actively
8 participated in the commercial harvest of fish under the direction of a
9 limited entry permit holder.

10 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A), a
11 subsequent loan may not be made to the borrower or an associate of the
12 borrower under AS 16.10.310(a)(1)(B) or (C). If a loan is made to a
13 borrower under AS 16.10.310(a)(1)(B) or (C), a subsequent loan may be
14 made to the borrower or an associate of the borrower under AS 16.10.-
15 310(a)(1)(A) if the total of the loans received by the borrower or the
16 associate under AS 16.10.310 does not exceed \$300,000.

17 * Sec. 13. AS 16.10 is amended by adding a new section to read:

18 Sec. 16.10.325. GUARANTORS. A person may act as guarantor if the
19 borrower has insufficient collateral to secure a loan for the purposes
20 described in AS 16.10.310(a)(1)(B). The loan agreement shall specific-
21 ally describe the property of the guarantor to be used as collateral by
22 the borrower and shall be signed by the guarantor and the borrower. The
23 department shall provide the guarantor with a copy of all notices sent
24 to the borrower by the department. If the loan is for the purchase of
25 an entry permit, the guaranty by the guarantor may not constitute a
26 lien, mortgage, or encumbrance on or pledge of the entry permit.

27 * Sec. 14. AS 18.55.997 is amended to read:

28 Sec. 18.55.997. RESIDENTIAL LOANS. (a) In addition to the powers
29 authorized to a regional housing authority under AS 18.55.996, a regional

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1 housing authority may, in accordance with procedures and policies adopted
2 and approved by the division of housing assistance in the Department of
3 Community and Regional Affairs [BOARD OF DIRECTORS OF THE ALASKA HOUSING
4 FINANCE CORPORATION], make loans for the purchase or development of
5 residential housing in rural areas of the state, other than in an area
6 where the division of housing assistance has a loan office. A loan shall
7 be secured by collateral in an amount acceptable to the division of hous-
8 ing assistance in the Department of Community and Regional Affairs [BOARD
9 OF DIRECTORS OF THE ALASKA HOUSING FINANCE CORPORATION]. The rate of
10 interest on a loan authorized by this section may not exceed the interest
11 rate on a loan originated or purchased under AS 44.47.360 - 44.47.560 [AN
12 INTEREST RATE APPROVED BY THE BOARD OF DIRECTORS OF THE ALASKA HOUSING
13 FINANCE CORPORATION].

14 (b) In this section,

15 (1) "development" means the construction of a new residence
16 or the repair, remodeling, rehabilitation or expansion of an existing
17 home;

18 (2) "rural" means

19 (A) a [ANY] community in the second, third, or fourth
20 judicial district of the state with a population of 4,500 or less
21 that is not connected by road or rail to Anchorage or Fairbanks; or

22 (B) a community in the first judicial district of the
23 state with a population of 4,500 or less.

24 * Sec. 15. AS 18.56.040 is amended by adding a new subsection to read:

25 (d) For the purposes of this chapter public notice of 24 hours or
26 more is adequate notice of a meeting of the board at which the issuance
27 of corporation bonds is authorized.

28 * Sec. 16. AS 18.56 is amended by adding a new section to read:

29 Sec. 18.56.084. INTERNATIONAL BORROWING. For the purpose of

1 obtaining access to international capital markets to borrow money for the
2 special mortgage loan purchase program (AS 18.56.098), as an addition to
3 the powers of the corporation under AS 18.56.090, the corporation may (1)
4 establish or cause to be established, subsidiary corporations incorpo-
5 rated in the state or in another state, or under the laws of a foreign
6 jurisdiction; (2) invest in corporations established under this section;
7 (3) issue bonds and borrow money for investments in corporations estab-
8 lished under this section; (4) borrow from corporations established under
9 this section; (5) guarantee the obligations of corporations established
10 under this section; or (6) enter into agreements with corporations estab-
11 lished under this section or with other persons. In exercising a power
12 under this section, the corporation may not subject its assets to risk of
13 loss through foreign currency exchange. A guarantee under this section
14 constitutes a bond of the corporation as defined in AS 18.56.210(13).

15 * Sec. 17. AS 18.56.088(c) is amended by adding a new paragraph to read:

16 (5) establishment of a procedure, including a fee schedule,
17 for the commitment for one year or less of money for the purchase of an
18 individual mortgage loan at a specific interest rate.

19 * Sec. 18. AS 18.56.096 is amended by adding a new paragraph to read:

20 (3) a mortgage loan to finance the purchase of new housing or
21 for the improvement or rehabilitation of existing housing, unless the
22 construction, improvement, or rehabilitation work has been performed by
23 a contractor who is registered to work as a contractor under AS 08.18;
24 this paragraph does not apply if the construction, improvement, or
25 rehabilitation work

26 (A) has been totally or substantially performed by the
27 borrower;

28 (B) has been performed by a borrower who acts as the
29 contractor for the construction, improvement, or rehabilitation

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1 work; or

2 (C) has been performed in an area designated by the
3 corporation as exempt from the requirements of this paragraph be-
4 cause of the unavailability of registered contractors in that area.

5 * Sec. 19. AS 18.56.098(f)(4) is amended to read:

6 (4) "residence" means an owner-occupied, single-family resi-
7 dence, including a mobile home, or an owner-occupied duplex, triplex or
8 four-plex.

9 * Sec. 20. AS 18.56.098(g)(2) is amended by adding a new subparagraph to
10 read:

11 (E) If the proceeds of a taxable bond issue are to be
12 used only for the purchase of mortgage loans for triplex and four-
13 plex residences, the cost of funds of that bond issue is not con-
14 sidered in determining the interest rate on the first \$90,000 of a
15 mortgage loan. The interest rate on the first \$90,000 of a mortgage
16 loan that is purchased with the proceeds from a taxable bond issue
17 used solely for the purchase of mortgage loans for triplex and
18 four-plex residences is equal to the interest rate, as determined
19 under this paragraph, on a mortgage loan purchased with the pro-
20 ceeds of the preceding issue of taxable bonds.

21 * Sec. 21. AS 18.56.098(g)(3) is amended to read:

22 (3) An interest rate determined under this subsection on the
23 first \$90,000 of a mortgage loan that is not purchased from the proceeds
24 of bonds that are qualified veterans' mortgage bonds under the Mortgage
25 Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as amended, shall be
26 reduced by one percentage point if the loan is made to an eligible
27 veteran under AS 18.56.101.

28 * Sec. 22. AS 18.56.098(g)(6) is amended to read:

29 (6) The interest rate on the first \$90,000 of a mortgage loan

1 purchased from the proceeds of bonds that are exempt from taxation under
2 the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as amended,
3 other than bonds that constitute qualified veterans' bonds under (i) of
4 this section, is 10 percent or the cost of the funds, whichever is less.
5 A higher or lower interest rate shall be established on the entire loan
6 amount if required under the Mortgage Subsidy Bond Tax Act.

7 * Sec. 23. AS 18.56.098 is amended by adding new subsections to read:

8 (i) The interest rate on the first \$90,000 of a mortgage loan
9 purchased from the proceeds of bonds that constitute qualified veterans'
10 mortgage bonds under the Mortgage Subsidy Bond Tax Act of 1980 (26
11 U.S.C. 103(A)) as amended, is the greater of (1) four percent less than
12 the cost of funds or (2) the rate for other loans to veterans under
13 AS 18.56.098(g)(3). A higher or lower interest rate shall be estab-
14 lished on the entire loan amount if required under the Mortgage Subsidy
15 Bond Tax Act of 1980.

16 (j) If the money used to purchase a mortgage loan made to a veteran
17 under this section comes from an issue of bonds of the corporation
18 guaranteed by the state, each bond must be issued as part of an issue
19 substantially all of the proceeds of which are used to provide residences
20 for qualifying veterans. In this subsection a qualifying veteran is a
21 person who is a "qualified veteran" as the term is defined or may sub-
22 sequently be defined under the Mortgage Subsidy Bond Tax Act of 1980 (26
23 U.S.C. 103(A)), as amended.

24 * Sec. 24. AS 18.56.098 is amended by adding a new subsection to read:

25 (k) The interest rate limitations of AS 45.45.010 do not apply to
26 loans purchased under this section or to loans that the corporation has,
27 in any manner, committed itself to purchase.

28 * Sec. 25. AS 18.56.100(a) is amended to read:

29 (a) There is created a housing development fund [SPECIAL REVOLVING

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1 LOAN FUND TO BE KNOWN AS THE "HOUSING DEVELOPMENT FUND"] to be adminis-
2 tered by the corporation as a trust fund separate and distinct from any
3 other money or funds administered by the corporation.

4 * Sec. 26. AS 18.56.100(b) is amended to read:

5 (b) Consistent with AS 18.56.090, the corporation may make tempo-
6 rary and permanent loans from the housing development fund, at such
7 interest rate or rates as determined by the corporation, and with such
8 security for repayment as is necessary and practicable, to

9 [(1) DEFRAY DEVELOPMENT COSTS OF SPONSORS, BUILDERS, AND
10 DEVELOPERS OF RESIDENTIAL HOUSING;

11 (2) PROVIDE TO PERSONS OF LOWER AND MODERATE INCOME WHO ARE
12 APPLYING FOR MORTGAGES, THE AMOUNTS REQUIRED TO MAKE DOWN PAYMENTS AND
13 PAY CLOSING COSTS AND TO HOUSING OWNERS THE AMOUNTS APPLIED FOR PARTIAL
14 RENTAL PAYMENTS AND MORTGAGE INTEREST PAYMENTS UNDER AS 18.56.090(4); OR

15 (3)] purchase, make, or participate in the making of mortgage
16 [AND CONSTRUCTION] loans which are not federally insured or guaranteed
17 for [TO SPONSORS, BUILDERS, PURCHASERS AND DEVELOPERS OF LAND DEVELOP-
18 MENT OR] residential housing, if the corporation determines that such
19 loans are not otherwise available, wholly or in part, from private
20 lenders upon reasonably equivalent terms and conditions.

21 * Sec. 27. AS 18.56.100(c) is amended to read:

22 (c) To the credit of the housing development fund shall be de-
23 posited

24 (1) grants and contributions to the fund [AND THE PROCEEDS OF
25 SALE OF FUND NOTES]; and

26 (2) all receipts of the corporation on account of repayment
27 of or sale or other disposition of the security for any loans made under
28 (b) of this section.

29 * Sec. 28. AS 18.56.110(b) is amended to read:

1 (b) The principal and interest on these bonds or notes, except
2 state guaranteed bonds, is payable from corporation funds, excluding
3 funds in the housing development fund. The principal and interest on
4 state guaranteed bonds is payable from corporation funds, excluding
5 funds in the housing development fund, and in accordance with the terms
6 of the state guaranty of principal and interest. Bond anticipation
7 notes may be payable from the proceeds of the sale of bonds or from the
8 proceeds of sale of other bond anticipation notes or, in the event bond
9 or bond anticipation note proceeds are not available, such notes may be
10 paid from other funds or assets of the corporation. Bonds or notes may
11 be additionally secured by a pledge of a grant or contribution from the
12 federal government, or a corporation, association, institution or person,
13 or a pledge of money, income, or revenues of the corporation from any
14 source. The corporation may issue state guaranteed bond anticipation
15 notes in anticipation of the sale of state guaranteed bonds to be issued
16 under this chapter. State guaranteed bond anticipation notes are guaran-
17 teed as to principal and interest by the state and secured by the full
18 faith, credit and resources of the state.

19 * Sec. 29. AS 18.56.110(d) is amended to read:

20 (d) Bonds or bond anticipation notes, except state guaranteed
21 bonds and bond anticipation notes, may be sold in the manner, and on the
22 terms [AND AT THE PRICE] the corporation determines. State guaranteed
23 bonds and bond anticipation notes shall be sold at public sale by the
24 corporation in amounts and at times as may be approved by the state
25 bond committee, on terms fixed under the notice of sale.

26 * Sec. 30. AS 18.56.170(a) is amended to read:

27 (a) Obligations issued under the provisions of this chapter other
28 than state guaranteed bonds do not constitute a debt, liability or
29 obligation of the state or of any political subdivision of the state or

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1 a pledge of the faith and credit of the state or of any such political
2 subdivision but are payable solely from the revenues or assets of the
3 corporation. Each obligation issued under this chapter other than a
4 state guaranteed bond shall contain on its face a statement that the
5 corporation is not obligated to pay it nor the interest on it except
6 from the revenues or assets pledged for it and that neither the faith
7 and credit nor the taxing power of the state or of any political sub-
8 division of the state is pledged to the payment of the principal of or
9 the interest on the obligation.

10 * Sec. 31. AS 26.15.040(e) is amended to read:

11 (e) If a loan made under (a)(3) of this section is assigned by the
12 borrower or if [IF] the real property that [WHICH] secures a loan made
13 under former (a)(2) or under (a)(4) of this section is transferred by the
14 borrower [AND THE LOAN WAS MADE FIVE YEARS OR MORE BEFORE THE TRANSFER],
15 the commissioner of commerce and economic development shall allow the
16 assignee or transferee to assume the outstanding indebtedness on the loan
17 unless the commissioner determines in writing that the credit of the
18 assignee or transferee is not satisfactory to assure repayment of the
19 loan. The assignee or transferee may assume the outstanding indebtedness
20 on the loan at the existing interest rate on the loan [IF HE IS ELIGIBLE
21 FOR A LOAN UNDER AS 26.15.130 OR 26.15.160. IF THE TRANSFEREE IS NOT
22 ELIGIBLE FOR A LOAN UNDER AS 26.15.130 OR 26.15.160, HE MAY ASSUME THE
23 OUTSTANDING INDEBTEDNESS ON THE LOAN ONLY IF HE AGREES TO PAY INTEREST
24 ON THE LOAN AT A RATE DETERMINED BY THE COMMISSIONER OF COMMERCE AND
25 ECONOMIC DEVELOPMENT TO REFLECT THE PREVAILING MARKET RATE OF INTEREST
26 ON THAT TYPE OF LOAN].

27 * Sec. 32. AS 27.09.010 is amended by adding a new subsection to read:

28 (b) The mining loan fund is a revolving fund consisting of ap-
29 propriations made to the fund by the legislature and repayments of

1 principal and interest on loans made from the fund. Money appropri-
2 ated to or repaid into the fund does not lapse under with AS 37.25.-
3 010.

4 * Sec. 33. AS 29.48.110(a) is amended to read:

5 (a) In addition to existing municipal authority providing for the
6 preservation, protection, and maintenance of historic sites, the local
7 historical district commission established under AS 29.48.108, in con-
8 sultation with the Historic Sites Advisory Committee within the Depart-
9 ment of Natural Resources, may establish [A] historical districts
10 [DISTRICT] within the boundaries of the municipality.

11 * Sec. 34. AS 44.33.255(c) is amended to read:

12 (c) The duration for repayment of a loan may not exceed 20 [10]
13 years.

14 * Sec. 35. AS 44.33.285 is amended to read:

15 Sec. 44.33.285. ACTION BY GOVERNOR. The governor may, upon recom-
16 mendation of the commissioner of commerce and economic development,
17 designate by proclamation an area as an area impacted by an economic
18 disaster. When an area is so designated, the legislature may appropriate
19 money for assistance grants [SHALL BE MADE BY THE DEPARTMENT OF COMMERCE
20 AND ECONOMIC DEVELOPMENT AS PROVIDED IN AS 37.11.100] and the governor
21 may recommend in his budget submission that capital projects planned for
22 the area be accelerated and that new projects be funded for the area.
23 The proclamation may provide that waivers of capital projects require-
24 ments, as authorized in AS 44.33.300, become effective only to the
25 extent set out in the proclamation.

26 * Sec. 36. AS 44.47.370(3) is amended to read:

27 (3) purchase or participate in the purchase of nonconforming
28 and rural housing mortgage loans in accordance with AS 44.47.360 -
29 44.47.560;

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1 * Sec. 37. AS 44.47.370(4) is amended to read:

2 (4) purchase or participate in the purchase of loans for
3 building materials for nonconforming and rural housing in accordance
4 with AS 44.47.360 - 44.47.560;

5 * Sec. 38. AS 44.47.380 is amended to read:

6 Sec. 44.47.380. [NONCONFORMING] HOUSING ASSISTANCE LOAN FUND.
7 There is created in the Department of Community and Regional Affairs the
8 [NONCONFORMING] housing assistance loan fund consisting of money appro-
9 priated to it by the legislature. The director shall administer the
10 [NONCONFORMING] housing assistance loan fund in accordance with AS 44.-
11 47.360 - 44.47.560 and shall use the money in the [NONCONFORMING] housing
12 assistance loan fund to originate, purchase, or participate in the pur-
13 chase of

14 (1) nonconforming and rural housing mortgage loans;

15 (2) loans made for building materials for nonconforming
16 and rural housing;

17 (3) loans made for renovations or improvements to nonconform-
18 ing and rural housing;

19 (4) loans made for the construction of owner-occupied noncon-
20 forming and rural housing other than loans to builders or contractors or
21 loans that compensate an owner for his labor or services in constructing
22 his own housing.

23 * Sec. 39. AS 44.47.385(a) is amended to read:

24 (a) The director may make loans from the [NONCONFORMING] housing
25 assistance loan fund only for nonconforming and rural housing loans to
26 qualified buyers for nonconforming and rural housing.

27 * Sec. 40. AS 44.47.390 is amended to read:

28 Sec. 44.47.390. LIMITATIONS ON USE OF [NONCONFORMING] HOUSING
29 ASSISTANCE LOAN FUND. The director may not use the money in the [NON-

1 CONFORMING] housing assistance loan fund to

2 (1) originate a direct loan or purchase or participate in the
3 purchase of a nonconforming or rural housing mortgage loan that [WHICH]
4 exceeds the limitations on mortgage loans purchased by the Federal
5 National Mortgage Association as to principal amount or loan-to-value
6 ratio;

7 (2) originate a direct loan or purchase or participate in the
8 purchase of a loan made for building materials for nonconforming or rural
9 housing

10 (A) that [WHICH] exceeds \$45,000 or exceeds

11 (i) 80 percent of the appraised value of the work
12 completed on the nonconforming or rural housing for which the
13 loan is made if the nonconforming or rural housing is pledged
14 as collateral for the loan; or

15 (ii) 90 percent of the value of other property which
16 is pledged as security for the loan and which is satisfactory
17 to the director as collateral;

18 (B) unless the terms of the loan agreement require
19 inspections and certifications, as required by regulations of the
20 director, at the expense of the borrower; and

21 (C) unless the period of time allowed for repayment of
22 the loan is equal to or less than 15 years;

23 (3) originate direct loans or purchase or participate in the
24 purchase of a nonconforming or rural housing mortgage loan that [WHICH]
25 is secured by real property the marketable title to which is shown in
26 accordance with AS 44.47.420(b)(2) if the total amount of outstanding
27 nonconforming and rural housing mortgage loans held by the division
28 exceeds 10 times the amount of money in the restricted title loss reserve
29 account (AS 44.47.430);

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1 (4) originate a direct loan for nonconforming or rural
2 housing or purchase or participate in the purchase of a nonconforming
3 or rural housing mortgage loan, other than a loan for the repair, re-
4 modeling, rehabilitation, or expansion of an existing owner-occupied
5 residence, if the borrower has an outstanding housing loan made under a
6 state loan program that bears interest at a rate that was less than the
7 prevailing market interest rate for similar housing loans at the time
8 the loan was made.

9 * Sec. 41. AS 44.47.410 is amended to read:

10 Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a
11 mortgage loan originated or purchased in whole or in part under AS 44.-
12 47.380 for nonconforming housing that is not rural housing is equal to
13 the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a
14 mortgage loan purchased under AS 18.56.098(a) [AS 18.56.098(g)] from the
15 proceeds of the most recent applicable issue of taxable bonds before the
16 origination or purchase of the mortgage loan originated or purchased
17 under AS 44.47.380.

18 (b) The interest rate on a mortgage loan originated or purchased
19 in whole or in part under AS 44.47.380 for rural housing is 10-1/2 per-
20 cent.

21 * Sec. 42. AS 44.47.420(a) is amended to read:

22 (a) Before the director originates or purchases a nonconforming
23 or rural housing mortgage loan in whole or in part, the director may
24 require a borrower to show marketable title to real property offered as
25 security for the loan to be purchased.

26 * Sec. 43. AS 44.47.430(b) is amended to read:

27 (b) The director may withdraw money from the restricted title loss
28 reserve account in an amount equal to the loss to the division on a
29 nonconforming or rural housing mortgage loan originated or purchased in

1 whole or in part by the division if marketable title to the real property
2 used to secure the loan was shown in accordance with AS 44.47.420(b)(2).

3 Money withdrawn from the restricted title loss reserve account under
4 this section shall be deposited in the [NONCONFORMING] housing assistance
5 loan fund.

6 * Sec. 44. AS 44.47.440 is amended to read:

7 Sec. 44.47.440. FIRE INSURANCE. Before purchasing or participat-
8 ing in the purchase of a nonconforming or rural housing mortgage loan,
9 the director may require the borrower to agree to purchase and maintain
10 fire insurance for the real property for which the loan is made in an
11 amount not less than the outstanding principal balance of the loan.

12 * Sec. 45. AS 44.47.460(b) is amended to read:

13 (b) The director may execute service agreements with private
14 lending institutions or with regional native housing authorities estab-
15 lished under AS 18.55.996 to service loans originated by the division
16 or loans originated under AS 18.55.997.

17 * Sec. 46. AS 44.47.460(c) is amended to read:

18 (c) Under the servicing agreement, the private financial institu-
19 tion or the regional native housing authority shall administer the loan
20 and may charge the division a negotiated origination or servicing fee on
21 the division's share of the loan. When appropriate, the private finan-
22 cial institution or the regional native housing authority may also
23 charge the borrower a reasonable originator fee not to exceed one
24 percent.

25 * Sec. 47. AS 44.47.470 is amended to read:

26 Sec. 44.47.470. APPRAISALS. Before originating or purchasing or
27 participating in the purchase of a nonconforming or rural housing mort-
28 gage loan, the director may have or may require the borrower to have an
29 appraisal made of the fair market value of the real property, including

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1 structures on the real property, for which the loan is made. In conduct-
2 ing an appraisal under this section, the appraiser shall give full value
3 to insulation and other features of construction in structures on the
4 real property which add to the energy efficiency of the structures.

5 * Sec. 48. AS 44.47.510(b) is amended to read:

6 (b) Unless otherwise required by an appropriation, the director
7 shall allocate the money in the [NONCONFORMING] housing assistance loan
8 fund among the regions established under (a) of this section for the
9 purpose of originating or purchasing each type of loan described in
10 AS 44.47.380. In making an allocation under this subsection, the direc-
11 tor shall consider the past and potential lending activity of private
12 financial institutions in the region as well as the need for loans in
13 the region. The director may reallocate the money among the regions as
14 he considers necessary.

15 * Sec. 49. AS 44.47 is amended by adding a new section to read:

16 Sec. 44.47.520. LOANS FOR NON-OWNER OCCUPIED HOUSING. (a) In
17 addition to the powers authorized by AS 44.47.370 the director may adopt
18 regulations allowing the use of money in the housing assistance loan
19 fund to make loans for the purchase or development of non-owner occupied
20 housing in rural areas of the state.

21 (b) The rate of interest on a loan authorized by this section may
22 not exceed 10-1/2 percent.

23 (c) The principal amount of loans made for non-owner occupied
24 housing under this section may not exceed 20 percent of the total princi-
25 pal amount of loans made for nonconforming and rural housing under
26 AS 44.47.360 - 44.47.560.

27 (d) In this section

28 (1) "development" means the construction of a new residence
29 or the repair, remodeling, rehabilitation, or expansion of an existing

1 residence;

2 (2) "non-owner occupied housing" means a single-family resi-
3 dence or a multi-family residence having up to eight dwelling units,
4 that is not nonconforming housing, and is not occupied by the owner; the
5 director may modify this definition if the director determines that
6 there is a special need for non-owner occupied housing and that a change
7 in the definition is necessary to enable the division to meet that need.

8 * Sec. 50. AS 44.47.560 is amended by adding new paragraphs to read:

9 (5) "rural" means

10 (A) a community in the second, third, or fourth judicial
11 district of the state with a population of 4,500 or less that is
12 not connected by road or rail to Anchorage or Fairbanks; or

13 (B) a community in the first judicial district of the
14 state with a population of 4,500 or less;

15 (6) "rural housing" means housing, whether or not it is
16 nonconforming housing, that is located in a rural area of the state.

17 * Sec. 51. AS 44.47 is amended by adding new sections to read:

18 ARTICLE 11. SENIOR CITIZENS HOUSING DEVELOPMENT FUND.

19 Sec. 44.47.610. DECLARATION OF PURPOSE. There exists in the state
20 a serious shortage of decent, safe and sanitary residential housing
21 available at low or moderate prices or rentals to persons 60 years of
22 age or older. There also exists in the state organizations whose pur-
23 poses are to provide the kinds of housing needed to alleviate this
24 shortage. Development work to provide such housing involves substantial
25 expense that is often beyond the resources of the organizations.

26 Sec. 44.47.620. SENIOR CITIZENS HOUSING DEVELOPMENT. (a) There
27 is created in the Department of Community and Regional Affairs a
28 senior citizens housing development fund. Subject to direct appropria-
29 tion or through proceeds of a bond issue the department shall make

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1 grants to municipalities or public or private nonprofit corporations
2 designated as tax exempt under sec. 501(c)(3) and (4) of the Internal
3 Revenue Code of 1954 for the purpose of developing senior citizen hous-
4 ing. A grant from the proceeds of a bond issue may be made only to muni-
5 cipalities.

6 (b) Application for a grant under (a) of this section shall be in
7 the form prescribed by the department. The application shall demonstrate
8 the need for senior citizen housing in the area to be served, the feasi-
9 bility of the proposed project, and an adequate management plan that
10 shall demonstrate the ability of the eligible recipient to sustain the
11 proposed project.

12 (c) All projects under this section shall be in accordance with
13 facility procurement policies developed under AS 35.10.160 - 35.10.200
14 and are public facilities under those sections.

15 (d) The department shall adopt regulations to carry out the pur-
16 poses of this section. The provisions of the Administrative Procedure
17 Act (AS 44.62) apply to regulations adopted under this section.

18 (e) In this section "senior citizen housing" means a specific work
19 or improvement undertaken primarily to provide dwelling accommodations
20 for persons 60 years of age or older, including but not limited to
21 conventional housing, housing for the frail elderly, group homes, con-
22 gregate housing, and other housing that meets special needs of the
23 elderly; senior citizen housing includes the acquisition, construction,
24 or rehabilitation of land, buildings, improvements, and other nonhousing
25 facilities that are incidental or appurtenant to the housing.

26 * Sec. 52. AS 44.81.210(a)(3) is amended to read:

27 (3) establish amortization plans for repayment of loans,
28 which may include extensions for poor fishing or farming seasons, or for
29 adverse market conditions for Alaskan products;

* Sec. 53. AS 44.88 is amended by adding a new section to read:

Sec. 44.88.151. ADMINISTRATIVE PROCEDURE. (a) Except for AS 44.62.310 and 44.62.312, regarding public meetings, and except for AS 44.62.320(a), regarding legislative review of regulations, the provisions of the Administrative Procedure Act regarding the adoption of regulations (AS 44.62.040 - 44.62.320) do not apply to the authority. The authority shall make available to members of the public copies of the regulations adopted under (b) - (e) of this section. Within 45 days after adoption of a regulation under (b) - (e) of this section, the chairman of the authority shall submit the regulation adopted to the chairman of the Administrative Regulation Review Committee under AS 24.20.400 - 24.20.460.

(b) The authority may adopt regulations under this section by motion or by resolution or in any other manner permitted by its bylaws.

(c) The authority may adopt regulations to carry out the purposes of this chapter, and shall adopt regulations necessary for the following purposes:

(1) determination of borrower eligibility;

(2) loan guidelines and terms including, but not limited to, maximum loan amounts and required loan-to-value ratios, but excluding loan interest rates;

(3) characteristics of projects eligible for loans or purchase of loans; and

(4) the qualifications of loan originators and servicers and the method of allocating amounts available for the purchase of loans.

(d) Except as provided in (e) of this section, at least 15 days before the adoption, amendment, or repeal of a regulation on a subject specified in (c) of this section, the authority shall give public notice of the proposed action by publishing the notice in at least three news-

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1 papers of general circulation in the state and by mailing a copy of the
2 notice to every person who has filed a request for notice of proposed
3 regulations with the authority. The public notice must include a state-
4 ment of the time, place, and nature of the proceedings for the adoption,
5 amendment, or repeal of the regulation and must include an informative
6 summary of the subject of the proposed action. On the date and at the
7 time and place designated in the notice, the authority shall give each
8 interested person or an authorized representative of the person, or
9 both, the opportunity to present statements, arguments, or contentions
10 orally or in writing and shall give members of the public an opportunity
11 to present oral statements, arguments, or contentions for a total period
12 of at least one hour. The authority shall consider all relevant matter
13 presented to it before taking the proposed action on the regulation. At
14 a hearing under this subsection, the authority may continue or postpone
15 the hearing to a time and place determined by the authority and announced
16 at the hearing before taking the action to continue or postpone the
17 hearing. A regulation adopted, amended, or repealed by the authority
18 may vary from the informative summary specified in this subsection if
19 the subject matter of the action taken on the regulation remains the
20 same and if the original notice of the proposed action was written so as
21 to assure that members of the public are reasonably notified of the
22 subject matter of the proposed action in order for them to determine
23 whether their interests could be affected by the authority's proposed
24 action on that subject.

25 (e) The adoption, amendment, or repeal of a regulation on a subject
26 specified in (c) of this section may be made as an emergency regulation
27 if, in the order of adoption, the authority states the facts constituting
28 the emergency and makes a finding that the adoption of the regulation is
29 necessary for the immediate preservation of the orderly operation of the

1 authority's loan and bonding programs. The requirements of (d) of this
2 section do not apply to the initial adoption of an emergency regulation
3 covering a subject specified in (c) of this section; however, upon
4 adoption of an emergency regulation under this subsection, the authority
5 shall, within 10 days after that adoption, publish notice of the adoption
6 in accordance with the notice procedures specified in (d) of this section.
7 An emergency regulation adopted under this subsection may not remain in
8 effect for more than 120 days unless, before the expiration of that
9 period, the authority adopts that regulation as a permanent regulation
10 in accordance with the procedures specified in (d) of this section.

11 (f) A regulation adopted under (b) - (e) of this section takes
12 effect immediately upon its adoption by the authority or at such other
13 time as specified by the authority in its order of adoption.

14 * Sec. 54. AS 44.88.159(a) is amended to read:

15 (a) The interest rate on a loan financed from the proceeds of
16 tax-exempt bonds or expected [EXCEPTED] by the authority to be financed
17 from the proceeds of tax-exempt bonds is equal to the cost of funds to
18 the authority. In this subsection "cost of funds" means the true
19 interest cost expressed as a rate on tax-exempt bonds of the authority
20 plus an additional percentage as determined by the authority to repre-
21 sent the allocable expenses of operation, costs of issuance, and loan
22 servicing.

23 * Sec. 55. AS 44.88.165 is amended to read:

24 Sec. 44.88.165. DELINQUENT LOANS. If more than two percent of the
25 total outstanding balance of loans purchased from a financial insti-
26 tution under this chapter becomes delinquent for 90 days or more, the
27 authority shall discontinue purchasing loans from that financial insti-
28 tution for which it has not already made a purchase commitment and may
29 not make new commitments to purchase loans from that financial institu-

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1 tion until the delinquency is reduced to less than two percent.

2 * Sec. 56. AS 44.88.180(a) is amended to read:

3 (a) A [NO] member of the authority may not vote on a resolution of
4 the authority relating to a lease or contract to be entered into by the
5 authority under this chapter if the member [HE] is a party to the lease
6 or contract or has a direct ownership or equity interest in a firm,
7 partnership, corporation or association that [WHICH] may be a party to
8 the contract or lease. A resolution of the authority that is approved
9 by a majority of the members who are not barred from voting under this
10 subsection is a valid action of the authority for all purposes. [IF A
11 PERSON MAY NOT VOTE BECAUSE OF THIS PROHIBITION, FOR ALL PURPOSES REGARD-
12 ING ACTION OF THE AUTHORITY RELATING TO ADOPTION OF THE RESOLUTION, THE
13 POSITION OF THE PERSONS AS A MEMBER SHALL BE TRANSFERRED TO THE FIRST
14 ONE OF THE FOLLOWING STATE OFFICERS WHO IS NOT THEN ACTING AS A MEMBER
15 AND WOULD NOT BE PROHIBITED FROM VOTING ON THE RESOLUTION BECAUSE OF THE
16 SAME PROHIBITION: COMMISSIONER OF ADMINISTRATION, ATTORNEY GENERAL,
17 COMMISSIONER OF REVENUE, COMMISSIONER OF HEALTH AND WELFARE, COMMIS-
18 SIONER OF LABOR, COMMISSIONER OF PUBLIC WORKS, COMMISSIONER OF PUBLIC
19 SAFETY.]

20 * Sec. 57. AS 45.88.030(a) is amended to read:

21 (a) A loan for the development of an alternative energy system or
22 for the development or implementation of a northern technology under
23 this chapter may not exceed \$30,000 [\$10,000].

24 * Sec. 58. AS 45.88.030(e) is repealed and reenacted to read:

25 (e) The rate of interest for a loan under this section, other than
26 a loan for an alternative energy system may not exceed nine and one-half
27 percent a year on the unpaid balance of the loan. The rate of interest
28 for a loan for an alternative energy system is five percent for the
29 first \$15,000 of the loan and 15 percent for the amount of the loan that

1 exceeds \$15,000.

2 * Sec. 59. AS 45.88.500(2) is amended by adding a new subparagraph to
3 read:

4 (D) a woodstove with a catalytic converter or a catalytic
5 converter for a wood stove.

6 * Sec. 60. AS 45.88.500 is amended by adding a new paragraph to read:

7 (3) does not include

8 (A) a wood, coal, or multifuel heating stove; or

9 (B) a fireplace or fireplace insert.

10 * Sec. 61. AS 45.89.030 is amended by adding a new subsection to read:

11 (j) If, in the opinion of the department, it is not necessary to
12 conduct an energy audit to determine that a loan application meets the
13 requirements of this section, the department may waive the audit require-
14 ment for the applicant.

15 * Sec. 62. AS 45.98.040(2) is amended to read:

16 (2) state participation in a loan for the restoration, im-
17 provement, rehabilitation or maintenance of any one building or struc-
18 ture qualifying under this chapter may not exceed \$250,000 [\$100,000];

19 * Sec. 63. All assets of the fishermen's mortgage and note fund (AS 16.-
20 10.650) are transferred to the commercial fishing revolving loan fund
21 (AS 16.10.340). Repayments of principal and interest on loans made from the
22 fishermen's mortgage and note fund shall be deposited into the commercial
23 fishing revolving loan fund by the commissioner of the Department of Commerce
24 and Economic Development as they are received.

25 * Sec. 64. A borrower who receives a loan before the effective date of
26 this Act under AS 16.10.650 - 16.10.720 may receive a loan under

27 (1) AS 16.10.310(a)(1)(A) after the effective date of this Act if
28 the total of the loans received by the borrower under AS 16.10.650 - 16.10.720
29 and AS 16.10.310(a)(1)(A) does not exceed \$300,000;

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1 (2) AS 16.10.310(a)(1)(B) or (C) if the total of the loans received
2 by the borrower under AS 16.10.650 - 16.10.720 and AS 16.10.310(a)(1)(B) or
3 (C) does not exceed \$100,000.

4 * Sec. 65. A borrower who receives a loan under AS 16.10.310 before the
5 effective date of this Act may receive a loan under

6 (1) AS 16.10.310(a)(1)(B) or (C) after the effective date of this
7 Act if the total of the loans received by the borrower under AS 16.10.310
8 before the effective date of this Act and AS 16.10.310(a)(1)(B) or (C) after
9 the effective date of this Act does not exceed \$100,000;

10 (2) AS 16.10.310(a)(1)(A) after the effective date of this Act if
11 the total of the loans received under AS 16.10.310 before the effective date
12 of this Act and AS 16.10.310(a)(1)(A) after the effective date of this Act
13 does not exceed \$300,000.

14 * Sec. 66. Notwithstanding AS 16.10.320(i) and secs. 64 and 65 of this
15 Act the total of all loans that a borrower receives under (1) AS 16.10.650 -
16 16.10.720; (2) AS 16.10.310 before the effective date of this Act; and (3)
17 AS 16.10.310 after the effective date of this Act, may not exceed \$300,000.

18 * Sec. 67. In secs. 64 - 66 of this Act a loan to an associate of a
19 borrower is considered to be a loan to the borrower. In this section
20 "associate of a borrower" has the same meaning set out under AS 16.10.320(d).

21 * Sec. 68. If a newly constructed owner-occupied triplex or four-plex is
22 completed between the effective date of this Act and October 1, 1984, and the
23 triplex or four-plex is eligible for financing under the provisions of the
24 special mortgage loan purchase program of the Alaska Housing Finance Corpora-
25 tion (AS 18.56.098), the interest rate determined under AS 18.56.098(g)(2),
26 (3) and (6) shall apply to the first \$105,000 of a mortgage loan for a triplex
27 and to the first \$140,000 of a mortgage loan for a four-plex. In this section
28 "newly constructed owner-occupied triplex or four-plex" means an owner-
29 occupied triplex or four-plex that is not occupied before the effective date

1 of this Act and for which a mortgage loan has not been previously purchased
2 by the Alaska Housing Finance Corporation.

3 * Sec. 69. MULTIFAMILY HOUSING PROJECTS. (a) In addition to the find-
4 ings and declarations in AS 44.88.010, the legislature finds, determines, and
5 declares that

6 (1) there exists in the state a serious shortage of decent, safe,
7 and sanitary multifamily housing units, and that this shortage is inimical to
8 the safety, health, welfare, and prosperity of the residents of the state and
9 to the sound growth of communities in the state; and

10 (2) it is necessary to give the Alaska Industrial Development
11 Authority the power to provide a means for financing additional multifamily
12 housing projects in the state.

13 (b) In addition to the purposes specified in AS 44.88.070, the purpose
14 of the authority is to promote, develop, and maintain an adequate supply of
15 decent, safe, and sanitary multifamily housing projects during times of
16 shortage of such projects in the state, by providing various means of financ-
17 ing and facilitating the financing of multifamily housing projects in the
18 state.

19 (c) In addition to the powers conferred on the authority under AS 44.-
20 88.080 and its other powers, the authority has the following powers:

21 (1) to make loans and to participate in the making of loans in
22 conjunction with other lenders, the Alaska State Housing Authority, or a
23 municipality of the state to assist in the financing of multifamily housing
24 projects;

25 (2) to own a multifamily housing project with sponsors, developers,
26 builders, or other persons or to own a multifamily housing project alone, for
27 the purpose of maintaining a security interest in that multifamily housing
28 project;

29 (3) to borrow money, to issue its bonds, and to provide security

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1 For bonds it issues in connection with the financing of multifamily housing
2 projects, except that the authority may not issue bonds for the construction
3 financing for a multifamily housing project unless the bonds are, in the
4 opinion of the authority, adequately secured by a letter of credit or equiva-
5 lent security;

6 (4) to make loans and to participate in the making of loans from
7 the proceeds of tax-exempt bonds for a multifamily housing project at interest
8 rates determined or agreed to by the authority;

9 (5) to acquire, sell, or otherwise dispose of an interest in a
10 multifamily housing project as necessary or appropriate to provide financing
11 for the housing project;

12 (6) to enter into agreements with respect to a multifamily housing
13 project on terms and conditions that the authority considers advisable;

14 (7) to assist private lenders, the Alaska State Housing Authority,
15 and municipalities of the state to make loans to finance the costs of multi-
16 family housing projects;

17 (8) to use the multifamily housing loans security fund to provide
18 a loan loss reserve for loans purchased by the multifamily housing loan
19 account of the enterprise development fund.

20 (d) With respect to the issuance of bonds to finance one or more multi-
21 family housing projects, in order to facilitate the financing of a multifamily
22 housing project the authority may waive or modify, as it considers appropriate
23 and prudent, the requirements of AS 44.88.090(e), 44.88.155(d), and 44.88.160.

24 (e) The provisions of AS 44.88.105(f) do not apply to capital reserve
25 funds established to secure bonds issued to finance one or more multifamily
26 housing projects.

27 (f) A multifamily housing loan account is established in the enterprise
28 development fund of the authority (AS 44.88.155), consisting of money and
29 other assets of the enterprise development fund that the authority deposits

1 into it. However, the authority may not deposit proceeds from the sale of
2 bonds of the authority into the multifamily housing loan account. The multi-
3 family housing loan account shall be used only to purchase loans for multi-
4 family housing projects. Notwithstanding the provisions of AS 44.88.155(d),
5 a loan purchased by the authority for the multifamily housing loan account

6 (1) may not be for a term longer than 30 years from the date the
7 loan is made;

8 (2) shall be secured by a mortgage or other security instrument in
9 the manner the authority determines is feasible to assure timely repayment
10 under a loan agreement entered into with the borrower; the mortgage or other
11 security instrument constitutes a first lien against the multifamily housing
12 project, except that it may be subordinated by the authority to a loan made
13 directly or indirectly with the proceeds of a sale of bonds by the authority,
14 the Alaska State Housing Authority, or a municipality of the state during the
15 time when the loan from these proceeds is outstanding, and may be subordinated
16 to a loan that refinances the original loan, if the authority considers it
17 appropriate to do so;

18 (3) shall provide for a schedule of payments of principal and
19 interest that is satisfactory to the authority, and that may include, without
20 limitation, deferrals or reductions of payments, variable payments, balloon
21 payments, sharing in equity appreciation, and other arrangements;

22 (4) shall be in the form and contain the terms and provisions with
23 respect to insurance, repairs, alterations, payment of taxes and assessments,
24 default reserves, delinquency charges, default remedies, acceleration of
25 maturity, secondary liens, and other matters as the authority prescribes.

26 (g) The interest rate on a loan for one or more multifamily housing
27 projects financed from the proceeds of tax-exempt bonds or expected by the
28 authority to be financed from the proceeds of tax-exempt bonds may be at a
29 higher or lower rate, as the authority considers appropriate, than the cost

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1 of funds as defined in AS 44.88.159(a), with respect to that loan.

2 (h) The multifamily housing loans security fund is established in the
3 authority. The multifamily housing loans security fund consists of money and
4 assets appropriated or transferred to it, the income produced from its invest-
5 ments and holdings, and deposits that the authority may make from repayments
6 of multifamily housing loans purchased by the multifamily housing loan account
7 of the enterprise development fund. The purpose of the multifamily housing
8 loans security fund is to provide a loan loss reserve for the enterprise
9 development fund for multifamily housing loans made by the authority from the
10 multifamily housing loan account of the enterprise development fund. The
11 multifamily housing loans security fund is not a general asset of the
12 authority and may not be pledged or committed in any way except to provide a
13 loan loss reserve for the enterprise development fund for multifamily housing
14 loans made by the authority from the multifamily housing loan account of the
15 enterprise development fund. The authority may

16 (1) establish separate accounts in the multifamily housing loans
17 security fund for multifamily housing loans, as it finds appropriate, and may
18 establish other accounts that it considers appropriate;

19 (2) hold and invest money and other assets of the multifamily
20 housing loans security fund at competitive national market rates in the types
21 of investments described in AS 37.10.070(a).

22 (i) If a multifamily housing loan from the multifamily housing loan
23 account of the enterprise development fund of the authority is not fully
24 repaid, including accrued interest, and is not fully satisfied after the
25 enforcement of any security that the authority has acquired under (f)(2) of
26 this section, the executive director of the authority shall certify the facts
27 regarding the loan in writing. Upon the certification an amount equal to the
28 unpaid balance, accrued interest, and costs attributable to that loan shall
29 be paid from the multifamily housing loans security fund to the enterprise

1 development fund of the authority, or if the balance in the multifamily
2 housing loans security fund is less than the amount of the unpaid balance,
3 accrued interest, and costs attributable to the loan, the remaining balance
4 of the multifamily housing loans security fund shall be paid to the enterprise
5 development fund of the authority. The authority shall consider a loan fully
6 discharged for purposes of (j) of this section upon payment from the multi-
7 family housing loans security fund to the enterprise development fund under
8 this subsection.

9 (j) Not later than 60 days after all multifamily housing loans that
10 have been made from the multifamily housing loan account of the enterprise
11 development fund of the authority have been discharged, or considered to be
12 discharged under (i) of this section, any balance remaining in the multi-
13 family housing loans security fund shall be transferred by the authority to
14 the state general fund.

15 (k) In this section,

16 (1) "authority" means the Alaska Industrial Development Authority;

17 (2) "multifamily housing project" means a specific building,

18 structure, work, or improvement of five or more dwelling units, or a group of
19 these buildings, structures, works, or improvements, the primary purpose of
20 which is to provide rental dwelling accommodations and which qualifies for
21 tax-exempt financing under sec. 103 of the Internal Revenue Code of 1954, as
22 amended (26 U.S.C. sec. 103), or sec. 11(b) of the National Housing Act of
23 1937, as amended, and which is originally financed before January 1, 1984;
24 "multifamily housing project" includes the acquisition, construction, or
25 rehabilitation of land, buildings, and improvements for rental dwellings,
26 accommodations, and other facilities that may be incidental or appurtenant to
27 rental dwelling accommodations.

28 * Sec. 70. Notwithstanding AS 44.47.410 as amended by sec. 41 of this
29 Act, until December 31, 1982, the interest rate on a loan under AS 44.47.-

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1 360 - 44.47.560 for (1) rural housing that is not nonconforming housing is
2 eight and three-quarters percent; and (2) nonconforming housing is equal to
3 the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a
4 mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most
5 recent applicable issue of taxable bonds before the origination or purchase
6 of the mortgage loan for the nonconforming housing. The division of housing
7 assistance in the Department of Community and Regional Affairs may not issue
8 a commitment for a loan under this section after September 1, 1982.

9 * Sec. 71. Notwithstanding AS 44.47.520(b) as enacted in sec. 49 of this
10 Act, until January 1, 1983, the interest rate on a loan for non-owner
11 occupied housing under AS 44.47.520 is nine and one-half percent. The
12 division of housing assistance in the Department of Community and Regional
13 Affairs may not issue a commitment for a loan under this section after
14 September 1, 1982.

15 * Sec. 72. The following laws are repealed: AS 03.10.030(b) and (d);
16 AS 16.10.320(c) and (g), 16.10.337(c), 16.10.342(b), 16.10.650 - 16.10.720;
17 AS 18.54.010 - 18.54.070; AS 18.55.360; AS 18.56.100(e) - (k); AS 27.07;
18 AS 27.09.040(e); AS 37.11.100; AS 44.25.030 - 44.25.038; AS 44.33.320 -
19 44.33.380; AS 44.47.320 - 44.47.350.

20 * Sec. 73. Section 69 of this Act is repealed.

21 * Sec. 74. The repeal of AS 18.56.100(e) - (k) in sec. 72 of this Act
22 does not invalidate housing development fund notes issued under AS 18.56.100-
23 (e) - (k) before the effective date of this Act.

24 * Sec. 75. Section 73 of this Act takes effect on the day after the
25 transfer of funds by the Alaska Industrial Development Authority to the state
26 general fund is made under sec. 69(j) of this Act, or, if there are no funds
27 available to make the transfer, on the 61st day after all multifamily housing
28 loans that have been made from the multifamily housing loan account of the
29 enterprise development fund of the Alaska Industrial Development Authority

1 are discharged or are considered to be discharged under sec. 69(i) of this
2 Act.

3 * Sec. 76. Sections 21 - 23 and 28 - 30 of this Act take effect on the
4 date of approval by the voters of the state of a constitutional amendment to
5 art. IX, sec. 8 of the Constitution of the State of Alaska to allow the state
6 to contract debt for housing loans for veterans.

7 * Sec. 77. Section 31 of this Act takes effect January 1, 1983.

8 * Sec. 78. Sections 1 - 20, 24 - 27, 32 - 72, and 74 of this Act take
9 effect immediately in accordance with AS 01.10.070(c).

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