



# LAWS OF ALASKA

1991

**Source**

CSSB 92(FIN)

**Chapter No.**

39

**AN ACT**

Relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank and to the use of limited entry permits as security for those loans; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Approved by the Governor: June 12, 1991  
Actual Effective Date: June 13, 1991

AN ACT

1 Relating to the lending authority and loans of the Commercial Fishing and Agriculture  
2 Bank and to the use of limited entry permits as security for those loans; and providing  
3 for an effective date.  
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7 \* Section 1. AS 16.43.150(g) is amended to read:

8 (g) Except as provided in AS 16.10.333 - 16.10.337, AS 44.81.210, 44.81.225, and  
9 44.81.230 - 44.81.250, an entry permit may not be

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

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

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

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

16 Sec. 44.81.225. SMALL LOANS. (a) To facilitate the development of commercial  
17 fisheries in geographic areas in which factors such as geographic considerations, uncertainties of  
18 communication, or limited demands do not encourage normal lending activities, the bank may  
19 make small loans to qualified borrowers who are not members of the bank.

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

21 (1) the borrower is not required to be a member of the bank at the time the loan

Chapter 39

1 is approved; and

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

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

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

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

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

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

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

17 (1) the certificate for the pledged permit lists the bank as the legal owner of the  
18 permit;

19 (2) the certificate for the pledged permit lists the debtor as the equitable owner  
20 of the permit;

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

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

25 (5) co-signers or other sureties for performance under the note are not vested with  
26 any rights in the pledged permit and their obligation is limited to satisfaction of the note and  
27 payment of costs directly incurred by the bank in administering the loan.

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

29 (f) In anticipation of possible foreclosure on an entry permit under AS 44.81.250, the  
30 debtor may nominate a person to assume a note for a loan made [GIVEN] under

1 AS ~~44.81.210(a)(20), 44.81.225, or 44.81.235~~. If the person nominated qualifies under (a) of this  
2 section at the time of the foreclosure, the person may assume all rights and liabilities of the  
3 debtor in the event the bank forecloses on the entry permit.

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

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

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