



LAWS OF ALASKA

1983

Source

SCS CSHB 302(R1s)

Chapter No.

102

AN ACT

Relating to state housing loan and state alternative technology loan 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 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TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.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: July 27, 1983
Actual Effective Date: Sections 1 - 12, 14 - 20, and 22 - 26
take effect July 28, 1983; and Sections 13 and 21 take
effect January 1, 1984.

AN ACT

Relating to state housing loan and state alternative technology loan programs; and providing for an effective date.

* Section 1. AS 18.55.996(a) is amended by adding a new paragraph to read:

(14) Sitka Community Association (Baranof Island)

* Sec. 2. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The Alaska housing finance revolving fund is established in the corporation. The revolving fund consists of appropriations made to the revolving fund by the legislature, money or other assets transferred to the revolving fund by the corporation and unrestricted repayments of principal on loans made or purchased by the corporation. Amounts deposited in the revolving fund shall be expended for the purposes of the corporation, set out in this chapter.

* Sec. 3. AS 18.56.089 is amended to read:

Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07). To further ensure effective budgetary decision making by the legislature, the corporation shall present a complete accounting of all assets of the corporation, including assets of the Alaska housing finance revolving fund, to the legislature by January 10 of each year. The accounting shall be audited by an independent outside auditor and

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1 shall include a full description of all mortgage loan interest and
2 principal repayments and program receipts, including mortgage loan
3 commitment fees, received by or accrued to the corporation during the
4 preceding fiscal year, and all income earned on assets of the
5 corporation during that period, including earnings on assets of the
6 state assisted mortgage fund [FOR FISCAL YEARS BEGINNING AFTER JUNE
7 30, 1981].

8 * Sec. 4. AS 18.56.096(1) is amended to read:

9 (1) a first mortgage loan under this chapter for a duplex,
10 triplex, or four-plex that exceeds the limitations on first mortgage
11 loans for similar housing purchased by the Federal National Mortgage
12 Association as to principal amount and loan-to-value ratio; [OR]

13 * Sec. 5. AS 18.56.096(2) is amended to read:

14 (2) a second mortgage loan for a duplex, triplex, or four-
15 -plex the amount of which, when combined with the principal balance of
16 a first mortgage loan on the property, exceeds the limitation on the
17 amount set out in (1) of this section or that has a loan-to-value
18 ratio, when considered with the principal balance of the first mort-
19 gage loan, that exceeds 90 percent; [.]

20 * Sec. 6. AS 18.56.096 is amended by adding new paragraphs to read:

21 (4) a first mortgage loan for a single-family residence
22 that exceeds the limitations on first mortgage loans for similar
23 housing purchased by the Federal National Mortgage Association as to
24 principal amount by more than 10 percent, or has a loan-to-value ratio
25 that exceeds 95 percent, or a second mortgage loan for a single-family
26 residence, the amount of which, when combined with the principal
27 balance of a first mortgage loan on the property, exceeds the limita-
28 tions on loans for similar housing purchased by the Fedefal National
29 Mortgage Association as to principal amount by more than 10 percent,

1 or has a loan-to-value ratio, when considered with the principal
2 balance of the first mortgage loan, that exceeds 90 percent; or

3 (5) a first or second mortgage loan for rental housing
4 unless the borrower agrees not to discriminate against tenants or
5 prospective tenants because of sex, marital status, changes in marital
6 status, pregnancy, parenthood, race, religion, color, national origin,
7 or status as a student.

8 * Sec. 7. AS 18.56.098(g)(1) is amended to read:

9 (1) The interest rate on the first \$90,000 of a mortgage
10 loan purchased with the proceeds of an [THE FIRST] issue of taxable
11 bonds of the corporation is three percent less than [10 PERCENT OR]
12 the cost of funds of that issue, except that

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

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

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

19 (5) The interest rate on the first \$90,000 of a mortgage
20 loan purchased with [FROM] money that is not the proceeds of either
21 taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the
22 rate the corporation determines is appropriate by application of the
23 provision of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED
24 ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF
25 BONDS.]

26 * Sec. 9. AS 18.56.101 is amended to read:

27 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The
28 following persons are eligible veterans for the purposes of AS 18.56.-
29 098(g) and (h):

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

5 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS
6 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR
7 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO
8 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-
9 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE
10 TERRITORY OR STATE: OR

11 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE TERRI-
12 TORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS BEEN A
13 RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR AT THE
14 TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO THE
15 TERRITORY OR STATE FOR AT LEAST FIVE YEARS: AND

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

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

19 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE
20 TERRITORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SER-
21 VICE;

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

24 [(C)] the veteran's [HIS] discharge was under honor-
25 able conditions;

26 (3) a person who has served for not less than five years in
27 the Alaska Army National Guard, or the Alaska Air National Guard, [OR
28 THE ALASKA NAVAL MILITIA] or [WHO HAS SERVED IN] a reserve unit of the
29 United States armed forces [IN ALASKA] if the reserve unit required,

1 as a minimum, one weekend each month of duty and 15 consecutive days
2 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and
3 whose discharge was under honorable conditions.

4 * Sec. 10. AS 18.56.115. is amended to read:

5 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating
6 the private sale of bonds or bond anticipation notes to an under-
7 writer, the corporation may [SHALL] retain a financial advisor. A
8 financial advisor retained under this section must be [WHO IS] inde-
9 pendent from the underwriter.

10 * Sec. 11. AS 18.56 is amended by adding a new section to read:

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

19 * Sec. 12. AS 44.47.380 is amended to read:

20 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created
21 in the Department of Community and Regional Affairs, as a revolving
22 loan fund, the housing assistance loan fund consisting of money appro-
23 priated to it by the legislature and repayments of principal on loans
24 made or purchased from the assets of the fund. [INTEREST ON LOANS
25 MADE OR PURCHASED FROM THE ASSETS OF THE FUND MUST BE TRANSFERRED TO
26 THE DEPARTMENT OF REVENUE FOR DEPOSIT IN THE GENERAL FUND.] The
27 director shall administer the housing assistance loan fund in
28 accordance with AS 44.47.360 - 44.47.560 and shall use the money in
29 the housing assistance loan fund to originate, purchase, or

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1 participate in the purchase of

2 (1) nonconforming and rural housing mortgage loans;

3 (2) loans made for building materials for nonconforming and
4 rural housing;

5 (3) loans made for renovations or improvements to noncon-
6 forming and rural housing;

7 (4) loans made for the construction of owner-occupied
8 nonconforming and rural housing other than loans to builders or con-
9 tractors or loans that compensate an owner for the owner's labor or
10 services in constructing the owner's own housing.

11 * Sec. 13. AS 44.47 is amended by adding a new section to read:

12 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is
13 created in the Department of Community and Regional Affairs, the home
14 ownership assistance fund consisting of money appropriated to it by
15 the legislature. Money in the fund shall be used solely to assist
16 persons of lower and moderate income to purchase or construct single-
17 family homes financed under AS 44.47.360 - 44.47.560 by providing a
18 subsidy to those persons.

19 (b) The subsidy provided by this section may not exceed the
20 amount that is necessary to reduce the annual interest rate paid on
21 the mortgage loan to six percent.

22 (c) A mortgage loan that is subsidized from the home ownership
23 assistance fund may not exceed \$120,000.

24 (d) The division shall adopt regulations that establish maximum
25 income-to-loan payment ratios for persons who apply for a subsidy
26 under this section.

27 (e) In this section, "persons of lower and moderate income"
28 means individuals considered by the division to require assistance
29 under this section because of inadequate income or other limited

1 personal financial resources, taking into consideration

- 2 (1) the amount of total income available for housing needs;
3 (2) the size of the family;
4 (3) the cost and condition of available housing;
5 (4) standards established in various federal programs for
6 determining eligibility based on income;
7 (5) the ability to enter the private housing market and to
8 pay market amounts for decent, safe, and sanitary housing; and
9 (6) other factors considered relevant by the division.

10 * Sec. 14. AS 44.47.390(4) is amended to read

11 (4) originate a direct loan for nonconforming or rural
12 housing or purchase or participate in the purchase of a nonconforming
13 or rural housing mortgage loan, other than a loan for the repair,
14 remodeling, rehabilitation, or expansion of an existing owner-occupied
15 residence, if the borrower has an outstanding housing loan made under
16 a state loan program, other than a loan for nonowner-occupied housing
17 under AS 44.47.520, that bears interest at a rate that was less than
18 the prevailing market interest rate for similar housing loans at the
19 time the loan was made.

20 * Sec. 15. AS 44.47.390 is amended by adding a new paragraph to read:

1 (5) originate a direct mortgage loan or purchase or partic-
2 ipate in the purchase of a mortgage loan for rental housing unless the
3 borrower agrees not to discriminate against tenants or prospective
4 tenants because of sex, marital status, changes in marital status,
5 pregnancy, parenthood, race, religion, color, national origin, or
6 status as a student.

7 * Sec. 16. AS 44.47.410 is amended to read:

1 Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a
2 mortgage loan originated or purchased in whole or in part under

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AS 44.47.380 for a nonconforming housing that is not rural housing is one-quarter percent more than [EQUAL TO] the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380.

(b) The interest rate on a mortgage loan originated or purchased in whole or in part under AS 44.47.380 for rural housing is one percent less than the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380 [10-1/2 PERCENT].

* Sec. 17. AS 44.47 is amended by adding a new section to read:

Sec. 44.47.530. ANNUAL REPORT. To further ensure effective budgetary decision making by the legislature, the division shall present a complete accounting of the housing assistance revolving fund to the legislature by January 10 of each year. The accounting shall be audited by an independent outside auditor and shall include a full description of all mortgage loan interest and principal repayments and program receipts, including mortgage loan commitment fees, received by or accrued to the division during the preceding fiscal year, and all income earned on assets of the division during that period.

* Sec. 18. AS 44.47.385 is repealed and reenacted to read:

Sec. 44.47.385. ELIGIBLE LOCATIONS. Not more than 20 percent of the total amount appropriated to the housing assistance loan fund may be allocated in communities other than those defined in AS 44.47.560(5).

* Sec. 19. AS 45.88.030(c)(1) is amended to read:

1 (1) the cost of purchase, construction, and installation of
2 an alternative energy system or "centralized multifuel heating
3 systems" which is likely to result in energy conservation or energy
4 cost savings; or

5 * Sec. 20. AS 45.88.500 is amended to read:

6 Sec. 45.88.500. DEFINITIONS. (a) In this chapter, "alternative
7 energy system"

8 (1) means a source of thermal, mechanical or electrical
9 energy which is not dependent on oil or gas or a nuclear fuel for the
10 supply of energy for space heating and cooling, refrigeration and cold
11 storage, electrical power, mechanical power, or the heating of water;

12 (2) includes

13 (A) an alternative energy property as defined by sec.
14 48(1)(3)(A) of the Internal Revenue Code (26 U.S.C. sec.
15 48(1)(3)(A));

16 (B) a method of architectural design and construction
17 which provides for the collection, storage and use of direct
18 radiation from the sun;

19 (C) any other device approved by the Commissioner of
20 Commerce and Economic Development under AS 44.33.040(12); [AND]

21 (D) a woodstove with a catalytic converter or a cata-
22 lytic converter for a wood stove; and

23 (E) a steam, hot water, or ducted hot air central
24 heating system that uses wood or coal for fuel;[.]

25 (3) does not include

26 (A) a stove that uses only wood, coal or oil for fuel
27 [A WOOD, COAL, OR MULTIFUEL HEATING STOVE]; or

28 (B) a fireplace or fireplace insert.

29 (b) Notwithstanding any other provision in this chapter, a

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1 multifuel heating system which uses the combination of wood or fossil
2 fuel for fuel does qualify under this loan fund.

3 * Sec. 21. AS 44.47 is amended by adding new sections to read:

4 ARTICLE 12. LOW COST AND LOW INCOME

5 MULTIPLE FAMILY HOUSING DEVELOPMENT FUND.

6 AS 44.47.630. DECLARATION OF PURPOSE. There exists in the state
7 a serious shortage of low cost multiple family residential housing
8 available at low rentals. There also exists in the state organiza-
9 tions whose purposes are to provide the housing needed to alleviate
10 this shortage. Development work to provide this housing involves
11 substantial expense that is often beyond the resources of the organi-
12 zations.

13 Sec. 44.47.635. LOW COST AND LOW INCOME MULTIPLE FAMILY HOUSING
14 DEVELOPMENT. (a) There is created in the Department of Community and
15 Regional Affairs a low cost and low income multiple family housing
16 development fund. Subject to appropriation the department shall make
17 grants to municipalities or public or private nonprofit corporations
18 designated as tax exempt under 26 U.S.C. 501(c)(3) and (4) (Internal
19 Revenue Code of 1954) for the purpose of developing low cost, low
20 income multiple family housing.

21 (b) Application for a grant under (a) of this section shall be
22 in the form prescribed by the department. The application shall
23 demonstrate the need for low cost, low income multiple family housing
24 in the area to be served, the feasibility of the proposed project, and
25 an adequate management plan that shall demonstrate the ability of the
26 eligible recipient to sustain the proposed project.

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

1 (d) The department shall adopt regulations to carry out the
2 purposes of this section. The provisions of the Administrative Proce-
3 dure Act (AS 44.62) apply to regulations adopted under this section.

4 (e) In this section "low cost and low income multiple family
5 housing" means a specific work or improvement undertaken primarily to
6 provide multiple family dwelling accommodations for low income per-
7 sons. Low cost and low income multiple family housing includes the
8 acquisition, construction, or rehabilitation of land, buildings,
9 improvements, and other nonhousing facilities that are incidental or
10 appurtenant to the housing.

11 * Sec. 22. Section 69(c)(8), ch. 113, SLA 1982, is amended to read:

12 (8) to use assets of the multifamily housing loans security
13 fund to establish capital reserve funds to secure bonds issued in
14 connection with the financing of multifamily housing projects and
15 to provide a loan loss reserve for loans purchased by the multifamily
16 housing loan account of the enterprise development fund.

17 * Sec. 23. Section 69(e), ch. 113, SLA 1982, is amended to read:

18 (e) A capital reserve fund established under this section to
19 secure bonds issued in connection with the financing of multifamily
20 housing projects is not subject to the \$10,000,000 limitation stated
1 in AS 44.88.105(a). The provisions of AS 44.88.105(f) do not apply to
2 capital reserve funds established to secure bonds issued to finance
3 one or more multifamily housing projects.

4 * Sec. 24. Section 69(f), ch. 113, SLA 1982, is amended to read:

5 (f) A multifamily housing loan account is established in the
6 enterprise development fund of the authority (AS 44.88.155), consist-
7 ing of money and other assets of the enterprise development fund that
8 the authority deposits into it. [HOWEVER, THE AUTHORITY MAY NOT
9 DEPOSIT PROCEEDS FROM THE SALE OF BONDS OF THE AUTHORITY INTO THE

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1 MULTIFAMILY HOUSING LOAN ACCOUNT.] The multifamily housing loan
2 account shall be used only to purchase or originate loans for multi-
3 family housing projects. The authority may not use proceeds from the
4 sale of bonds of the authority to finance secondary loans for multi-
5 family housing. Notwithstanding the provisions of AS 44.88.155(d), a
6 loan purchased or originate by the authority for the multifamily
7 housing loan account

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

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

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

26 (4) shall be in the form and contain the terms and provi-
27 sions with respect to insurance, repairs, alterations, payment of
28 taxes and assessments, default reserves, delinquency charges, default
29 remedies, acceleration of maturity, secondary liens, and other matters

as the authority prescribes.

* Sec. 25. Section 69(h), ch. 113, SLA 1982, is amended to read:

(h) The multifamily housing loans security fund is established in the authority. The multifamily housing loans security fund consists of money and assets appropriated or transferred to it, the income produced from its investments and holdings, and deposits that the authority may make from repayments of multifamily housing loans purchased by the multifamily housing loan account of the enterprise development fund. The assets of the multifamily housing loans security fund may be used to establish capital reserve funds to secure bonds issued in connection with the financing of multifamily housing projects. The assets of [THE PURPOSE OF] the multifamily housing loans security fund may also be used [IS] to provide a loan loss reserve for the enterprise development fund for multifamily housing loans made by the authority from the multifamily housing loan account of the enterprise development fund. The multifamily housing loans security fund is not a general asset of the authority and may not be pledged or committed in any way except as provided in this subsection [TO PROVIDE A LOAN LOSS RESERVE FOR THE ENTERPRISE DEVELOPMENT FUND FOR MULTIFAMILY HOUSING LOANS MADE BY THE AUTHORITY FROM THE MULTIFAMILY HOUSING LOAN ACCOUNT OF THE ENTERPRISE DEVELOPMENT FUND]. The authority may

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

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

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1 * Sec. 26. Section 69(k)(2), ch. 113, SLA 1982, is amended to read:

2 (2) "multifamily housing project" means a specific build-
3 ing, structure, work, or improvement of five or more dwelling units,
4 or a group of these buildings, structures, works, or improvements, the
5 primary purpose of which is to provide rental dwelling accommodations
6 and which qualifies for tax-exempt financing under sec. 103 of the
7 Internal Revenue Code of 1954, as amended (26 U.S.C. sec. 103), or
8 sec. 11(b) of the National Housing Act of 1937, as amended [, AND
9 WHICH IS ORIGINALLY FINANCED BEFORE JANUARY 1, 1984]; "multifamily
10 housing project" includes the acquisition, construction, or rehabili-
11 tation of land, buildings, and improvements for rental dwellings,
12 accommodations, and other facilities that may be incidental or appur-
13 tenant to rental dwelling accommodations.

14 * Sec. 27. AS 18.56.098(g)(2) is repealed.

15 * Sec. 28. Sections 13 and 21 of this Act take effect January 1, 1984.

16 * Sec. 29. Sections 1 - 12, 14 - 20 and 22 - 26 of this Act take effect
17 immediately in accordance with AS 01.10.070(c).