

CS FOR SENATE BILL NO. 92 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/13/91
 Referred: Rules

Sponsor(s): SENATORS ZHAROFF, Sturgulewski, Hoffman

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to the lending authority and loans of the Commercial Fishing and
 2 Agriculture Bank and to the use of limited entry permits as security for those loans; and
 3 providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * Section 1. AS 16.43.150(g) is amended to read:

6 (g) Except as provided in AS 16.10.333 - 16.10.337, AS 44.81.210, 44.81.225, and
 7 44.81.230 - 44.81.250, an entry permit may not be

8 (1) pledged, mortgaged, leased, or encumbered in any way;

9 (2) transferred with any retained right of repossession or foreclosure, or on any
 10 condition requiring a subsequent transfer; or

11 (3) attached, distrained, or sold on execution of judgment or under any other
 12 process or order of any court.

13 * Sec. 2. AS 44.81 is amended by adding a new section to read:

14 Sec. 44.81.225. SMALL LOANS. (a) To facilitate the development of commercial

1 fisheries in geographic areas in which factors such as geographic considerations, uncertainties of
2 communication, or limited demands do not encourage normal lending activities, the bank may
3 make small loans to qualified borrowers who are not members of the bank.

4 (b) The provisions of this chapter apply to loans authorized by this section except that

5 (1) the borrower is not required to be a member of the bank at the time the loan
6 is approved; and

7 (2) the principal amount of the portion of the loan made by the bank may not
8 exceed \$25,000.

9 (c) The total amount of money that may be loaned under this section may not exceed
10 eight percent of the total capital of the bank.

11 (d) To service loans made under this section, the bank may contract or make other
12 arrangements with a public agency or with a legal entity that the bank determines to be
13 responsible and competent to administer the loan.

14 * Sec. 3. AS 44.81.230(a) is amended to read:

15 (a) A loan under AS 44.81.210(a)(20) or 44.81.225 for the purchase of a limited entry
16 permit may be made only upon certification by the commission that the fisherman is a person
17 who qualifies as a transferee for the permit under AS 16.43 and the regulations adopted by the
18 commission.

19 * Sec. 4. AS 44.81.230(b) is amended to read:

20 (b) Upon approval by the bank, a [THE] permit [TO BE PURCHASED] may be pledged
21 as security for a loan made under (a) of this section, AS 44.81.225, or 44.81.235 [,] if

22 (1) the certificate for the pledged permit lists the bank as the legal owner of the
23 permit;

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

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

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

30 (5) co-signers or other sureties for performance under the note are not vested with
31 any rights in the pledged permit and their obligation is limited to satisfaction of the note and

1 payment of costs directly incurred by the bank in administering the loan.

2 * Sec. 5. AS 44.81.230(f) is amended to read:

3 (f) In anticipation of possible foreclosure on an entry permit under AS 44.81.250, the
4 debtor may nominate a person to assume a note for a loan made [GIVEN] under
5 AS 44.81.210(a)(20), 44.81.225, or 44.81.235. If the person nominated qualifies under (a) of this
6 section at the time of the foreclosure, the person may assume all rights and liabilities of the
7 debtor in the event the bank forecloses on the entry permit.

8 * Sec. 6. AS 44.81.250(d) is amended to read:

9 (d) Nothing in this section affects the right of the bank to institute legal action for a
10 deficiency resulting from a default on a note for a loan made [GIVEN] under
11 AS 44.81.210(a)(20), 44.81.225, [OR] 44.81.230, or 44.81.235. In addition to any deficiency,
12 the debtor is liable for the costs of administering the note and for costs and attorney fees.

13 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).