

Statutes and Regulations

Historical District Loans

October 2025



DEPARTMENT OF COMMERCE,
COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INVESTMENTS

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Sec. 45.98.010. Creation of historical district revolving loan fund.

(a) There is created in the Department of Commerce, Community, and Economic Development a historical district revolving loan fund. All principal and interest payments, and money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on loans made under this chapter, shall be paid into the historical district revolving loan fund.

(b) Money in the fund may be used by the legislature to make appropriations for costs of administering this chapter.

(c) On June 30 of each fiscal year the unexpended and unobligated cash balance of the fund that is attributable to loans owned by the fund lapses into the general fund.

Sec. 45.98.015. Special account established.

(a) There is established as a special account within the historical district revolving loan fund 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 this chapter, or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

Sec. 45.98.020. Historical district loans.

Upon endorsement and plan approval by a local historical district commission established under AS 29.55.010 or former AS 29.48.108 and the recommendation of a majority of the members of the Alaska Historical Commission, the Department of Commerce, Community, and Economic Development may make loans to a person, firm, business, or municipality subject to applicable laws for the restoration, improvement, rehabilitation, or maintenance of a structure that is

(1) within the boundaries of a historical district established under AS 29.55.020 or former AS 29.48.110 and identified as important in state or national history as provided for in AS 29.55.020(b) or former AS 29.48.110(b); or

(2) a building or structure within a historical district, that is suitable for superficial modification so that it can conform to the period or motif of the surrounding buildings or structures that are the reason for the area's designation as a historical district.

Sec. 45.98.030. Powers of the department.

For purposes of administering this chapter, the Department of Commerce, Community, and Economic Development may

(1) prescribe the form and procedure for submitting loan applications under this chapter;

(2) designate agents and delegate powers to them as is necessary;

(3) in consultation with the Alaska Historical Commission, adopt regulations necessary to carry out its functions, including regulations for the process of plan approval by the commission and regulations to establish reasonable fees for services provided and charges for collecting the fees;

(4) establish amortization plans for the repayment of loans not to exceed 30 years;

(5) collect the fees and collection charges established under this section.

Sec. 45.98.040. Limitations on loans.

Loans made under this chapter are subject to the following limitations:

(1) state participation in all loans in the aggregate, for any one historical district qualifying under this chapter may not exceed \$1,500,000;

(2) state participation in a loan for the restoration, improvement, rehabilitation, or maintenance of any one building or structure qualifying under this chapter may not exceed \$250,000;

(3) the loans shall be secured by acceptable collateral and may not exceed 85 percent of the appraised value of the collateral offered as security;

(4) the rate of interest may not exceed seven and one-half percent a year on the unpaid balance of the state's share of the loan;

(5) a participating financial institution shall administer and service the loan for a reasonable fee not exceeding one-quarter of one percent;

(6) the state has a lien on the property accepted as collateral to the extent of its portion of the loan; when the lien or notice of the lien is properly recorded it is superior to all other liens except those for taxes and special assessments; a lien of the participating financial institution, to the extent of its portion of the loan after it is properly recorded, is superior to all other liens except liens for taxes, special assessments, and the lien of the state.

Sec. 45.98.050. Sale or transfer of mortgages and notes.

(a) The commissioner of commerce, community, and economic development or a designee of the commissioner may sell or transfer at par value or at a premium or discount to any bank or other private purchaser for cash or other consideration the mortgages and notes held by the Department of Commerce, Community, and Economic Development as security for loans made under this chapter.

(b) [Repealed, § 33 ch 141 SLA 1988.]

Sec. 45.98.055. 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 this chapter. 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. 45.98.060. Penalty provision.

After a project for which a loan is granted is commenced, if the Department of Commerce, Community, and Economic Development or a local historical district commission, in consultation with the Alaska Historical Commission, determines that the project is inconsistent with the guidelines or stipulations for construction, or otherwise fails to conform to the requirements of the loan, the interest rate on the state's share of the loan shall be increased to the highest rate of interest allowed at that time as provided in AS 45.45.010. In addition, a penalty in the amount of two percent of the balance of the loan shall be assessed by the Department of Commerce, Community, and Economic Development.

Sec. 45.98.070. Short title.

This chapter may be cited as the Historical District Loan Act.

CHAPTER 83 HISTORICAL DISTRICT LOANS

Section

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- 20. Loan committee
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- 45. Ability to repay
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3 AAC 83.010. Application process.

- (a) To apply for an assumption of a historical district loan, an applicant shall file with the department
- (1) a completed application for an assumption of a historical district loan, on a form provided by the department;
 - (2) an individual financial statement from each individual applicant, including each member of a partnership or other association, or, if the applicant is a corporation, each individual owning 10 percent or more of outstanding shares, on a form provided by the department;
 - (3) a business financial statement, on a form provided by the department;
 - (4) an actual statement of profit and loss, on a form provided by the department;
 - (5) a projected statement of profit and loss, on a form provided by the department;
 - (6) a personal resume, including three personal references, on a form provided by the department;
 - (7) a business resume, on a form provided by the department;
 - (8) a signed credit authorization, on a form provided by the department;
 - (9) signed copies of the applicant's federal income tax returns for the preceding three years, including returns for each member of a partnership or other association;
 - (10) an earnest money agreement explaining all terms and conditions of the transaction with signatures by all parties;
 - (11) a \$100 nonrefundable application fee; and
 - (12) any other information that might be helpful to the applicant in qualifying for an assumption, as requested by the department.
- (b) The department will, in its discretion, process an application for an assumption without the information described in this section, if the department determines that the department can make an informed lending decision without access to the information.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.015. Examination.

- (a) The materials described in 3 AAC 83.010 will be processed and evaluated by a loan officer. The loan officer will evaluate the applicant's financial and credit history, ability to repay, and proposed collateral.
- (b) On the basis of the evaluation, the loan officer will either inactivate the application, due to lack of information required under 3 AAC 83.010, or 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 45.98.020 AS 45.98.030

3 AAC 83.020. 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 lienholders' rights to the interests of the state.
- (d) A loan committee shall consider the applicant's financial and credit record, ability to repay, and proposed collateral. A loan committee may consider the recommendations of the loan officer assigned to process the application, and any other relevant 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 a statement of the reasons for the action and the information relied on.
- (g) A material misstatement or omission of fact made by an applicant constitutes grounds for denial of a request for an assumption.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.035. Eligibility.

Repealed.

3 AAC 83.040. Financial and credit record.

- (a) The department will, in its discretion, 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) prior bankruptcies;
 - (6) existence of tax liens;
 - (7) unpaid judgments and prior foreclosures; and
 - (8) financial and credit reputation.
- (b) Information establishing unacceptable credit will be more heavily weighed by the department if it has occurred in recent years.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.045. Ability to repay.

- The department will, in its discretion, 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 projected profit and loss statement; and
 - (6) other relevant experience.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.050. Collateral.

Repealed.

3 AAC 83.055. Lending practices.

Repealed.

3 AAC 83.065. Disbursement of loan money.

Repealed.

3 AAC 83.070. Supervision of loans.

If a loan is in default, the department will, in its discretion, require the borrower to furnish annual financial statements consisting of a balance sheet, profit and loss statement, sources and application of all money received, and a schedule of change of owner's equity. The department will, in its discretion, also require an audit or audits to determine whether the borrower has complied with the provisions of the loan, and conduct periodic inspection of collateral securing repayment of the loan.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.075. 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 assumption fee of one percent of the loan balance is due from the borrower when all applicable provisions of 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, in the department's discretion, be charged to a borrower to process a loan extension.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.080. Assumptions.

- (a) A request to assume the obligations and benefits of a loan made under AS 45.98 and this chapter will be processed in the same manner as a loan request.
- (b) A loan committee may permit an assumption if the applicant 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 45.98 and this chapter is prohibited, and constitutes a default on the loan.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.081. Closing an assumption.

An assumption agreement will be considered by the department to be closed when

- (1) all required signatures have been obtained and the assumption agreement has been properly recorded;
- (2) all requirements of the loan committee have been met; and
- (3) the borrower is in compliance with all provisions of the loan documents, including insurance requirements, and this chapter.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.082. Modifications.

- (a) A request for a modification to a loan made under AS 45.98 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 83.010.
- (b) A loan committee may permit a loan modification only if the security of the state and its investment is preserved.

Authority: AS 45.98.020 AS 45.98.030

3 AAC 83.085. Reconsideration of an assumption request.

- (a) If an assumption of a loan request is denied, inactivated, or significantly modified by the department, an applicant may file a written request for reconsideration within 30 days after receipt of notice of the department's decision.
- (b) The department will, in its discretion, 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 45.98.020 AS 45.98.030

3 AAC 83.090. 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;
 - (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 40.25.120 AS 45.98.030

3 AAC 83.900. Definitions.

Unless the context requires otherwise, in this chapter

- (1) repealed 8/10/97;
- (2) "default" includes a violation of any provision of AS 45.98, this chapter or the loan documents, 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.

Authority: AS 45.98.020 AS 45.98.030