

Introduced: 4/16/81
Referred: Resources and Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 HOUSE BILL NO. 507

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the fishermen's mortgage and note
7 program under AS 16.10.650 - 16.10.720; and providing
8 for an effective date."

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

10 * Section 1. AS 16.10.660(a) is amended by adding a new paragraph to
11 read:

12 (7) develop procedures for precommitting to the purchase of
13 notes and mortgages securing loans under with (b) of this section;

14 * Sec. 2. AS 16.10.680(a)(2) is amended to read:

15 (2) does not qualify for a loan for the purposes described
16 in AS 16.10.670 under a state [OR FEDERAL] loan program;

17 * Sec. 3. AS 16.10.680(a)(3) is amended to read:

18 (3) has not previously participated in the loan program
19 established in AS 16.10.650 - 16.10.720 or in any other state [OR
20 FEDERAL] loan program for the purposes described in AS 16.10.670; and

21 * Sec. 4. AS 16.10.680(a)(4) is amended to read:

22 (4) meets the guidelines established by the commissioner as
23 being [DEMONSTRATES TO THE SATISFACTION OF THE PRIVATE FINANCIAL INSTI-
24 TUTION WHICH MADE THE LOAN THAT HE IS] reasonably likely to succeed as
25 a commercial fisherman and to be able to repay the loan.

26 * Sec. 5. AS 16.10.680(b) is amended to read:

27 (b) In addition to the requirements of (a)(1) - (4) of this sec-
28 tion, the commissioner may purchase a mortgage or note under AS 16.10.-
29 660(b) only if it secures a loan to an individual who demonstrates

1 under guidelines established by the commissioner [DEMONSTRATED TO THE
2 SATISFACTION OF THE PRIVATE FINANCIAL INSTITUTION WHICH MADE THE LOAN]
3 that

4 (1) because of his lack of training or the lack of employ-
5 ment opportunities in the area in which he resides, he does not have
6 occupational opportunities available to him other than commercial
7 fishing; or

8 (2) he is economically dependent on commercial fishing for a
9 livelihood and commercial fishing is a cultural and traditional way of
10 life for him.

11 * Sec. 6. AS 16.10.690(a)(1) is amended to read:

12 (1) exceeds \$100,000 [\$200,000];

13 * Sec. 7. AS 16.10.690(b) is amended to read:

14 (b) The commissioner may not purchase a mortgage or note under
15 AS 16.10.660(b) if it secures a loan which results in an outstanding
16 debt of the borrower in excess of \$100,000 [\$200,000]. For purposes of
17 this subsection a loan to an associate of the borrower is considered to
18 be a loan to the borrower. For the purposes of this subsection, "asso-
19 ciate of the borrower" means

20 (1) a corporation or other organization of which the borrower
21 is an officer, director or partner, or is, directly or indirectly, the
22 beneficial owner of 10 percent or more of any class of equity securi-
23 ties;

24 (2) a person who is, directly or indirectly, the beneficial
25 owner of 10 percent or more of any class of equity securities of the
26 borrower;

27 (3) a trust or other estate in which the borrower has a
28 substantial beneficial interest or as to which the borrower serves as
29 trustee or in a similar fiduciary capacity.

1 * Sec. 8. AS 16.01.710 is repealed and reenacted to read:

2 Sec. 16.10.710. PREQUALIFICATION FOR LOANS. The commissioner may
3 not purchase mortgages and notes under AS 16.10.660(b) unless the
4 private financial institution agrees to make preliminary determinations
5 of applicant eligibility for loans under AS 16.10.650 - 16.10.720. The
6 commissioner shall develop, in cooperation with private financial
7 institutions, guidelines and procedures for making preliminary deter-
8 minations of eligibility.

9 * Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-
10 070(c).