

Offered: 5/4/89
Referred: Finance

6-0699J

Original sponsor: Zharoff

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

CS FOR SENATE BILL NO. 243 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to loans under the Commercial Fish-

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ing Loan Act and to limited entry permits pledged as

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security for those loans; and providing for an effective

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date."

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

11 * Section 1. AS 16.10.335(a) is amended to read:

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(a) If the debtor defaults upon a note for which a limited entry

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permit has been pledged as security under AS 16.10.333 or 16.10.338,

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the commissioner shall provide the debtor, by both certified and first

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class mail sent to the debtor's last known address on file with the

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commissioner, with a notice of default that includes

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(1) a description of the security given for the note in-

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cluding the number assigned to the pledged permit by the commission;

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(2) the date upon which the default occurred;

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(3) the amount of the debtor's outstanding principal and

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interest [ARREARAGES] as of the date of the default notice, the total

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amount remaining on the note less unearned interest, and the amount of

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daily interest;

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(4) a statement that the debtor may, within 15 days after

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the postmark date of the notice, request a hearing to submit evidence

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showing the debtor has not defaulted;

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(5) a statement that the note may be reinstated if it is

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brought current within 120 [60] days after the postmark date of the

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notice;

1 (6) a statement that, under AS 16.10.310(a)(4), the debtor
2 may reinstate the note by submitting to the commissioner a plan of
3 repayment if the commissioner accepts the debtor's plan of repayment
4 [NOTE MAY BE PAID IN FULL LESS UNEARNED INTEREST WITHIN 120 DAYS AFTER
5 THE POSTMARK DATE OF THE NOTICE];

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

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

12 * Sec. 2. AS 16.10.335(d) is repealed and reenacted to read:

13 (d) If requested by the debtor, the commissioner may waive any
14 of the time limits in (a) of this section if the debtor shows good
15 cause.

16 * Sec. 3. AS 16.10.335(e) is amended to read:

17 (e) Except as otherwise provided in (c) and (d) of this section,
18 if the debtor fails [UPON THE DEBTOR'S FAILURE] to reinstate or sat-
19 isfy the note within the time specified in (a)(5) [(a)(6)] of this
20 section, the debtor's interest in the permit is terminated by opera-
21 tion of law without further notice. [ANY ENTRY PERMIT CARDS ISSUED TO
22 THE DEBTOR UNDER THE PERMIT MUST BE CANCELLED IMMEDIATELY UPON RECEIPT
23 BY THE COMMISSION OF A CERTIFICATE OF TERMINATION CONTAINING A COPY OF
24 THE NOTICE REQUIRED BY (a) OF THIS SECTION ISSUED BY THE COMMISSION-
25 ER.]

26 * Sec. 4. AS 16.10.335 is amended by adding a new subsection to read:

27 (f) Notwithstanding (a) of this section, when a debtor files
28 bankruptcy, the debtor's interest in the limited entry permit is
29 terminated by operation of law without further notice as of the date

1 that the automatic stay issued in the bankruptcy is no longer in
2 effect, unless the debtor has reaffirmed the debt.

3 * Sec. 5. AS 16.10.338 is amended by adding a new subsection to read:

4 (b) If a limited entry permit is pledged for security for a loan
5 made under AS 16.10.310(a)(1)(B) for the repair, restoration, upgrad-
6 ing, construction, or purchase of a vessel and the borrower thereafter
7 fails to make a payment or defaults, the commissioner shall, in addi-
8 tion to the notice provided under AS 16.10.335(a), notify the borrower
9 that subject to the commissioner's acceptance the borrower may sell
10 the vessel, apply the sales proceeds to the debt, and renegotiate pay-
11 ment of the balance due on the loan to avoid the immediate loss of the
12 limited entry permit that has been pledged for security for the loan.

13 * Sec. 6. AS 16.10 is amended by adding a new section to read:

14 Sec. 16.10.353. WAIVER OF CONFIDENTIALITY. (a) The commis-
15 sioner may release information about a borrower's loan to any indi-
16 vidual when release of the information has been authorized by the
17 borrower.

18 (b) A person obtaining a loan under AS 16.10.300 - 16.10.370
19 after the effective date of this Act may, by signing a form prepared
20 for the purpose, designate the names of persons and organizations to
21 whom a copy of the notice required by AS 16.10.335 must be sent.

22 * Sec. 7. AS 16.43.960 is amended by adding a new subsection to read:

23 (j) The commission shall immediately cancel a limited entry
24 permit card issued to a debtor under a loan made under AS 16.10.300 -
25 16.10.370 when the commission receives a certificate of loan termina-
26 tion containing a copy of the

27 (1) notice required by AS 16.10.335(a); or

28 (2) notice that the automatic stay issued if the debtor has
29 filed bankruptcy is no longer in effect.

1 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).