

CS FOR SENATE BILL NO. 26 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/14/91
 Referred: Finance

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to loans under the Commercial Fishing Loan Act and to limited entry
 2 permits pledged as security for those loans; and providing for an effective date."

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

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

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

9 (1) a description of the security given for the note including the number assigned
 10 to the pledged permit by the commission;

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

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

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

3 (5) a statement that the note may be reinstated if it is brought current within 120
4 [60] days after the postmark date of the notice;

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

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

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

15 * Sec. 2. AS 16.10.335(e) is amended to read:

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

23 * Sec. 3. AS 16.10.335 is amended by adding a new subsection to read:

24 (f) Notwithstanding (a) of this section, when a debtor files bankruptcy, the debtor's
25 interest in the limited entry permit is terminated by operation of law without further notice as of
26 the date that the automatic stay issued in the bankruptcy is no longer in effect, unless the debtor
27 has reaffirmed the debt.

28 * Sec. 4. AS 16.10.338 is amended by adding a new subsection to read:

29 (b) If a limited entry permit is pledged for security for a loan made under
30 AS 16.10.310(a)(1)(B) for the repair, restoration, upgrading, construction, or purchase of a vessel
31 and the borrower thereafter fails to make a payment or defaults, the commissioner shall, in addi-

1 tion to the notice provided under AS 16.10.335(a), notify the borrower that subject to the
2 commissioner's acceptance the borrower may sell the vessel, apply the sales proceeds to the debt,
3 and renegotiate payment of the balance due on the loan to avoid the immediate loss of the limited
4 entry permit that has been pledged for security for the loan.

5 * Sec. 5. AS 16.10.350 is amended by adding a new subsection to read:

6 (b) The commissioner shall annually submit a report to the legislature detailing the
7 number and nature of reinstatements authorized by AS 16.10.335(a)(5).

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

9 Sec. 16.10.353. WAIVER OF CONFIDENTIALITY. (a) The commissioner may release
10 information about a borrower's loan to any individual when release of the information has been
11 authorized by the borrower.

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

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

16 (j) The commission shall immediately cancel a limited entry permit card issued to a
17 debtor under a loan made under AS 16.10.300 - 16.10.370 when the commission receives a
18 certificate of loan termination containing a copy of the

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

20 (2) notice that, if the debtor has filed bankruptcy, the automatic stay issued is no
21 longer in effect and the debtor has not reaffirmed the debt.

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