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1 IN THE SENATE

2 SENATE BILL NO. 82

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans and lending practices of
7 the Alaska Commercial Fishing and Agriculture Bank;
8 providing an exemption for the bank's membership
9 stock and certain other securities issued by the bank
10 from registration under the Alaska Securities Act;
11 and providing for an effective date."

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

13 * Section 1. PURPOSE. It is the purpose of this Act to maintain and
14 enhance the flexibility of the Alaska Commercial Fishing and Agriculture
15 Bank (AS 44.81) by amending applicable statutes so that the bank may

16 (1) make loans to finance the sale of a limited entry permit to
17 a resident commercial fisherman who does not meet the bank's normal credit
18 standards, if the permit seller is willing to participate in the loan in
19 order to support the efforts of a resident entrant into the commercial
20 fishery under that permit;

21 (2) improve its ability to refinance loans;

22 (3) accept as collateral pledged for security for a loan a
23 limited entry permit in addition to the one to be purchased; and

24 (4) more readily protect the financial interests of a debtor in
25 instances in which the limited entry permit of that debtor has been sub-
26 jected to foreclosure under AS 44.81.

27 * Sec. 2. AS 44.81.210(a) is amended by adding a new paragraph to read:

28 (24) issue certificates of loan participation to members and
29 to other individuals, corporations, partnerships, and joint ventures.

1 * Sec. 3. AS 44.81.230 is amended by adding new subsections to read:

2 (e) In addition to the permit of the debtor pledged as security
3 for a loan under (a) of this section, the debtor may pledge another
4 limited entry permit as security for that loan if the bank approves
5 and the permit to be pledged meets the requirements of (b) of this
6 section.

7 (f) In anticipation of possible foreclosure on an entry permit
8 under AS 44.81.250, the debtor may nominate a person to assume a note
9 given under AS 44.81.210(a)(20). If the person nominated qualifies
10 under (a) of this section at the time of the foreclosure, the person
11 may assume all rights and liabilities of the debtor in the event the
12 bank forecloses on the entry permit.

13 * Sec. 4. AS 44.81.235(b) is amended to read:

14 (b) A limited entry permit may be used as security for more than
15 one loan if each loan meets the requirements of AS 44.81.210(a)(20) or
16 (a) of this section.

17 * Sec. 5. AS 44.81.235(c) is amended to read:

18 (c) A limited entry permit may be used as security for a loan to
19 refinance existing debts if the proceeds of each original loan were
20 used in accordance with AS 44.81.210(a)(20) or (a) of this section.

21 * Sec. 6. AS 44.81.250(b) is amended to read:

22 (b) If the commission does not exercise its right of first
23 refusal within 30 days after it receives the offer, or if the permit
24 is not subject to a buy-back program under AS 16.43.290 - 16.43.330,
25 the bank shall promptly notify the debtor of this fact. If the debtor
26 has not previously nominated a qualified person to assume the note
27 under AS 44.81.230(f), the [THE] debtor has 30 days from the postmark
28 date of the notice to nominate a person qualified to assume the note.
29 The person nominated must qualify under the requirements of

1 AS 44.81.230(a). If qualified, the person nominated may assume all
2 rights and liabilities of the original debtor.

3 * Sec. 7. AS 44.81.250(d) is amended to read:

4 (d) Nothing in this section affects the right of the bank to
5 institute legal action for a deficiency resulting from a default on a
6 note given under AS 44.81.210(a)(20) or 44.81.230 [AS 44.81.230]. In
7 addition to any deficiency, the debtor is liable for the costs of
8 administering the note and for costs and attorney fees.

9 * Sec. 8. AS 44.81.250 is amended by adding a new subsection to read:

10 (e) If the commission is unable to provide a list of one or more
11 qualified persons as provided in AS 44.81.250(c) within 15 days, or if
12 no person listed is determined by the bank to be qualified to assume
13 the note, the bank may sell the permit to an individual commercial
14 fisherman who has been a state resident for two years immediately
15 preceding the date of the sale. If the proceeds of the sale of a
16 permit exceed the amount necessary to pay the note in full, plus
17 interest to date of sale, penalties, costs, and attorney fees, the
18 bank shall remit the excess to the original debtor.

19 * Sec. 9. AS 45.55.140(a) is amended by adding a new paragraph to read:

20 (12) shares of membership stock in the Alaska Commercial
21 Fishing and Agriculture Bank, and other securities issued by that bank
22 to members or in connection with loans to members.

23 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).