

**SENATE CS FOR CS FOR HOUSE BILL NO. 121(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/15/12

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to certain commercial fishing loans and to loans for the purchase of  
2 fishing quota shares by certain community quota entities and establishing the  
3 commercial charter fisheries revolving loan fund, the mariculture revolving loan fund,  
4 and the Alaska microloan revolving loan fund and relating to those funds and loans  
5 from those funds; and providing for an effective date."

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

7 \* **Section 1.** AS 16.10.320(a) is amended to read:

8 (a) Except as permitted in (h) and (I) of this section, a loan under  
9 AS 16.10.300 - 16.10.370

10 (1) may not exceed a term of 15 years, except for extensions under  
11 AS 16.10.310(a)(4);

12 (2) may not bear interest

13 (A) exceeding the prime rate, as defined by AS 44.88.599, plus

1 two percentage points;

2 **(B) at a rate of** [, BUT NOT] more than 10 1/2 percent **a year;**

3 **or**

4 **(C) at a rate that is less than the cost of funds to the state;**

5 (3) must be secured by a first priority lien and appropriate security  
6 agreement;

7 (4) may not exceed 80 percent of the appraised value of the collateral  
8 used to secure the loan; and

9 (5) may not be made to a person who has a past due child support  
10 obligation established by court order or by the child support services agency under  
11 AS 25.27.160 - 25.27.220 at the time of application.

12 \* **Sec. 2.** AS 16.10.320(j) is amended to read:

13 (j) All principal and interest payments, and any money chargeable to principal  
14 or interest that is collected through liquidation by foreclosure or other process, on  
15 loans made under AS 16.10.300 - 16.10.370, **except loans made under**  
16 **AS 16.10.310(a)(1)(E) after June 30, 2012,** shall be paid into the commercial fishing  
17 revolving loan fund. **All principal and interest payments, and any money**  
18 **chargeable to principal or interest that is collected through liquidation by**  
19 **foreclosure or other process, on loans made under AS 16.10.310(a)(1)(E) after**  
20 **June 30, 2012, shall be paid into the community quota entity revolving loan fund.**

21 \* **Sec. 3.** AS 16.10.320(j), as amended by sec. 2 of this Act, is amended to read:

22 (j) All principal and interest payments, and any money chargeable to principal  
23 or interest that is collected through liquidation by foreclosure or other process [,] on  
24 loans made under AS 16.10.300 - 16.10.370, [EXCEPT LOANS MADE UNDER  
25 AS 16.10.310(a)(1)(E) AFTER JUNE 30, 2012,] shall be paid into the commercial  
26 fishing revolving loan fund. [ALL PRINCIPAL AND INTEREST PAYMENTS,  
27 AND ANY MONEY CHARGEABLE TO PRINCIPAL OR INTEREST THAT IS  
28 COLLECTED THROUGH LIQUIDATION BY FORECLOSURE OR OTHER  
29 PROCESS, ON LOANS MADE UNDER AS 16.10.310(a)(1)(E) AFTER JUNE 30,  
30 2012, SHALL BE PAID INTO THE COMMUNITY QUOTA ENTITY  
31 REVOLVING LOAN FUND.]

1 \* **Sec. 4.** AS 16.10.320 is amended by adding new subsections to read:

2 (l) Until a community quota entity has used loans under this subsection to  
3 purchase fishing quota shares cumulatively authorizing a total take of 50,000 pounds,  
4 a loan or a portion of a loan made to that community quota entity under  
5 AS 16.10.310(a)(1)(E) may not exceed 95 percent of the appraised value of the  
6 collateral used to secure the loan or a portion of the loan. A loan to a community quota  
7 entity under AS 16.10.310(a)(1)(E)

8 (1) may not exceed a term of 25 years, except for extensions under  
9 AS 16.10.310(a)(4);

10 (2) may not, alone or in combination with other loans to the  
11 community quota entity under AS 16.10.310(a)(4), exceed \$1,000,000 in loans to one  
12 community quota entity;

13 (3) may have terms that allow for a community quota entity to defer  
14 interest payments for up to two years; and

15 (4) is not eligible for refinancing by the department.

16 (m) In this section, "cost of funds" means the true interest cost expressed as a  
17 rate based on the prime rate plus one percentage point plus an additional percentage  
18 determined by the department to represent risk of loss, term of credit facility, the  
19 allocable expense of operation, cost of issuance, and loan servicing costs.

20 \* **Sec. 5.** AS 16.10.340 is amended to read:

21 **Sec. 16.10.340. Creation of fund.** (a) There is a commercial fishing revolving  
22 loan fund to carry out the purpose of AS 16.10.300 - 16.10.370, **except that the fund**  
23 **may not be used to make loans under AS 16.10.310(a)(1)(E).**

24 (b) Money in the fund may be used by the legislature to make appropriations  
25 for costs of administering AS 16.10.300 - 16.10.370, **except for costs associated with**  
26 **loans under AS 16.10.310(a)(1)(E).**

27 (c) If the commissioner determines that the fund contains money that is excess  
28 to that needed **under (a) and (b) of this section** to carry out the purpose of  
29 AS 16.10.300 - 16.10.370, then the commissioner may use the excess money to carry  
30 out the purpose of AS 16.10.500 - 16.10.560.

31 \* **Sec. 6.** AS 16.10.340, as amended by sec. 5 of this Act, is amended to read:

1           **Sec. 16.10.340. Creation of fund.** (a) There is a commercial fishing revolving  
 2 loan fund to carry out the purpose of AS 16.10.300 - 16.10.370 [, EXCEPT THAT  
 3 THE FUND MAY NOT BE USED TO MAKE LOANS UNDER  
 4 AS 16.10.310(a)(1)(E)].

5           (b) Money in the fund may be used by the legislature to make appropriations  
 6 for costs of administering AS 16.10.300 - 16.10.370 [, EXCEPT FOR COSTS  
 7 ASSOCIATED WITH LOANS UNDER AS 16.10.310(a)(1)(E)].

8           (c) If the commissioner determines that the fund contains money that is excess  
 9 to that needed [UNDER (a) AND (b) OF THIS SECTION] to carry out the purpose of  
 10 AS 16.10.300 - 16.10.370, then the commissioner may use the excess money to carry  
 11 out the purpose of AS 16.10.500 - 16.10.560.

12 \* **Sec. 7.** AS 16.10.342(c) is amended to read:

13           (c) The commissioner may expend money credited to the foreclosure expense  
 14 account when necessary to protect the state's security interest in collateral on loans  
 15 granted under AS 16.10.300 - 16.10.370, except loans under AS 16.10.310(a)(1)(E),  
 16 or to defray expenses incurred during foreclosure proceedings after a default by an  
 17 obligor.

18 \* **Sec. 8.** AS 16.10.342(c), as amended by sec. 7 of this Act, is amended to read:

19           (c) The commissioner may expend money credited to the foreclosure expense  
 20 account when necessary to protect the state's security interest in collateral on loans  
 21 granted under AS 16.10.300 - 16.10.370 [, EXCEPT LOANS UNDER  
 22 AS 16.10.310(a)(1)(E),] or to defray expenses incurred during foreclosure proceedings  
 23 after a default by an obligor.

24 \* **Sec. 9.** AS 16.10 is amended by adding a new section to read:

25           **Sec. 16.10.345. Community quota entity revolving loan fund.** (a) The  
 26 community quota entity revolving loan fund is created. The commissioner may use the  
 27 fund for loans made under AS 16.10.310(a)(1)(E) after June 30, 2012, and before  
 28 June 30, 2017, and for administrative and other costs associated with those loans.

29           (b) The foreclosure expense account is established as a special account in the  
 30 community quota entity revolving loan fund. The commissioner may expend money  
 31 credited to the foreclosure expense account when necessary to protect the state's

1 security interest in collateral on loans made under AS 16.10.310(a)(1)(E) after  
 2 June 30, 2012, or to defray expenses incurred during foreclosure proceedings after a  
 3 default by an obligor.

4 \* **Sec. 10.** AS 16.10.350(a) is amended to read:

5 (a) The commissioner shall administer the **commercial fishing revolving**  
 6 **loan fund and the community quota entity revolving** loan fund.

7 \* **Sec. 11.** AS 16.10.350(a), as amended by sec. 10 of this Act, is amended to read:

8 (a) The commissioner shall administer the commercial fishing revolving loan  
 9 fund [AND THE COMMUNITY QUOTA ENTITY REVOLVING LOAN FUND].

10 \* **Sec. 12.** AS 16.10 is amended by adding new sections to read:

11 **Article 13. Commercial Charter Fisheries Revolving Loan Fund.**

12 **Sec. 16.10.801. Commercial charter fisheries revolving loan fund.** (a) The  
 13 commercial charter fisheries revolving loan fund is created in the Department of  
 14 Commerce, Community, and Economic Development to carry out the purposes of  
 15 AS 16.10.801 - 16.10.890.

16 (b) The commercial charter fisheries revolving loan fund consists of the  
 17 following:

18 (1) money appropriated to, transferred to, or received by gift, grant,  
 19 devise, bequest, or donation to the fund;

20 (2) principal and interest payments or other income earned on loans or  
 21 investments of the fund;

22 (3) money chargeable to principal or interest that is collected through  
 23 liquidation by foreclosure or other process on loans made under AS 16.10.801 -  
 24 16.10.890.

25 (c) Money in the fund may be used by the legislature to make appropriations  
 26 for costs of administering AS 16.10.801 - 16.10.890.

27 **Sec. 16.10.805. Powers and duties of the department.** The department may

28 (1) make loans to eligible applicants under AS 16.10.801 - 16.10.890

29 (A) for the purchase of charter halibut permits;

30 (B) to refinance debt obligations made by other lenders more  
 31 than 12 months before the department received the loan application and

1 incurred by an applicant for the purchase of charter halibut fishing vessels or  
 2 gear if the applicant otherwise qualifies for a loan under AS 16.10.801 -  
 3 16.10.890; the department may collect a refinancing loan origination charge as  
 4 provided by regulation;

5 (2) receive, take, hold, and administer any appropriation, transfer, gift,  
 6 grant, bequest, devise, or donation of money for the fund;

7 (3) establish amortization plans for repayment of loans, including  
 8 extensions of the terms of loans;

9 (4) allow an assumption of a loan if

10 (A) the applicant meets the requirements established under this  
 11 section; and

12 (B) approval of the assumption would be consistent with the  
 13 purposes of AS 16.10.801 - 16.10.890;

14 (5) establish the rate of interest for loans consistent with law;

15 (6) charge and collect fees for services provided under AS 16.10.801 -  
 16 16.10.890;

17 (7) adopt regulations under AS 44.62 necessary to carry out the  
 18 provisions of AS 16.10.801 - 16.10.890, including regulations to establish reasonable  
 19 fees for services provided; and

20 (8) designate agents and delegate powers as necessary to the agents.

21 **Sec. 16.10.810. Eligibility.** (a) For an applicant to be eligible for a loan under  
 22 AS 16.10.801 - 16.10.890, the applicant shall be a resident of the state, as determined  
 23 under (c) of this section, and shall

24 (1) qualify for the purchase of a charter halibut permit under applicable  
 25 law; or

26 (2) qualify as a transferee for a charter halibut permit under applicable  
 27 law.

28 (b) In addition to the requirements set out in (a) of this section, the applicant  
 29 must provide to the department a document from a state financial institution stating  
 30 that

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

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

3 (c) To meet the residency requirements of (a) of this section, the applicant

4 (1) shall physically reside in this state and maintain a domicile in this  
5 state during the 24 consecutive months preceding the date of application for the  
6 program; and

7 (2) may not have

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

9 (B) received residency or a benefit based on residency from  
10 another state.

11 **Sec. 16.10.815. Limitations on loans.** (a) Except as provided in (b) of this  
12 section, a loan under AS 16.10.801 - 16.10.890

13 (1) for a charter halibut permit may not exceed the permit value  
14 determined by a 12-month rolling average set quarterly by the department for like  
15 permits;

16 (2) for a loan other than a loan for a charter halibut permit may not  
17 exceed \$100,000 a year;

18 (3) may not exceed a term of 15 years, except for extensions under  
19 AS 16.10.805;

20 (4) may not bear interest at a rate greater than the prime rate, as  
21 defined in AS 44.88.599, plus two percentage points, but which may not be less than  
22 six percent a year and not more than 10 1/2 percent a year;

23 (5) must be secured by a first priority lien on collateral acceptable to  
24 the commissioner, which may include collateral other than a charter halibut permit;  
25 and

26 (6) may not be made to a person who has a past due child support  
27 obligation established by court order or by the child support services agency under  
28 AS 25.27.160 - 25.27.220 at the time of application.

29 (b) The total balances outstanding on loans made to a borrower under  
30 AS 16.10.805 may not exceed \$200,000.

31 **Sec. 16.10.820. Default.** If the borrower defaults on a note, the department

1 shall notify the borrower of the default and the consequences of default by mailing a  
 2 notice to the borrower's most recent address provided to the department by the  
 3 borrower or obtained by the department.

4 **Sec. 16.10.825. Special account established.** (a) The foreclosure expense  
 5 account is established as a special account within the commercial charter fisheries  
 6 revolving loan fund.

7 (b) The department may expend money credited to the foreclosure expense  
 8 account when necessary to protect the state's security interest in collateral on loans  
 9 granted under AS 16.10.815 or to defray expenses incurred during foreclosure  
 10 proceedings after an obligor defaults.

11 **Sec. 16.10.830. Disposal of property acquired after default.** The department  
 12 shall dispose of property acquired through default of a loan made under AS 16.10.801  
 13 - 16.10.890. Disposal must be made in a manner that serves the best interest of the  
 14 state and may include the amortization of payments over a period of years.

15 **Sec. 16.10.835. Waiver of confidentiality.** The commissioner may release  
 16 information about the borrower's loan to any individual if release of the information  
 17 has been authorized by the borrower.

18 **Sec. 16.10.890. Definitions.** In AS 16.10.801 - 16.10.890,

19 (1) "commissioner" means the commissioner of commerce,  
 20 community, and economic development;

21 (2) "department" means the Department of Commerce, Community,  
 22 and Economic Development.

#### 23 **Article 14. Mariculture Revolving Loan Fund.**

24 **Sec. 16.10.900. Mariculture revolving loan fund.** (a) The mariculture  
 25 revolving loan fund is created within the Department of Commerce, Community, and  
 26 Economic Development to carry out the purposes of AS 16.10.900 - 16.10.945.

27 (b) The mariculture revolving loan fund consists of the following:

28 (1) money appropriated to, transferred to, or received by gift, grant,  
 29 devise, bequest, or donation to the fund;

30 (2) principal and interest payments or other income earned on loans or  
 31 investments of the fund; and

1 (3) money chargeable to principal or interest that is collected through  
 2 liquidation by foreclosure or other process on loans made under AS 16.10.900 -  
 3 16.10.945.

4 (c) Money in the fund may be used by the legislature to make appropriations  
 5 for costs of administering AS 16.10.900 - 16.10.945.

6 **Sec. 16.10.905. Powers and duties of the department.** The department may

7 (1) make loans to eligible applicants under AS 16.10.900 - 16.10.945  
 8 for the planning, construction, and operation of a mariculture business;

9 (2) receive, take, hold, and administer any appropriation, transfer, gift,  
 10 grant, bequest, devise, or donation of money for the fund;

11 (3) establish amortization plans for repayment of loans, including  
 12 extensions of the terms of loans;

13 (4) allow an assumption of a loan if

14 (A) the applicant meets the requirements established under this  
 15 section; and

16 (B) approval of the assumption would be consistent with the  
 17 purposes of AS 16.10.900 - 16.10.945;

18 (5) establish the rate of interest for loans consistent with law;

19 (6) charge and collect fees for services provided under AS 16.10.900 -  
 20 16.10.945;

21 (7) adopt regulations under AS 44.62 necessary to carry out the  
 22 provisions of AS 16.10.900 - 16.10.945, including regulations to establish reasonable  
 23 fees for services provided; and

24 (8) designate agents and delegate powers as necessary to the agents.

25 **Sec. 16.10.910. Eligibility.** (a) For an applicant to be eligible for a loan under  
 26 AS 16.10.900 - 16.10.945, the applicant shall

27 (1) be a resident of the state, as determined under (c) of this section;

28 (2) have a permitted mariculture farm location in this state; and

29 (3) have experience or training in the mariculture industry.

30 (b) In addition to the requirements set out in (a) of this section, the applicant

31 (1) may not be eligible for financing from other recognized

1 commercial lending institutions; or

2 (2) shall be able to obtain only a portion of the total loan request from  
3 a recognized commercial lending institution.

4 (c) To meet the residency requirements of (a) of this section, the applicant

5 (1) shall physically reside in this state and maintain a domicile in this  
6 state during the 24 consecutive months preceding the date of application for the  
7 program; and

8 (2) may not have

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

10 (B) received residency or a benefit based on residency from  
11 another state.

12 **Sec. 16.10.915. Limitations on loans.** (a) Except as provided in (b) and (c) of  
13 this section, a loan under AS 16.10.900 - 16.10.945

14 (1) may not exceed \$100,000 a year;

15 (2) may not exceed a term of 20 years, except for extensions under  
16 AS 16.10.905;

17 (3) may not bear interest at a rate greater than the prime rate, as  
18 defined in AS 44.88.599, plus one percentage point, but which may not be less than  
19 five percent a year and not more than nine percent a year;

20 (4) must be secured by a first priority lien on collateral acceptable to  
21 the department; and

22 (5) may not be made to a person who has a past due child support  
23 obligation established by court order or by the child support services agency under  
24 AS 25.27.160 - 25.27.220 at the time of application.

25 (b) Subsequent loans may be made to the borrower under AS 16.10.910 if the  
26 total of the balances outstanding on the loans received by the borrower does not  
27 exceed \$300,000.

28 (c) A loan under AS 16.10.910 may be made for the purchase of boats or  
29 vessels determined to be integral to the operation of the farm.

30 (d) For a loan made under AS 16.10.900 - 16.10.945, the department may  
31 provide a reduction of the interest rate of not more than two percent if at least 50

1 percent of the loan proceeds are used by the borrower for purchasing products  
 2 manufactured or produced in the state. When the department offers a reduction under  
 3 this subsection, the department shall provide the reduction to all loan applicants who  
 4 meet the criterion described in this subsection. In this subsection, "manufactured or  
 5 produced" means processing, developing, or making an item into a new item with a  
 6 distinct character and use.

7 **Sec. 16.10.920. Repayment of principal of and interest on loans.** The  
 8 department may not require the repayment of principal and interest on a loan made  
 9 under AS 16.10.910 during the first six years of the loan. Interest on the principal of a  
 10 loan made under AS 16.10.910 may be deferred for a period of not more than the first  
 11 six years of the loan.

12 **Sec. 16.10.925. Default.** If the borrower defaults on a note, the department  
 13 shall notify the borrower of the default and the consequences of default by mailing a  
 14 notice to the borrower's most recent address provided to the department by the  
 15 borrower or obtained by the department.

16 **Sec. 16.10.930. Special account established.** (a) The foreclosure expense  
 17 account is established as a special account in the mariculture revolving loan fund.

18 (b) The department may expend money credited to the foreclosure expense  
 19 account when necessary to protect the state's security interest in collateral on loans  
 20 granted under AS 16.10.910 or to defray expenses incurred during foreclosure  
 21 proceedings after an obligor defaults.

22 **Sec. 16.10.935. Disposal of property acquired after default.** The department  
 23 shall dispose of property acquired through default of a loan made under AS 16.10.900  
 24 - 16.10.945. Disposal must be made in a manner that serves the best interest of the  
 25 state and may include the amortization of payments over a period of years.

26 **Sec. 16.10.940. Waiver of confidentiality.** The commissioner may release  
 27 information about the borrower's loan to any individual if release of the information  
 28 has been authorized by the borrower.

29 **Sec. 16.10.945. Definitions.** In AS 16.10.900 - 16.10.945,

30 (1) "commissioner" means the commissioner of commerce,  
 31 community, and economic development;

1 (2) "department" means the Department of Commerce, Community,  
2 and Economic Development;

3 (3) "mariculture" means the farming of shellfish and aquatic plants as  
4 defined in AS 16.40.199.

5 \* **Sec. 13.** AS 44.33 is amended by adding new sections to read:

6 **Article 15. Alaska Microloan Revolving Loan Fund.**

7 **Sec. 44.33.950. Alaska microloan revolving loan fund.** (a) The Alaska  
8 microloan revolving loan fund is created in the Department of Commerce,  
9 Community, and Economic Development to carry out the purposes of AS 44.33.950 -  
10 44.33.990.

11 (b) The Alaska microloan revolving loan fund consists of the following:

12 (1) money appropriated to, transferred to, or received by gift, grant,  
13 devise, bequest, or donation to the fund;

14 (2) principal and interest payments or other income earned on loans or  
15 investments of the fund;

16 (3) money chargeable to principal or interest that is collected through  
17 liquidation by foreclosure or other process on loans made under AS 44.33.950 -  
18 44.33.990.

19 (c) Money in the fund may be used by the legislature to make appropriations  
20 for costs of administering AS 44.33.950 - 44.33.990.

21 **Sec. 44.33.955. Powers and duties of the department.** The department may

22 (1) make loans to eligible applicants under AS 44.33.950 - 44.33.990  
23 to be used for working capital, equipment, construction, or other commercial purposes  
24 by a business located in the state;

25 (2) receive, take, hold, and administer any appropriation, transfer, gift,  
26 grant, bequest, devise, or donation of money for the fund;

27 (3) establish amortization plans for repayment of loans, including  
28 extensions of the terms of loans;

29 (4) allow an assumption of a loan if

30 (A) the applicant meets the requirements established under this  
31 section; and

1 (B) approval of the assumption would be consistent with the  
2 purposes of AS 44.33.950 - 44.33.990;

3 (5) establish the rate of interest for loans consistent with law;

4 (6) charge and collect fees for services provided under AS 44.33.950 -  
5 44.33.990;

6 (7) adopt regulations under AS 44.62 necessary to carry out the  
7 provisions of AS 44.33.950 - 44.33.990, including regulations to establish reasonable  
8 fees for services provided; and

9 (8) designate agents and delegate powers as necessary to the agents.

10 **Sec. 44.33.960. Eligibility.** (a) For an applicant to be eligible for a loan under  
11 AS 44.33.950 - 44.33.990, the applicant shall

12 (1) be a resident of the state, as determined under (b) of this section;

13 (2) provide a reasonable amount of money from other nonstate sources  
14 for use on any project or enterprise for which money from a loan will be used; and

15 (3) if the requested loan amount is \$35,000 or more, provide to the  
16 department a document from a state financial institution stating that

17 (A) the applicant has been denied a loan for the same purpose;

18 or

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

21 (b) To meet the residency requirements of (a) of this section, the applicant

22 (1) shall physically reside in this state and maintain a domicile in this  
23 state during the 12 consecutive months preceding the date of application for the  
24 program; and

25 (2) may not have

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

27 (B) received residency or a benefit based on residency from  
28 another state.

29 **Sec. 44.33.965. Limitations on loans.** (a) The department may use money  
30 from the Alaska microloan revolving loan fund to make loans of up to \$35,000 to a  
31 person or loans of up to \$70,000 to two or more persons.

1 (b) A loan under AS 44.33.950 - 44.33.990

2 (1) may not exceed a term of six years, except for extensions under  
3 AS 44.33.955;

4 (2) may not bear interest at a rate greater than the prime rate, as  
5 defined in AS 44.88.599, plus one percentage point but which may not be less than six  
6 percent a year and not more than eight percent a year;

7 (3) must be secured by collateral acceptable to the commissioner; and

8 (4) may not be made to a person who has a past due child support  
9 obligation established by court order or by the child support services agency under  
10 AS 25.27.160 - 25.27.220 at the time of application.

11 **Sec. 44.33.970. Special account established.** (a) The foreclosure expense  
12 account is established as a special account in the Alaska microloan revolving loan  
13 fund.

14 (b) The department may expend money credited to the foreclosure expense  
15 account when necessary to protect the state's security interest in collateral on loans  
16 granted under AS 44.33.960 or to defray expenses incurred during foreclosure  
17 proceedings after an obligor defaults.

18 **Sec. 44.33.975. Default.** If the borrower defaults on a note, the department  
19 shall notify the borrower of the default and the consequences of default by mailing a  
20 notice to the borrower's most recent address provided to the department by the  
21 borrower or obtained by the department.

22 **Sec. 44.33.980. Disposal of property acquired after default.** The department  
23 shall dispose of property acquired through default of a loan made under AS 44.33.950  
24 - 44.33.990. Disposal must be made in a manner that serves the best interest of the  
25 state and may include the amortization of payments over a period of years.

26 **Sec. 44.33.990. Definitions.** In AS 44.33.950 - 44.33.990,

27 (1) "commissioner" means the commissioner of commerce,  
28 community, and economic development;

29 (2) "department" means the Department of Commerce, Community,  
30 and Economic Development.

31 \* **Sec. 14.** AS 16.10.345 is repealed.

1     \* **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3             TRANSITION. Notwithstanding the repeal of AS 16.10.345 in sec. 14 of this Act, a  
4 loan made from the community quota entity revolving loan fund remains in effect and shall be  
5 administered by the commissioner of commerce, community, and economic development  
6 under the commercial fishing revolving loan fund under AS 16.10.350.

7     \* **Sec. 16.** Sections 3, 6, 8, 11, and 14 of this Act take effect June 30, 2017.

8     \* **Sec. 17.** Except as provided by sec. 16 of this Act, this Act takes effect immediately under  
9 AS 01.10.070(c).