

Statutes and Regulations

Alternative Energy Revolving Loan Fund

October 2025



DEPARTMENT OF COMMERCE,
COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

NOTE: The official version of the statutes in this document is printed in the Alaska Statutes, copyrighted by the State of Alaska. The official version of the regulations in this document is published in the Alaska Administrative Code, copyrighted by the State of Alaska. If any discrepancies are found between this document and the official versions, the official versions will apply.

TABLE OF CONTENTS

Section	Page
1. Alternative Energy Revolving Loan Fund Statutes (AS 45.88).....	1
2. Alternative Energy Revolving Loan Fund Regulations (3 AAC 78).....	4

ARTICLE 1.
ALTERNATIVE ENERGY REVOLVING LOAN FUND

Section

- 010. Fund established**
- 015. Special account established**
- 020. Powers and duties of the department in administering the fund**
- 025. Eligibility**
- 030. Loan terms**
- 040. (Repealed)**
- 050. Disposal of property acquired by default or foreclosure**
- 090. Definitions**

Sec. 45.88.010. Fund established.

(a) There is established in the Department of Commerce, Community, and Economic Development the alternative energy conservation revolving loan fund to carry out the purposes of AS 45.88.010 — 45.88.090. Loans made under AS 45.88.010 — 45.88.090 are to be used

- (1) to develop means of energy production utilizing one or more alternative energy systems; and
- (2) to purchase, construct, and install energy conservation improvements in commercial buildings.

(b) Money in the fund may be used by the legislature to make appropriations for costs of administering AS 45.88.010 — 45.88.090.

(c) [Repealed, § 38 ch 83 SLA 2010.]

(d) Notwithstanding any other provision in AS 45.88.010 — 45.88.090, a multifuel heating system that uses the combination of wood or fossil fuel for fuel does qualify under this loan fund.

(e) The alternative energy conservation revolving loan fund consists of

- (1) money appropriated to the fund by the legislature;
- (2) gifts, bequests, or contributions from other sources;
- (3) principal and interest payments or other income earned on loans or investments in the fund; and
- (4) money chargeable to principal or interest that is collected through liquidation by foreclosure or other processes on loans made under AS 45.88.010 — 45.88.090.

Sec. 45.88.015. Special account established.

(a) There is established, as a special account within the revolving loan fund established under AS 45.88.010, the foreclosure expense account. This account is established as a reserve from fund equity.

(b) The commissioner of commerce, community, and economic development may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under AS 45.88.020 or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

Sec. 45.88.020. Powers and duties of the department in administering the fund.

(a) The department may

- (1) make loans for the purchase, construction, and installation, in commercial buildings that are located in the state, of
 - (A) alternative energy systems; and
 - (B) energy conservation improvements;

(2) adopt regulations necessary to carry out the provisions of AS 45.88.010 — 45.88.090, including regulations to establish reasonable fees for services provided and charges for collecting the fees;

(3) collect the fees and collection charges established under this subsection.

(b) The department shall develop eligibility standards for loans made under AS 45.88.010 — 45.88.090 and adopt guidelines for the determination of loan terms.

(c) The department may not make a loan under AS 45.88.010 — 45.88.090 to a person who has a past due child support obligation established by court order or by the child support services agency under AS 25.27.160 — 25.27.220 at the time of application.

Sec. 45.88.025. Eligibility.

To be eligible for a loan under AS 45.88.010 — 45.88.090, an applicant must

(1) physically reside in the state and maintain a domicile in the state during 12 consecutive months before the date of application for a loan and may not have

(A) declared or established residency in another state; or

(B) received residency or a benefit based on residency from another state;

(2) be at least 51 percent owned by individuals described in (1) of this section if the applicant is a corporation, joint venture, or partnership; or

(3) be a nonprofit organization under AS 10.20.

Sec. 45.88.030. Loan terms.

(a) A loan made under AS 45.88.010 — 45.88.090 may not exceed \$50,000. If the requested loan amount exceeds \$30,000, the applicant must deliver to the department a document from a financial institution stating that

(1) the applicant has been denied a loan for the same purpose; or

(2) the loan from the financial institution is contingent on the applicant also receiving a loan from the fund.

(b) The duration for repayment of the loan may not exceed 20 years.

(c) [Repealed, § 38 ch 83 SLA 2010.]

(d) [Repealed, § 38 ch 83 SLA 2010.]

(e) The rate of interest for a loan under AS 45.88.010 — 45.88.090 is the prime rate, as defined by AS 44.88.599, plus one percentage point, but may not be less than five percent a year.

(f) A loan under AS 45.88.010 — 45.88.090 must be secured by a mortgage or other security instrument in the real property to be improved and a lien on the improvements financed with the loan.

Sec. 45.88.040. Sale or transfer of mortgages and notes. [Repealed, § 38 ch 83 SLA 2010.]

Sec. 45.88.050. Disposal of property acquired by default or foreclosure.

The Department of Commerce, Community, and Economic Development shall dispose of property acquired through default or foreclosure of a loan made under AS 45.88.010 — 45.88.090. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

Sec. 45.88.090. Definitions.

(a) In AS 45.88.010 — 45.88.090,

(1) “alternative energy system”

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

(B) includes

(i) an alternative energy property as defined by 26 U.S.C. 48(a)(3)(A) (Sec. 301, P.L. 95-618, Internal Revenue Code);

(ii) a method of architectural design and construction that provides for the collection, storage, and use of direct radiation from the sun;

(iii) a woodstove that complies with the provisions of 40 C.F.R. 60.530;

(iv) a steam, hot water, or ducted hot air central heating system that uses wood or coal for fuel; and

(v) a high efficiency wood pellet or grain stove;

(C) does not include

(i) a stove that uses only coal or oil for fuel; or

(ii) a fireplace or fireplace insert;

(2) “commercial building”

(A) means a building that is intended to be used for commercial purposes;

(B) does not include

(i) a residential structure or mobile home that contains one to four family housing units; or

(ii) individual units of condominiums or cooperatives;

(3) “energy conservation improvement” means

(A) structural insulation;

(B) thermal windows and doors;

(C) a furnace replacement burner designed to achieve a reduction in the amount of fuel consumed as a result of increased combustion efficiency;

(D) a device for modifying flue openings designed to increase the efficiency of operation of the heating system;

(E) an electrical or mechanical furnace ignition system that replaces a gas pilot light;

(F) an automatic energy-saving setback thermostat;

(G) a meter that displays the cost of energy usage;

(H) caulking and weather-stripping of doors and windows;

(I) insulating shades and shutters;

(J) air and water recuperators.

(b) [Renumbered as AS 45.88.010(d).]

CHAPTER 78

ALTERNATIVE ENERGY LOANS

Section

- 10. Application process**
- 15. Examination**
- 20. Loan committee**
- 25. Residency requirements**
- 26. (Repealed)**
- 35. (Repealed)**
- 36. (Repealed)**
- 37. (Repealed)**
- 38. (Repealed)**
- 39. (Repealed)**
- 40. Financial and credit record**
- 45. Ability to repay**
- 50. (Repealed)**
- 51. Collateral**
- 55. (Repealed)**
- 56. Lending Practices**
- 65. (Repealed)**
- 66. Disbursement of loan money**
- 70. (Repealed)**
- 75. Costs**
- 80. Assumptions**
- 81. Closing an assumption**
- 82. Modifications**
- 85. Reconsideration of a loan request**
- 90. Confidentiality of loan information**
- 900. Definitions**

3 AAC 78.010. Application process.

(a) To apply for a loan for the purchase, construction, and installation of alternative energy systems or energy conservation improvements in commercial buildings, an applicant shall file with the department

(1) a completed application for an alternative energy conservation loan, on a form provided by the department;

(2) a letter of intent stating the amount requested and intended use consistent with AS 45.88.010 - 45.88.090 of the proposed loan money on a form provided by the department;

(3) an energy audit, a conceptual design and engineering feasibility report, manufacturer's specifications, or other proof of concept or conservation acceptable to the department;

(4) copies of cost estimates, invoices, or other documentation to verify the cost of any equipment being purchased and installed with loan proceeds;

(5) an individual financial statement, on a form provided by the department;

(6) a business financial statement, on a form provided by the department;

(7) a signed credit authorization, on a form provided by the department, for any individual, institution, or other person to release to the department credit information concerning the applicant;

(8) a copy of the applicant's federal income tax return for the preceding year, as necessary to verify the applicant's income; if a federal income tax return for the preceding year is not available, the department will request copies of federal income tax returns for earlier years or other documentation to verify the applicant's income;

(9) a signed consent, on a form provided by the department, for the department to obtain information from, or release information to, other government agencies;

(10) a schedule of collateral on a form provided by the department;

- (11) the application fee required by 3 AAC 78.075(e); and
 - (12) any other information that might be helpful to the applicant in qualifying for an assumption, as requested by the department.
- (b) An applicant who submits a false sworn or unsworn statement on or in support of a loan application is subject to AS 11.56.200 - 11.56.210 and may be denied any future loans.

Authority: AS 45.88.020

3 AAC 78.015. Examination.

- (a) A loan officer shall evaluate and process the materials described in 3 AAC 78.010. The loan officer shall evaluate the applicant's eligibility, financial and credit history, financial statement, ability to repay, and proposed collateral.
- (b) On the basis of these evaluations, the loan officer shall recommend proposed action on the loan request to the appropriate loan committee. However, the recommendation of a loan officer is not binding on a loan committee.

Authority: AS 45.88.020

3 AAC 78.020. Loan committee.

- (a) A loan committee consists of one or more persons appointed by the director to act on a loan request.
- (b) A loan committee may approve, deny, or modify and approve a loan request, or may table a loan request subject to obtaining additional information.
- (c) A loan committee may impose reasonable conditions on the approval of a loan, including
- (1) additional collateral to secure the loan;
 - (2) additional guarantors; and
 - (3) subordination of prior lien holders' rights to the interests of the state.
- (d) A loan committee may consider the appropriateness and cost effectiveness of the energy conservation or the alternative energy system to be installed, the applicant's eligibility for a loan, financial and credit record, ability to repay, and the adequacy of the collateral offered to secure the loan. The loan committee may also consider the recommendations of the loan officer assigned to process the application, and any other relevant for information.
- (e) Repealed 8/10/97.
- (f) If a loan request is denied or significantly modified by a loan committee, the loan committee shall provide the applicant with statement of the reasons for the action and the information relied upon.
- (g) A material misstatement or omission of fact made by an applicant constitutes ground for denial of a loan request.
- (h) A loan committee may fix, within the limitations set by AS 45.88.030, the term of a loan and repayment schedule.

Authority: AS 45.88.020 AS 45.88.030

3 AAC 78.025. Residency requirements.

- (a) If an applicant is an individual, in determining whether the applicant fulfills the one-year residency requirement under AS 45.88.025, the loan committee may consider any information that would indicate the applicant's residency, including where the applicant
- (1) is registered to vote;
 - (2) maintains a permanent place of abode;
 - (3) files tax returns, and the address that is listed on the returns;
 - (4) registers or licenses personal property, including cars, boats, trucks, and trailers;
 - (5) is licensed to drive;
 - (6) maintains bank accounts, savings accounts, lines of credit, and other financial relationships;
 - (7) has claimed or received benefits as a resident;
 - (8) has received permanent fund dividends; or
 - (9) owns real property.
- (b) If an applicant is a partnership, corporation, or joint venture, 51 percent of the applicant must be owned by an individual or individuals meeting the residency requirements set out in (a) of this section.

Authority: AS 45.88.020 AS 45.88.025

3 AAC 78.026. Eligibility.

To be eligible for a loan an applicant must intend to purchase, install, construct, or complete alternative energy systems or energy conservation improvements permissible and defined in AS 45.88.010 - 45.88.090.

Authority: AS 45.88.020

3 AAC 78.035. Eligibility.

Repealed.

3 AAC 78.036. Solar loan requirements.

Repealed.

3 AAC 78.037. Solar heating unit requirements.

Repealed.

3 AAC 78.038. Sunspace requirements.

Repealed.

3 AAC 78.039. Centralized multifuel heating system requirements.

Repealed.

3 AAC 78.040. Financial and credit record.

(a) The department may consider the following factors in evaluating an applicant's financial and credit record:

- (1) existing and prior debts;
- (2) credit reports obtained from creditors and private credit reporting services;
- (3) prior loan history with the department;
- (4) timeliness in making payments on loans and other debts;
- (5) existence of tax liens;
- (6) unpaid judgments and prior foreclosures; and
- (7) financial and credit reputation.

(b) Information establishing unacceptable credit will be more heavily weighed by the department if it has occurred not later than 10 years from the date of application.

Authority: AS 45.88.020

3 AAC 78.045. Ability to repay.

The department may consider the following factors in evaluating an applicant's ability to repay:

- (1) income history, including present income;
- (2) prospects for future income;
- (3) assets and their liquidity;
- (4) liabilities;
- (5) reasonableness of profit and loss statement;
- (6) expected energy cost savings from the installation of the alternative energy systems or energy efficiency measures; and
- (7) other relevant experience.

Authority: AS 45.88.020

3 AAC 78.050. Collateral.

Repealed.

3 AAC 78.051. Collateral.

A loan must be secured by collateral acceptable to the department, which must include a lien on real property, the equipment, and the improvements being financed.

Authority: AS 45.88.020

3 AAC 78.055. Lending practices.

Repealed.

3 AAC 78.056. Lending practices.

- (a) A loan will not be approved for refinancing of long-term debt. Interim or construction financing is not considered long-term debt if the term of the financing is 24 months or less and the proceeds of the financing were 100 percent used to purchase, install, construct, or complete alternative energy systems or energy conservation improvements described in AS 45.88.010 - 45.88.090.
- (b) A loan may be approved under AS 45.88.010 - 45.88.090 and this chapter for alternative energy systems or energy conservation improvements purchased, installed, or constructed not more than 120 days before receipt of the application by the department.
- (c) An applicant will be considered eligible to apply for a loan in excess of \$30,000 if the department receives acceptable documentation that the applicant has been denied a loan for the same project or the financial institution is unwilling to fund the entire project.
- (d) A borrower may not modify, sell, or otherwise dispose of a structure or improvement financed, in whole or part, with loan money in any manner during the life of the loan without prior written approval of the department.
- (e) A loan to purchase, install, construct, or complete alternative energy systems or energy conservation improvements must establish to the satisfaction of the department that the project to be financed with the loan will result in alternative energy production and energy conservation permissible and defined in AS 45.88.010 - 45.88.090.
- (f) The department will set the interest rate for loans under this chapter on the first day of each calendar quarter. The interest rate set for a quarter remains in effect until the department changes the rate, and will not be less than five percent per year. The interest rates set by the department are based on the bank prime rate listed in the Wall Street Journal during the previous quarter, plus one percentage point.
- (g) A loan under this chapter may only include items directly related to alternative energy systems or energy efficiency improvements.

Authority: AS 45.88.020

3 AAC 78.065. Disbursement of loan money.

Repealed.

3 AAC 78.066. Disbursement of loan money.

Loan money will only be disbursed when

- (1) a security interest in the collateral on behalf of the state has been perfected;
- (2) the borrower has complied with the insurance requirements contained in an instrument signed by the borrower;
- (3) the requirements of the department as specified by the loan committee have been met; and
- (4) the borrower is in compliance with all other provisions of the loan documents, AS 45.88.010 - 45.88.090, and this chapter.

Authority: AS 45.88.020

3 AAC 78.070. Supervision of loans.

Repealed.

3 AAC 78.075. Costs.

- (a) All expenses incurred by the department in processing an application must be paid by the applicant. These expenses include the cost of title reports and insurance, recording fees, appraisals, surveys, travel, and other direct costs.
- (b) An origination fee of one percent of the total loan amount or an assumption fee of one percent of the loan balance is due from the borrower when provisions of AS 45.88.010 - 45.88.090 and this chapter have been met.
- (c) A late fee not to exceed five percent of the payment amount will, in the department's discretion, be charged to a borrower for each loan payment that is more than 15 days past due.

- (d) An extension fee not to exceed \$100 will be charged to a borrower to process a loan extension.
- (e) An application fee not to exceed \$100 will be charged to a borrower to process an application for a loan.

Authority: AS 45.88.020

3 AAC 78.080. Assumptions.

- (a) A request for an assumption of a loan made under AS 45.88.010 - 45.88.090 and this chapter will be processed in the same manner as an application for a loan.
- (b) A loan committee may permit an assumption if the applicant meets residency requirements under AS 45.88.025 and 3 AAC 78.025, is a good financial risk, and the security of the state's investment is preserved.
- (c) Wraparound financing that includes a loan made under AS 45.88.010 - 45.88.090 and this chapter is prohibited, and constitutes a default on the loan.

Authority: AS 45.88.020

3 AAC 78.081. Closing an assumption.

Repealed.

3 AAC 78.082. Modifications.

- (a) A request for a modification to a loan made under AS 45.88 and this chapter will be processed in the same manner as a loan application. The department will, in its discretion, require one or more of the items specified in 3 AAC 78.010.
- (b) A loan committee may permit a loan modification only if the security of the state and its investment is preserved.

Authority: AS 45.88.020

3 AAC 78.085. Reconsideration of a loan request.

- (a) If a loan request is denied, inactivated, or significantly modified by the department, an applicant may file a written request for reconsideration not later than 30 days after receipt of notice of the department's decision.
- (b) The department will reconsider a request upon a showing by the applicant that
 - (1) there has been a substantial change in the circumstances leading to the department's decision;
 - (2) additional relevant information can be provided to the department that was not initially available; or
 - (3) administrative errors were made by the department.

Authority: AS 45.88.020 AS 45.88.030

3 AAC 78.090. Confidentiality of loan information.

- (a) The following information is not confidential and is available for public inspection upon request:
 - (1) a document that is already a public record including deeds of trust, financing statements, warranty deeds, bills of sale, mortgages, liens, and vehicle titles;
 - (2) general information regarding loans, including the original loan amount, loan terms, personal guarantees, and disbursement and repayment schedules;
 - (3) insurance matters including title insurance policies and correspondence with insurance companies or borrowers regarding losses, accident reports, and nonpayment of premiums; and
 - (4) foreclosure and default proceedings.
- (b) The following information is confidential and is not subject to public disclosure:
 - (1) personal and financial information, including income tax returns, financial statements, business income statements, pro forma profit and loss statements, credit information obtained directly from banks and other creditors, and reports obtained from consumer reporting agencies;
 - (2) loan committee memoranda and minutes containing information relating to creditworthiness of an applicant; and
 - (3) the payment history on a loan, unless the loan is in default.
- (c) Information not described in (a) or (b) of this section may be subject to public disclosure. Requests for disclosure must be made, and will be determined, in accordance with 2 AAC 96. Upon receipt of a request for

disclosure, the department will notify the loan applicant and other persons with a privacy interest in the request to permit them to present reasons why the requested information should not be disclosed.

Authority: Ak Const. Art. I AS 40.25.110
AS 45.88.020 AS 40.25.120

3 AAC 78.900. Definitions.

Unless the context requires otherwise, in this chapter

- (1) repealed 8/10/97;
- (2) "default" includes a violation of any provision of this chapter, AS 45.88, or the loan document, failure to make the necessary payment within 15 days after it is due, or failure to maintain the insurance required by the department;
- (3) "department" means the Department of Commerce, Community, and Economic Development;
- (4) "wraparound financing" means a contract that includes the balance due on an existing debt and an additional amount to cover the difference between the selling price and the existing debt; and
- (5) "director" means the director of the division assigned economic development functions or its successor agency in the department.