

Introduced: 1/22/85  
Referred: Labor and Commerce  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 78

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to state loan  
7 programs administered by the Department of Commerce  
8 and Economic Development; and providing for an effective date."  
9

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

11 \* Section 1. AS 16.10.310 is amended to read:

12 Sec. 16.10.310. POWERS OF THE DEPARTMENT. (a) The department  
13 may

14 (1) make loans to

15 (A) individual commercial fishermen who have been  
16 state residents for a continuous period of two years immediately  
17 preceding the date of application for a loan under AS 16.10.300  
18 -- 16.10.370 and have had a crewmember or commercial fishing  
19 license under AS 16.05.480 or a permit under AS 16.43 for the  
20 year immediately preceding the date of application and any other  
21 two of the past five years, and who actively participated in the  
22 fishery during those periods, for the purchase of entry permits;

23 (B) individuals for the repair, restoration, or up-  
24 grading of existing vessels and gear, for the purchase of entry  
25 permits and gear, and for the construction and purchase of ves-  
26 sels, if the individuals have [AN INDIVIDUAL WHO HAS] been [A]  
27 state residents [RESIDENT] for a continuous period of two years  
28 immediately preceding the date of application for a loan under  
29 AS 16.10.300 -- 16.10.370, and either [WHO]

1 (i) because of lack of training or lack of em-  
2 ployment opportunities in the area of residence do [DOES]  
3 not have occupational opportunities available other than  
4 commercial fishing; or

5 (ii) are [IS] economically dependent on commer-  
6 cial fishing for a livelihood and for whom commercial fish-  
7 ing has been a traditional way of life [FOR THE INDIVIDUAL]  
8 in Alaska[, FOR THE REPAIR, RESTORATION OR UPGRADING OF  
9 EXISTING VESSELS AND GEAR, FOR THE PURCHASE OF ENTRY PERMITS  
10 AND GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS];

11 (C) [CORPORATIONS, PARTNERSHIPS, OR JOINT VENTURES,  
12 100 PERCENT OF WHICH ARE OWNED BY INDIVIDUAL COMMERCIAL FISHERMEN  
13 WHO HAVE BEEN STATE RESIDENTS FOR A CONTINUOUS PERIOD OF TWO  
14 YEARS IMMEDIATELY PRECEDING THE DATE OF APPLICATION FOR A LOAN  
15 UNDER AS 16.10.310(a)(1)(B) AND HAVE HAD A CREWMEMBER OR COMMER-  
16 CIAL FISHING LICENSE UNDER AS 16.05.480 OR A PERMIT UNDER AS 16.-  
17 43 FOR THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION AND  
18 ANY OTHER TWO OF THE PAST FIVE YEARS, AND WHO ACTIVELY PARTICI-  
19 PATED IN THE FISHERY DURING THAT PERIOD, FOR THE REPAIR, RESTORA-  
20 TION OR UPGRADING OF EXISTING VESSELS AND GEAR, FOR THE PURCHASE  
21 OF GEAR, AND FOR THE CONSTRUCTION AND PURCHASE OF VESSELS;]

22 (2) designate agents and delegate its powers to them as  
23 necessary;

24 (3) adopt regulations necessary to carry out its functions;

25 (4) establish amortization plans for repayment of loans,  
26 which may include extensions for poor fishing seasons or for adverse  
27 market conditions for Alaskan products;

28 (5) enter into agreements with private lending intuitions,  
29 other state agencies, or agencies of the federal government, to carry

1 out the purposes of AS 16.10.300 -- 16.10.370;

2 (6) enter into agreements with other agencies or organiza-  
3 tions to create an outreach program to make loans under AS 16.10.300  
4 -- 16.10.370 in rural areas of the state;

5 (7) allow an assumption of a loan if

6 (A) the applicant has been a state resident for a  
7 continuous period of two years immediately preceding the date of  
8 the request for an assumption; and

9 (B) approval of the assumption would be consistent  
10 with the purposes of AS 16.10.300 -- 16.10.370.

11 (b) [THE DEPARTMENT SHALL CONSULT WITH THE DEPARTMENT OF FISH  
12 AND GAME ON REGULATIONS AND PROCEDURES ESTABLISHED UNDER THIS CHAP-  
13 TER.]

14 (c) In determining whether an individual commercial fisherman is  
15 reasonably likely to be able to repay a loan made under AS 16.10.300  
16 -- 16.10.370, the commissioner shall consider the individual commer-  
17 cial fisherman's income from commercial fishing and from all other  
18 sources.

19 \* Sec. 2. AS 16.10.315 is amended to read:

20 Sec. 16.10.315. ALLOCATIONS OF LOANS. The department shall  
21 allocate at least 10 percent of the money that is appropriated for a  
22 state fiscal year to make loans under AS 16.10.310 for loans of  
23 \$35,000 or less made under AS 16.10.310(a)(1)(B) [AND (C)]. An allo-  
24 cation made under this section terminates on April 15 of the state  
25 fiscal year for which the allocation is made.

26 \* Sec. 3. AS 16.10.320 is amended to read:

27 Sec. 16.10.320. LIMITATIONS ON LOANS. (a) Except as permitted  
28 in (h) of this section, a [A] loan under AS 16.10.300 [16.10.310] --  
29 16.10.370

1 (1) may not exceed a term of 15 years, except for exten-  
2 sions under AS 16.10.310(a)(4);

3 (2) may not bear interest exceeding 10-1/2 percent;

4 (3) must [SHALL] be secured by a first priority lien and  
5 appropriate security agreement; and

6 (4) may not exceed 90 percent of the appraised value of the  
7 collateral used to secure the loan[, EXCEPT THAT A LOAN GRANTED UNDER  
8 AS 16.10.333 FOR THE PURCHASE OF AN ALASKA LIMITED ENTRY PERMIT MAY  
9 NOT EXCEED AN AMOUNT DETERMINED IN ACCORDANCE WITH (f) OR (h) OF THIS  
10 SECTION].

11 (b) A lien in favor of the state is not required for loans  
12 guaranteed fully by the federal government under 46 U.S.C. 1271 --  
13 1279b (Federal Ship Financing Act of 1972), as amended. In the case  
14 of a security agreement given to secure a loan made under AS 16.10.300  
15 -- 16.10.370 and covering a vessel documented under the laws of the  
16 United States and so long as 46 U.S.C. 911-948 (Ship Mortgage Act,  
17 1920) as amended, and so long as 46 U.S.C. 801-842 (Shipping Act,  
18 1916), as amended, remain ambiguous with respect to whether or not a  
19 state or state agency qualifies as a citizen of the United States for  
20 purposes of those Acts, the first lien requirement of this section may  
21 be satisfied by the recordation and endorsement of a first preferred  
22 ship mortgage under 46 U.S.C. 911-984, and by perfection of a security  
23 interest under the Uniform Commercial Code - Secured Transactions  
24 (AS 45.09), if the approval of the Secretary of Commerce is obtained  
25 under 46 U.S.C. 839 for the transfer to the department of the interest  
26 in a vessel documented under the laws of the United States. In the  
27 case of a security agreement given to secure a loan made under AS 16.-  
28 10.300 -- 16.10.370 and covering a vessel documented under the laws of  
29 the United States, the first lien requirement of this section may also

1 be satisfied by use of a trust deed and bond issued under it, if the  
2 trustee is a citizen of the United States and obtains a first pre-  
3 ferred ship mortgage on the vessel under 46 U.S.C. 911-984, and the  
4 approval of the Secretary of Commerce is obtained under 46 U.S.C. 839  
5 and 961 for the transfer of the bond or bonds to the department if the  
6 trustee is not a trustee approved by the Secretary of Commerce under  
7 46 U.S.C. 808, 835 and 961.

8 (c) [Repealed by sec. 72, ch. 113, SLA 1982.]

9 (d) The total of balances outstanding on loans [LOANS] made to a  
10 borrower under AS 16.10.310(a)(1)(A) may not exceed [A TOTAL OF]  
11 \$300,000. The total of balances outstanding on loans [LOANS] made to  
12 a borrower under AS 16.10.310(a)(1)(B) [OR (C)] may not exceed [A  
13 TOTAL OF] \$100,000. [A LOAN TO AN ASSOCIATE OF THE BORROWER IS CON-  
14 sidered to be a loan to the borrower. FOR THE PURPOSES OF THIS SEC-  
15 tion, "ASSOCIATE OF THE BORROWER" MEANS

16 (1) A CORPORATION OR OTHER ORGANIZATION OF WHICH THE BOR-  
17 ROWER IS AN OFFICER, DIRECTOR OR PARTNER, OR IS, DIRECTLY OR INDI-  
18 RECTLY THE BENEFICIAL OWNER OF 10 PERCENT OR MORE ON ANY CLASS OF  
19 EQUITY SECURITIES;

20 (2) A PERSON WHO IS, DIRECTLY OR INDIRECTLY, THE BENEFICIAL  
21 OWNER OF 10 PERCENT OR MORE OF ANY CLASS OF EQUITY SECURITIES OF THE  
22 BORROWER;

23 (3) A TRUST OR OTHER ESTATE IN WHICH THE BORROWER HAS A  
24 SUBSTANTIAL BENEFICIAL INTEREST OR AS TO WHICH THE BORROWER SERVES AS  
25 TRUSTEE OR IN A SIMILAR FIDUCIARY CAPACITY.]

26 (e) Two or more individual commercial fishermen who each satisfy  
27 the requirements specified in AS 16.10.310(a)(1)(B) may jointly,  
28 whether operating as a corporation, partnership, joint venture, or  
29 otherwise, obtain a commercial fishing loan for the repair,

1 restoration, or upgrading of an existing vessel and gear, for the  
2 purchase of gear, and for the construction [OF A FISHING VESSEL] or  
3 the purchase of a [AN EXISTING] fishing vessel. Loans granted under  
4 this subsection

5 [(1)] may not exceed the amount specified in (d) of this  
6 section multiplied by the number of qualified commercial fishermen  
7 applying for the loan.[:]

8 [(2) MAY NOT EXCEED A TERM OF 15 YEARS;

9 (3) SHALL BE SECURED BY A FIRST PRIORITY LIEN AND APPRO-  
10 PRIATE SECURITY AGREEMENT;

11 (4) MAY NOT BEAR INTEREST EXCEEDING 10 1/2 PERCENT;

12 AND

13 (5) MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE OF  
14 THE COLLATERAL USED TO SECURE THE LOAN.]

15 (f) [EXCEPT AS PERMITTED IN (h) OF THIS SECTION, A LOAN MADE  
16 UNDER AS 16.10.310(a)(1)(A) AND (B) FOR THE PURCHASE OF AN ALASKA  
17 LIMITED ENTRY PERMIT MAY NOT EXCEED 90 PERCENT OF THE APPRAISED VALUE  
18 OF THE COLLATERAL USED TO SECURE THE LOAN.]

19 (g) [Repealed by sec. 72, ch. 113, SLA 1982.]

20 (h) A loan for an entry permit under AS 16.10.310(a)(1)(B) may  
21 be made for up to 100 percent of the appraised value of the collateral  
22 used to secure the loan if the borrower demonstrates that (1) the  
23 borrower has at least three years of experience as a commercial fish-  
24 erman in the fishery to which the entry permit applies; and (2) the  
25 borrower has not owned an Alaska limited entry permit in the year  
26 immediately preceding the application for the loan. In this subsec-  
27 tion "three years of experience as a commercial fishermen in the  
28 fishery" means that for an accumulated total of three fishing seasons  
29 in the same fishery the borrower has actively participated in the

1 commercial harvest of fish under the direction of a limited entry  
2 permit holder.

3 (i) If a loan is made to a borrower under AS 16.10.310(a)(1)(A),  
4 a subsequent loan may not be made to the borrower [OR AN ASSOCIATE OF  
5 THE BORROWER] under AS 16.10.310(a)(1)(B) [OR (C)]. If a loan is made  
6 to a borrower under AS 16.10.310(a)(1)(B) [OR (C)], a subsequent loan  
7 may be made to the borrower [OR AN ASSOCIATE OF THE BORROWER] under  
8 AS 16.10.310(a)(1)(A) if the total of the balances outstanding on  
9 loans received by the borrower [OR THE ASSOCIATE] under AS 16.10.310  
10 does not exceed \$300,000.

11 \* Sec. 4. AS 16.10.333 is amended to read:

12 Sec. 16.10.333. LOANS FOR PURCHASE OF ALASKA LIMITED ENTRY  
13 PERMITS. (a) Loans under AS 16.10.310(a) [AS 16.10.320(a)] may be  
14 made to an individual commercial fisherman for the purchase of a  
15 limited entry permit upon certification by the commission that the  
16 fisherman is a person who qualifies as a transferee for the permit  
17 under AS 16.43 and the regulations adopted by the commission.

18 (b) Upon approval by the commissioner, the permit to be pur-  
19 chased may be pledged as security for a loan under (a) of this sec-  
20 tion, if

21 (1) the certificate for the pledged permit lists the com-  
22 missioner as the equitable owner of the permit;

23 (2) the certificate for the pledged permit lists the debtor  
24 as the equitable owner of the permit;

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

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

29 (5) co-signers or other sureties for performance under the

1 note are not vested with any rights in the pledged permit and their  
2 obligation is limited to satisfaction of the note and payment of costs  
3 directly incurred by the department in administering the loan.

4 (c) The commissioner is not liable for any act or omission  
5 resulting from permit ownership nor will that act or omission affect  
6 the commissioner's title to the permit or the commissioner's rights  
7 under it.

8 (d) Upon satisfaction of the note by the debtor, the commission-  
9 er shall certify to the commission that the note has been satisfied.

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

13 (f) [IN DETERMINING WHETHER AN INDIVIDUAL COMMERCIAL FISHERMAN  
14 IS REASONABLY LIKELY TO BE ABLE TO REPAY A LOAN MADE UNDER THIS SEC-  
15 TION, THE COMMISSIONER SHALL CONSIDER THE INDIVIDUAL COMMERCIAL FISH-  
16 ERMAN'S INCOME FROM COMMERCIAL FISHING AND FROM ALL OTHER SOURCES.]

17 \* Sec. 5. AS 16.10.335 is amended to read:

18 Sec. 16.10.335. DEFAULT AND FORECLOSURE. (a) If the debtor  
19 defaults upon a note for which a limited entry permit has been pledged  
20 as security under AS 16.10.333 or [UNDER AS] 16.10.338, the commis-  
21 sioner shall provide the debtor, by both [REGISTERED OR] certified and  
22 first class mail sent to the debtor's last known address on file with  
23 the commissioner, with a notice of default that [WHICH] includes

24 (1) a description of the security given for the note in-  
25 cluding the number assigned to the pledged permit by the commission;

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

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

1 (4) a statement that the debtor may, within 15 days after  
2 [OF] the postmark date of the notice, request a hearing to submit  
3 evidence showing the debtor has not defaulted;

4 (5) a statement that the note may be reinstated if brought  
5 current within 60 days after [FROM] the postmark date of the notice;

6 (6) a statement that the note may be paid in full less  
7 unearned interest within 120 days after [FROM] the postmark date of  
8 the notice;

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

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

15 (b) In each case of a limited entry permit being pledged as  
16 security under AS 16.10.333 or 16.10.338, the debtor shall maintain on  
17 file with the department an address where notice of default is to be  
18 sent, if necessary, and where that notice will be timely received by  
19 the debtor.

20 (c) Upon presentation of evidence of mailing in accordance with  
21 (a) of this section, the receipt of the notice of default by the  
22 debtor will be presumed for all purposes. This presumption is rebut-  
23 table by presentation of evidence sufficient to demonstrate lack of  
24 receipt of notice through no fault of the debtor. Upon presentation  
25 of evidence sufficient to prove lack of receipt of notice through no  
26 fault of the debtor, the notice is a nullity.

27 (d) Upon good cause shown, the commissioner may waive any of the  
28 time limits in (a) of this section, if the department receives from  
29 the debtor or the debtor's representative a request for the waiver

1 before the expiration of the time limit for which the waiver is  
2 sought.

3 (e) Except as otherwise provided in (c) and (d) of this section,  
4 upon [UPON] the debtor's failure to satisfy the note within the time  
5 specified in (a)(6) of this section, the debtor's interest in the  
6 permit is terminated by operation of law without further notice. Any  
7 entry permit card issued to the debtor under the permit must [SHALL]  
8 be cancelled immediately upon receipt by the commission of a certifi-  
9 cate of termination containing a copy of the notice required by (a) of  
10 this section issued by the commissioner.

11 \* Sec. 6. AS 16.10.339 is amended to read:

12 Sec. 16.10.339. REGULATIONS. The [COMMISSION, WITH THE APPROVAL  
13 OF THE] department[,] shall adopt regulations to implement AS 16.10.-  
14 333 -- 16.10.337.

15 \* Sec. 7. AS 16.10 is amended by adding a new section to read:

16 Sec. 16.10.355. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR FORE-  
17 CLOSURE. The department shall dispose of property acquired through  
18 default or foreclosure of a loan made under AS 16.10.300 -- 16.10.370  
19 or the former AS 16.10.650 -- 16.10.720. Disposal must be made in a  
20 manner that serves the best interests of the state, and may include  
21 the amortization of payments over a period of years, but may not be by  
22 lease.

23 \* Sec. 8. AS 16.10 is amended by adding new sections to read:

24 Sec. 16.10.507. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
25 established as a special account within the fisheries enhancement  
26 revolving loan fund the foreclosure expense account. This account is  
27 established as a reserve from fund equity.

28 (b) The commissioner may expend money credited to the foreclo-  
29 sure expense account when necessary to protect the state's security

1 interest in collateral on loans granted under AS 16.10.520 or to  
2 defray expenses incurred during foreclosure proceedings after a de-  
3 fault by an obligor.

4 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
5 FORECLOSURE. The Department of Commerce and Economic Development  
6 shall dispose of property acquired through default or foreclosure of a  
7 loan made under AS 16.10.500 -- 16.10.620. Disposal must be made in a  
8 manner that serves the best interests of the state, and may include  
9 the amortization of payments over a period of years, but may not be by  
10 lease.

11 \* Sec. 9. AS 26.15 is amended by adding new sections to read:

12 Sec. 26.15.085. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
13 FORECLOSURE. The Department of Commerce and Economic Development  
14 shall dispose of property acquired through default or foreclosure of a  
15 loan made under this chapter. Disposal must be made in a manner that  
16 serves the best interests of the state, and may include the amortiza-  
17 tion of payments over a period of years, but may not be by lease.

18 Sec. 26.15.095. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
19 established as a special account within the Alaska World War II veter-  
20 ans' revolving fund the foreclosure expense account. This account is  
21 established as a reserve from fund equity.

22 (b) The commissioner of commerce and economic development may  
23 expend money credited to the foreclosure expense account when neces-  
24 sary to protect the state's security interest in collateral on loans  
25 granted under AS 26.15.040 or to defray expenses incurred during  
26 foreclosure proceedings after a default by an obligor.

27 \* Sec. 10. AS 27.09 is amended by adding new sections to read:

28 Sec. 27.09.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
29 established as a special account within the mining loan fund the

1 foreclosure expense account. This account is established as a reserve  
2 from fund equity.

3 (b) The commissioner of commerce and economic development may  
4 expend money credited to the foreclosure expense account when neces-  
5 sary to protect the state's security interest in collateral on loans  
6 granted under AS 27.09.010 or to defray expenses incurred during  
7 foreclosure proceedings after a default by an obligor.

8 Sec. 27.09.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
9 FORECLOSURE. The department shall dispose of property acquired  
10 through default or foreclosure of a loan made under this chapter.  
11 Disposal must be made in a manner that serves the best interests of  
12 the state, and may include the amortization of payments over a period  
13 of years, but may not be by lease.

14 \* Sec. 11. AS 44.33 is amended by adding new sections to read:

15 Sec. 44.33.242. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
16 established as a special account within the child care facility re-  
17 volving loan fund the foreclosure expense account. This account is  
18 established as a reserve from fund equity.

19 (b) The commissioner of commerce and economic development may  
20 expend money credited to the foreclosure expense account when neces-  
21 sary to protect the state's security interest in collateral on loans  
22 granted under AS 44.33.245 or to defray expenses incurred during  
23 foreclosure proceedings after a default by an obligor.

24 Sec. 44.33.272. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
25 FORECLOSURE. The department shall dispose of property acquired  
26 through default or foreclosure of a loan made under AS 44.33.240 --  
27 44.33.275. Disposal must be made in a manner that serves the best  
28 interests of the state, and may include the amortization of payments  
29 over a period of years, but may not be by lease.

1 \* Sec. 12. AS 45.87 is amended by adding new sections to read:

2       Sec. 45.87.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
3 established as a special account within the bulk fuel revolving loan  
4 fund the foreclosure expense account. This account is established as  
5 a reserve from fund equity.

6       (b) The commissioner of commerce and economic development may  
7 expend money credited to the foreclosure expense account when neces-  
8 sary to protect the state's security interest in collateral on loans  
9 granted under this chapter or to defray expenses incurred during  
10 foreclosure proceedings after a default by an obligor.

11       Sec. 45.87.040. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
12 FORECLOSURE. The department shall dispose of property acquired  
13 through default or foreclosure of a loan made under this chapter.  
14 Disposal must be made in a manner that serves the best interests of  
15 the state, and may include the amortization of payments over a period  
16 of years, but may not be by lease.

17       Sec. 45.87.060. REGULATIONS. The department shall adopt regu-  
18 lations to implement this chapter.

19 \* Sec. 13. AS 45.88 is amended by adding new sections to read:

20       Sec. 45.88.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
21 established, as a special account within the revolving loan fund  
22 established under AS 45.88.010, the foreclosure expense account. This  
23 account is established as a reserve from fund equity.

24       (b) The commissioner of commerce and economic development may  
25 expend money credited to the foreclosure expense account when neces-  
26 sary to protect the state's security interest in collateral on loans  
27 granted under AS 45.88.020 or to defray expenses incurred during  
28 foreclosure proceedings after a default by an obligor.

29       Sec. 45.88.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR

1 FORECLOSURE. The Department of Commerce and Economic Development  
2 shall dispose of property acquired through default or foreclosure of a  
3 loan made under this chapter. Disposal must be made in a manner that  
4 serves the best interests of the state, and may include the amortiza-  
5 tion of payments over a period of years, but may not be by lease.

6 Sec. 14. AS 45.89 is amended by adding new sections to read:

7 Sec. 45.89.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
8 established as a special account within the residential energy conser-  
9 vation fund the foreclosure expense account. This account is estab-  
10 lished as a reserve from fund equity.

11 (b) The commissioner may expend money credited to the foreclo-  
12 sure expense account when necessary to protect the state's security  
13 interest in collateral on loans granted under AS 45.89.030 or to  
14 defray expenses incurred during foreclosure proceedings after a de-  
15 fault by an obligor.

16 Sec. 45.89.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
17 FORECLOSURE. The department shall dispose of property acquired  
18 through default or foreclosure of a loan made under this chapter.  
19 Disposal must be made in a manner that serves the best interests of  
20 the state, and may include the amortization of payments over a period  
21 of years, but may not be by lease.

22 Sec. 45.89.070. REGULATIONS. The department shall adopt regu-  
23 lations to implement this chapter.

24 \* Sec. 15. AS 45.90 is amended by adding new sections to read:

25 Sec. 45.90.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
26 established as a special account within the tourism revolving fund the  
27 foreclosure expense account. This account is established as a reserve  
28 from fund equity.

29 (b) The commissioner of commerce and economic development may

1 expend money credited to the foreclosure expense account when neces-  
2 sary to protect the state's security interest in collateral on loans  
3 granted under AS 45.90.020 or to defray expenses incurred during  
4 foreclosure proceedings after a default by an obligor.

5 Sec. 45.90.050. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
6 FORECLOSURE. The Department of Commerce and Economic Development  
7 shall dispose of property acquired through default or foreclosure of a  
8 loan made under this chapter. Disposal must be made in a manner that  
9 serves the best interests of the state, and may include the amortiza-  
10 tion of payments over a period of years, but may not be by lease.

11 \* Sec. 16. AS 45.95 is amended by adding new sections to read:

12 Sec. 45.95.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
13 FORECLOSURE. The Department of Commerce and Economic Development  
14 shall dispose of property acquired through default or foreclosure of a  
15 loan made under this chapter. Disposal must be made in a manner that  
16 serves the best interests of the state, and may include the amortiza-  
17 tion of payments over a period of years, but may not be by lease.

18 Sec. 45.95.065. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
19 established as a special account within the small business revolving  
20 loan fund the foreclosure expense account. This account is estab-  
21 lished as a reserve from fund equity.

22 (b) The commissioner may expend money credited to the foreclo-  
23 sure expense account when necessary to protect the state's security  
24 interest in collateral on loans granted under AS 45.95.020 or to  
25 defray expenses incurred during foreclosure proceedings after a de-  
26 fault by an obligor.

27 \* Sec. 17. AS 45.98 is amended by adding a new section to read:

28 Sec. 45.98.015. SPECIAL ACCOUNT ESTABLISHED. (a) There is  
29 established as a special account within the historical district

1 revolving loan fund the foreclosure expense account. This account is  
2 established as a reserve from fund equity.

3 (b) The commissioner of commerce and economic development may  
4 expend money credited to the foreclosure expense account when neces-  
5 sary to protect the state's security interest in collateral on loans  
6 granted under this chapter, or to defray expenses incurred during  
7 foreclosure proceedings after a default by an obligor.

8 \* Sec. 18. AS 45.98.020 is amended to read:

9 Sec. 45.98.020. HISTORICAL DISTRICT LOANS. Upon endorsement and  
10 plan approval by a local historical district commission established  
11 under AS 29.48.108 and the recommendation of a majority of the members  
12 of the Historic Sites Advisory Committee, the Department of Commerce  
13 and Economic Development may make loans to a person, firm, business or  
14 municipality subject to applicable laws for the restoration, improve-  
15 ment, rehabilitation, or maintenance of

16 (1) a structure which is [(1)] within the boundaries of a  
17 historical district established under AS 29.48.110 and [;]

18 [(2)] identified as important in state or national history as  
19 provided for in AS 29.48.110(b); or [AND]

20 (2) a [(3) ANOTHER] building or structure within a histor-  
21 ical district which is [AND] suitable for superficial modification so  
22 that it can conform to the period or motif of the surrounding build-  
23 ings or structures that are the reason for the area's designation as a  
24 historical district.

25 \* Sec. 19. AS 45.98 is amended by adding a new section to read:

26 Sec. 45.98.055. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR  
27 FORECLOSURE. The Department of Commerce and Economic Development  
28 shall dispose of property acquired through default or foreclosure of a  
29 loan made under this chapter. Disposal must be made in a manner that

1 serves the best interests of the state, and may include the amortiza-  
2 tion of payments over a period of years, but may not be by lease.  
3 \* Sec. 20. This Act takes effect July 1, 1985.