

Offered: 2/28/90  
Referred: Rules

6-0699D

Original sponsor(s): SEN. ZHAROFF

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 243 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to loans under the Commercial Fish-  
7 ing Loan Act and to limited entry permits pledged as  
8 security for those loans; and providing for an effec-  
9 tive 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:

12 (a) If the debtor defaults upon a note for which a limited entry  
13 permit has been pledged as security under AS 16.10.333 or 16.10.338,  
14 the commissioner shall provide the debtor, by both certified and first  
15 class mail sent to the debtor's last known address on file with the  
16 commissioner, with a notice of default that includes

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

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

20 (3) the amount of the debtor's outstanding principal and  
21 interest [ARREARAGES] as of the date of the default notice, the total  
22 amount remaining on the note less unearned interest, and the amount of  
23 daily interest;

24 (4) a statement that the debtor may, within 15 days after  
25 the postmark date of the notice, request a hearing to submit evidence  
26 showing the debtor has not defaulted;

27 (5) a statement that the note may be reinstated if it is  
28 brought current within 120 [60] days after the postmark date of the  
29 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 AS 16.10.335(d) is repealed and reenacted to read: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 16.10.350 is amended by adding a new subsection to read:

14 (b) The commissioner shall annually submit a report to the  
15 legislature detailing the number and nature of reinstatements author-  
16 ized by AS 16.10.335(a)(5).

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

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

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

26 \* Sec. 8. AS 16.43.960 is amended by adding a new subsection to read:

27 (j) The commission shall immediately cancel a limited entry  
28 permit card issued to a debtor under a loan made under AS 16.10.300 -  
29 16.10.370 when the commission receives a certificate of loan

1            termination containing a copy of the  
2                    (1) notice required by AS 16.10.335(a); or  
3                    (2) notice that the automatic stay issued if the debtor has  
4            filed bankruptcy is no longer in effect.  
5            \* Sec. 9. This Act takes effect immediately under AS 01.10.070(c).