

Introduced: 1/24/79  
Referred: Resources and  
Judiciary

1 IN THE HOUSE

BY GARDINER

2 HOUSE BILL NO. 30

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to limited entry permit loans."

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

8 \* Section 1. AS 44.54.210 is amended by adding a new paragraph to read:

9 (20) make loans to individual commercial fishermen who have  
10 been state residents for a continuous period of five years immediately  
11 preceding the date of application for the loan and have had a crewmember  
12 or commercial fishing license under AS 16.05.480 or a permit under  
13 AS 16.43 for any one of the past five years, and who actively partici-  
14 pated in the fishery during that period, for the purchase of entry  
15 permits; loans made under this paragraph are subject to the provisions  
16 of AS 44.54.230.

17 \* Sec. 2. AS 44.54 is amended by adding new sections to read:

18 Sec. 44.54.230. LOANS FOR PURCHASE OF ALASKA LIMITED ENTRY PER-  
19 MITS. (a) A loan under AS 44.54.210(20) for the purchase of a limited  
20 entry permit may be made only upon certification by the Alaska Commer-  
21 cial Fisheries Entry Commission (AS 16.43.020) that the fisherman is a  
22 person who qualifies as a transferee for the permit under AS 16.43 and  
23 the regulations adopted by the commission.

24 (b) Upon approval by the bank, the permit to be purchased may be  
25 pledged as security for a loan under (a) of this section, if

26 (1) the certificate for the pledged permit lists the execu-  
27 tive director of the bank as the legal owner of the permit;

28 (2) the certificate for the pledged permit lists the debtor  
29 as the equitable owner of the permit;

1 (3) all annual permit cards issued under the pledged permit  
2 list the name of the debtor;

3 (4) all obligations and responsibilities of a permit owner  
4 are assumed by the debtor;

5 (5) co-signers or other sureties for performance under the  
6 note are not vested with any rights in the pledged permit and their  
7 obligation is limited to satisfaction of the note and payment of costs  
8 directly incurred by the bank in administering the loan.

9 (c) Upon satisfaction of the note by the debtor, the executive  
10 director shall certify to the commission that the note has been satis-  
11 fied.

12 (d) Upon certification as provided in (c) of this section, the  
13 commission shall amend the permit certificate to list the debtor as the  
14 legal owner.

15 Sec. 44.54.240. DEFAULT AND FORECLOSURE OF LOANS FOR LIMITED ENTRY  
16 PERMITS. (a) If the debtor defaults upon a note for which a limited  
17 entry permit has been pledged as security under AS 44.54.230, the execu-  
18 tive director of the bank shall provide the debtor, by registered or  
19 certified mail sent to his last known address on file with the bank,  
20 with a notice of default which includes

21 (1) a description of the security given for the note includ-  
22 ing the number assigned to the pledged permit by the Alaska Commercial  
23 Fisheries Entry Commission;

24 (2) the date upon which the default occurred;

25 (3) the amount of arrearages as of the date of the notice,  
26 the total amount remaining on the note less unearned interest, and the  
27 amount of daily interest;

28 (4) a statement that the debtor may, within 15 days of the  
29 postmark date of the notice, request a hearing at which he may submit

1 evidence showing he has not defaulted;

2 (5) a statement that the note may be reinstated if brought  
3 current within 60 days from the postmark date of the notice;

4 (6) a statement that the note may be paid in full less un-  
5 earned interest within 90 days from the postmark date of the notice;

6 (7) the place where reinstatement or payment in full may be  
7 made; and

8 (8) a notice in at least 10-point bold type stating: "IMPOR-  
9 TANT: YOUR FAILURE TO REINSTATE OR PAY THIS NOTE IN FULL BY THE DATE  
10 SPECIFIED WILL RESULT IN A FORFEITURE OF ALL RIGHTS TO THE PERMIT AND  
11 THE POSSIBILITY OF LEGAL ACTION BEING INSTITUTED AGAINST YOU."

12 (b) Upon the debtor's failure to reinstate or satisfy the note  
13 within the time specified in (a) of this section, his equitable interest  
14 is terminated by operation of law without further notice. Any entry  
15 permit cards issued to him under the permit shall be cancelled immedi-  
16 ately upon receipt by the commission of a certificate of termination  
17 containing a copy of the notice required by (a) of this section issued  
18 by the executive director of the bank.

19 Sec. 44.54.250. DEFICIENCIES AND TRANSFER OF ENTRY PERMITS AFTER  
20 FORECLOSURE. (a) Upon a foreclosure on an entry permit as provided in  
21 AS 44.54.240, the executive director of the bank shall offer the Alaska  
22 Commercial Fisheries Entry Commission a right of first refusal if the  
23 permit is subject to a buy-back program under AS 16.43.290 - 16.43.330  
24 at a price equal to the amount outstanding on the note plus any costs  
25 the bank directly incurred in administering the loan.

26 (b) If the commission does not exercise its right of first refusal  
27 within 30 days after it receives the offer, or if the permit is not  
28 subject to a buy-back program under AS 16.43.290 - 16.43.330, the bank  
29 shall promptly notify the debtor of this fact. The debtor has 30 days

1 from the postmark date of the notice to nominate a person qualified to  
2 assume the note. The person nominated must qualify under the require-  
3 ments of AS 44.54.230(a). If qualified, he may assume all rights and  
4 liabilities of the original debtor.

5 (c) If the debtor is unable to nominate a qualified person to  
6 assume the note under (b) of this section, the permit must be made  
7 available to a qualified person, chosen as provided in this section, who  
8 shall assume the note subject to all rights and liabilities of the  
9 original debtor. The Alaska Commercial Fisheries Entry Commission shall  
10 provide the bank with a list of persons chosen by lottery who qualify  
11 as transferees of entry permits under AS 16.43 and regulations adopted  
12 by the commission and who have met the residency and commercial fishing  
13 participation requirements of AS 44.54.210(20). The executive director  
14 of the bank shall then determine, in order of presentation, any re-  
15 maining qualifications. The executive director shall allow the first  
16 applicant meeting all qualifications to assume the note.

17 (d) Nothing in this section affects the right of the executive  
18 director to institute legal action for a deficiency resulting from a  
19 default on a note given under AS 44.54.230. In addition to any defi-  
20 ciency, the debtor is liable for the costs of administering the note and  
21 for costs and attorney fees.

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