

Statutes and Regulations

Commercial Charter Fisheries

Revolving Loan Fund

October 2025



DEPARTMENT OF COMMERCE,
COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF INVESTMENTS

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Sec. 16.10.801. Commercial charter fisheries revolving loan fund.

(a) The commercial charter fisheries revolving loan fund is created in the Department of Commerce, Community, and Economic Development to carry out the purposes of AS 16.10.801 — 16.10.840.

(b) The commercial charter fisheries revolving loan fund consists of the following:

- (1) money appropriated to, transferred to, or received by gift, grant, devise, bequest, or donation to the fund;
- (2) principal and interest payments or other income earned on loans or investments of the fund;
- (3) money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on loans made under AS 16.10.801 — 16.10.840.

(c) Money in the fund may be used by the legislature to make appropriations for costs of administering AS 16.10.801 — 16.10.840.

Sec. 16.10.805. Powers and duties of the department.

The department may

- (1) make loans to eligible applicants under AS 16.10.801 — 16.10.840
 - (A) for the purchase of charter halibut permits;
 - (B) to refinance debt obligations made by other lenders more than 12 months before the department received the loan application and incurred by an applicant for the purchase of charter halibut fishing vessels or gear if the applicant otherwise qualifies for a loan under AS 16.10.801 — 16.10.840; the department may collect a refinancing loan origination charge as provided by regulation;
- (2) receive, take, hold, and administer any appropriation, transfer, gift, grant, bequest, devise, or donation of money for the fund;
- (3) establish amortization plans for repayment of loans, including extensions of the terms of loans;
- (4) allow an assumption of a loan if
 - (A) the applicant meets the requirements established under this section; and
 - (B) approval of the assumption would be consistent with the purposes of AS 16.10.801 — 16.10.840;
- (5) establish the rate of interest for loans consistent with law;
- (6) charge and collect fees for services provided under AS 16.10.801 — 16.10.840;
- (7) adopt regulations under AS 44.62 necessary to carry out the provisions of AS 16.10.801 — 16.10.840, including regulations to establish reasonable fees for services provided; and

(8) designate agents and delegate powers as necessary to the agents.

Sec. 16.10.810. Eligibility.

(a) For an applicant to be eligible for a loan under AS 16.10.801 — 16.10.840, the applicant shall be a resident of the state, as determined under (c) of this section, and shall

(1) qualify for the purchase of a charter halibut permit under applicable law; or

(2) qualify as a transferee for a charter halibut permit under applicable law.

(b) In addition to the requirements set out in (a) of this section, the applicant must provide to the department a document from a state financial institution stating that

(1) the applicant has been denied a loan for the same purpose; or

(2) a loan from the financial institution is contingent on the applicant also receiving a loan from the fund.

(c) To meet the residency requirements of (a) of this section, the applicant

(1) shall physically reside in this state and maintain a domicile in this state during the 24 consecutive months preceding the date of application for the program; and

(2) may not have

(A) declared or established residency in another state; or

(B) received residency or a benefit based on residency from another state.

Sec. 16.10.815. Limitations on loans.

(a) Except as provided in (b) of this section, a loan under AS 16.10.801 — 16.10.840

(1) for a charter halibut permit may not exceed the permit value determined by a 12-month rolling average set quarterly by the department for like permits;

(2) for a loan other than a loan for a charter halibut permit may not exceed \$100,000 a year;

(3) may not exceed a term of 15 years, except for extensions under AS 16.10.805;

(4) may not bear interest at a rate greater than the prime rate, as defined in AS 44.88.599, plus two percentage points, but which may not be less than six percent a year or more than 10 1/2 percent a year;

(5) must be secured by a first priority lien on collateral acceptable to the commissioner, which may include collateral other than a charter halibut permit; and

(6) may not be made to a person who has a past due child support obligation established by court order or by the child support services agency under AS 25.27.160 — 25.27.220 at the time of application.

(b) The total balances outstanding on loans made to a borrower under AS 16.10.805 may not exceed \$200,000.

Sec. 16.10.820. Default.

If the borrower defaults on a note, the department shall notify the borrower of the default and the consequences of default by mailing a notice to the borrower's most recent address provided to the department by the borrower or obtained by the department.

Sec. 16.10.825. Special account established.

(a) The foreclosure expense account is established as a special account within the commercial charter fisheries revolving loan fund.

(b) The department may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans granted under AS 16.10.815 or to defray expenses incurred during foreclosure proceedings after an obligor defaults.

Sec. 16.10.830. Disposal of property acquired after default.

The department shall dispose of property acquired through default of a loan made under AS 16.10.801 — 16.10.840. Disposal must be made in a manner that serves the best interest of the state and may include the amortization of payments over a period of years.

Sec. 16.10.835. Waiver of confidentiality.

The commissioner may release information about the borrower's loan to any individual if release of the information has been authorized by the borrower.

Sec. 16.10.840. Definitions.

In AS 16.10.801 — 16.10.840,

- (1) “commissioner” means the commissioner of commerce, community, and economic development;
- (2) “department” means the Department of Commerce, Community, and Economic Development.

CHAPTER 80 COMMERCIAL FISHING LOANS

Article

- 1. Community Fishing Revolving Loan Fund (3 AAC 80.010 – 3 AAC 80.180)**
- 2. Community Quota Entity Revolving Loan Fund (3 AAC 80.200 – 3 AAC 80.265)**
- 3. Community Charter Fisheries Revolving Loan Fund (3 AAC 80.310 – 3 AAC 80.380)**
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ARTICLE 3 COMMUNITY CHARTER FISHERIES REVOLVING LOAN FUND

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3 AAC 80.310. Application process.

- (a) To apply for a loan under AS 16.10.801 - AS 16.10.890, the applicant shall file with the department
 - (1) a completed application for a commercial charter fisheries loan, on a form provided by the department;
 - (2) a completed residency questionnaire, on a form provided by the department;
 - (3) a letter of intent stating the amount requested and intended use consistent with AS 16.10.801 - 13.10.890 of the proposed loan money, on a form provided by the department;
 - (4) a schedule of acceptable collateral, including collateral now owned and other collateral to be acquired with the loan proceeds, on a form provided by the department;
 - (5) an individual financial statement consisting of a current balance sheet and a profit and loss statement, on a form provided by the department;
 - (6) a statement of projected income and expenses for the following year's operating plan, on a form provided by the department;
 - (7) copies of the applicant's federal income tax returns for the preceding three years, and for additional years if necessary to establish eligibility;
 - (8) a signed credit authorization, on a form provided by the department;
 - (9) a resume identifying all permits and licenses held by the applicant, summarizing the applicant's experience in commercial charter fisheries in Alaska for each year, on a form provided by the department;
 - (10) consent to release information, on a form provided by the department;
 - (11) copies of the purchase agreement or cost estimates and down-payment receipt, with signatures by all parties;
 - (12) if a vessel is used for collateral, a marine survey of the vessel less than 90 days old, acceptable to the department, including pictures of the vessel;

- (13) the application fee required by 3 AAC 80.355(b); and
 - (14) any other information requested by the department needed to process the loan application.
- (b) The department may process loan requests without the information described in (a) of this section if the department determines that the information is not necessary for making the lending decision.

Authority: AS 16.10.805

3 AAC 80.315. Examination.

- (a) The materials described in 3 AAC 80.310 will be processed and evaluated by a loan officer. The loan officer will evaluate the applicant's eligibility, financial and credit history, operating plan, ability to repay, and proposed collateral.
- (b) On the basis of the evaluation, the loan officer will either
- (1) inactivate the application due to
 - (A) lack of information required under 3 AAC 80.310; or
 - (B) the ineligibility of the applicant; or
 - (2) recommend proposed action on the loan request to the appropriate loan committee; however, the recommendation of a loan officer is not binding on a loan committee.

Authority: AS 16.10.805

3 AAC 80.320. Loan committee.

- (a) A loan committee consists of one or more persons appointed by the director to act on a loan request.
- (b) A loan committee may approve, deny, or modify a loan request, or may table a loan request subject to obtaining additional information.
- (c) A loan committee may impose reasonable conditions on the approval of a loan, including
- (1) additional collateral to secure the loan;
 - (2) additional guarantors; and
 - (3) subordination of prior lien holders' rights to the interests of the state.
- (d) A loan committee shall consider the applicant's eligibility for a loan, financial and credit record, ability to repay, operating plan, and the adequacy of collateral offered to secure the loan. A loan committee may also consider the recommendations of the loan officer assigned to process the application and any other relevant information.
- (e) A loan committee may fix, within the limitations set by AS 16.10.815, the term of a loan and repayment schedule.
- (f) If a loan request is denied or significantly modified by a loan committee, the loan committee shall provide the applicant with a statement of the reasons for the action and the information relied on.
- (g) A material misstatement or omission of fact made by an applicant constitutes grounds for denial of a loan request.

Authority: AS 16.10.805 AS 16.10.810 AS 16.10.815

3 AAC 80.325. Residency requirements.

- (a) In determining if an applicant fulfills the 24 consecutive month residency requirements under AS 16.10.810, the loan committee may consider any information that would indicate the applicant's residency, including where the applicant
- (1) is registered to vote;
 - (2) maintains a permanent place of abode;
 - (3) files tax returns, and the address that is listed on the returns;
 - (4) registers or licenses personal property, including cars, boats, trucks, and trailers;
 - (5) is licensed to drive;
 - (6) maintains bank accounts, savings accounts, lines of credit, and other financial relationships;
 - (7) has claimed or received benefits as a resident;
 - (8) has received permanent fund dividends; and
 - (9) owns real property.
- (b) If two or more individuals apply jointly or as a partnership or corporation, all parties to the application must establish residency.

Authority: AS 16.10.805 AS 16.10.810

3 AAC 80.330. Financial and credit record.

- (a) The department may consider the following factors in evaluating an applicant's financial and credit record:
- (1) existing and prior debts;
 - (2) credit reports obtained from creditors and private credit reporting services;
 - (3) prior loan history with the department;
 - (4) timeliness in making payments on loans and other debts;
 - (5) existence of tax liens;
 - (6) judgments and foreclosures;
 - (7) financial and credit reputation.
- (b) Information establishing unacceptable credit will be more heavily weighed by the department if it has occurred not later than the past 10 years from the date of application.

Authority: AS 16.10.805

3 AAC 80.335. Ability to repay.

- (a) The department may consider the following factors in evaluating an applicant's ability to repay:
- (1) income history, including present income;
 - (2) prospects for future income;
 - (3) assets;
 - (4) liabilities;
 - (5) reasonableness of the projected profit and loss statement;
 - (6) other relevant information or experience.
- (b) The department may compare revenue projections contained in an applicant's profit and loss statement with information it acquires through its own efforts or from the National Marine Fisheries Service, or the success of other commercial charter operators in similar circumstances to determine the reasonableness of the applicant's projections.

Authority: AS 16.10.810

3 AAC 80.340. Collateral.

- (a) A vessel that can be documented must be documented to be acceptable collateral. If a vessel is offered as collateral for a loan, the department or its designee shall be permitted to inspect the vessel before making the loan.
- (b) A loan for the purchase of charter halibut permits will be made only if the permits are placed in the name of the applicant.

Authority: AS 16.10.805 AS 16.10.815

3 AAC 80.345. Lending practices.

- (a) Except as provided in AS 16.10.805(1)(B), a loan will not be approved for refinancing long-term debt. Interim financing is not considered long-term debt if the term is 24 months or less and the promissory note or the original agreement was executed less than 12 months before the department receives the application.
- (b) A loan will not be approved if its primary purpose would be to
- (1) speculate in the acquisition and sale of charter halibut permits, vessels, or gear;
 - (2) lease out a charter halibut permit; or
 - (3) purchase a charter halibut permit, vessel, or gear, that will not be put to use in the fishing season immediately following the loan approval date.
- (c) In determining the maximum loan amount that may be approved for the purchase of a charter halibut permit, the department will rely on transfer information from the National Marine Fisheries Service or its successors, or other appropriate sources as determined by the department.
- (d) A loan for the refinance of a charter halibut fishing vessel will not be approved unless the applicant has permanent access to a charter halibut permit and the primary use of the vessel will be commercial charter fishing.
- (e) Loan proceeds may not be used to reimburse an applicant for the purchase of charter halibut permits if the permits were purchased more than 12 months before the department received the application.

(f) The department will set the interest rate for loans under 3 AAC 80.310 - 3 AAC 80.380 on the first day of each calendar quarter. The interest rate set for a quarter remains in effect until the department changes the rate, will not exceed the maximum or minimum interest allowed under AS 16.10.815(a)(4), and will be established at the nearest one-quarter point. The interest rate will be based on the bank prime rate, as defined in AS 44.88.599, during the previous quarter.

(g) The interest rate for a loan is the interest rate in effect at the time the loan commitment is made. The interest rate for a loan will be at a fixed rate for the term of the loan.

Authority: AS 16.10.805 AS 16.10.815

3 AAC 80.350. Disbursement of loan money.

Loan money will be disbursed when

(1) the state has perfected a security interest in the collateral, except that, in the case of a mortgage on a documented vessel, this requirement may be satisfied by the establishment of the mortgage as a preferred mortgage under the provisions of 46 U.S.C. 911 - 984 (Ship Mortgage Act of 1920);

(2) requirements of the department as specified by the loan committee have been met; and

(3) the borrower is in compliance with provisions of the loan documents, AS 16.10.801 - 16.10.890, and 3 AAC 80.310 - 3 AAC 80.380.

Authority: AS 16.10.805 AS 16.10.815

3 AAC 80.355. Costs and fees.

(a) All expenses incurred by the department in processing an application must be paid by the applicant. These expenses include the cost of title reports and insurance, recording fees, appraisals, surveys, travel, and other direct costs.

(b) A nonrefundable loan application fee of \$100 is due to the department at the time an application is submitted under 3 AAC 80.310 - 3 AAC 80.380.

(c) An origination fee of one percent of the total loan amount or an assumption fee of one percent of the loan balance is due from the borrower when the provisions of 3 AAC 80.310 - 3 AAC 80.380 have been met.

(d) A late fee not to exceed five percent of the payment amount will be charged to a borrower for each loan payment that is received more than 15 days after the due date for the payment.

(e) A fee not to exceed \$100 will be charged to a borrower to process a loan extension application.

(f) The department will not charge the late fee described in (d) of this section if

(1) the department receives from the borrower a loan extension application or a payment plan not more than 15 days after the due date for the payment;

(2) the department approves the loan extension application or payment plan; and

(3) one or more of the following occurs:

(A) the borrower meets all conditions for the loan extension or the payment plan;

(B) the department receives payment during its review of the loan extension application or payment plan.

Authority: AS 16.10.805

3 AAC 80.360. Assumptions.

(a) A request for permission to assume the obligations and benefits of a loan made under AS 16.10.801 - 16.10.890 and 3 AAC 80.310 - 3 AAC 80.380 will be processed in the same manner as an application for a loan.

(b) A loan committee may permit an assumption if the applicant meets eligibility requirements under AS 16.10.801 and 3 AAC 80.310 - 3 AAC 80.380, is a good financial risk, and the security of the state's investment is preserved.

(c) Wraparound financing that includes a loan made under AS 16.10.801 - 16.10.890 and 3 AAC 80.310 - 3 AAC 80.380 is prohibited and constitutes a default on the loan.

Authority: AS 16.10.805 AS 16.10.810

3 AAC 80.370. Modifications.

- (a) A request for a modification to a loan made under AS 16.10.801 - 16.10.890 and 3 AAC 80.310 - 3 AAC 80.380 will be processed in the same manner as an application for a loan. The department will require the applicant to file one or more of the items specified in 3 AAC 80.310 if information on those items has changed since they were previously filed, or if the department needs additional information not appearing in the previously filed items in order to review the request for modification.
- (b) A loan committee may permit a loan modification only if the security of the state and the state's investment is preserved.

Authority: AS 16.10.805

3 AAC 80.375. Reconsideration of a loan request.

- (a) If a loan request is denied, inactivated, or significantly modified by the department, an applicant may file a written request for reconsideration not later than 30 days after receipt of notice of the decision of the department.
- (b) The department will reconsider the request on a showing by the applicant that
- (1) there has been a substantial change in the circumstances leading to the decision of the department;
 - (2) additional relevant information that was not initially available can be provided to the department; or
 - (3) administrative errors were made by the department.

Authority: AS 16.10.805 AS 16.10.810

3 AAC 80.380. Confidentiality of loan information.

- (a) The following information is not confidential and is available for public inspection upon request:
- (1) a document that is already a public record, including a deed of trust, financing statement, limited entry permit, quota share, warranty deed, bill of sale, mortgage, lien, vehicle title, or vessel documentation;
 - (2) general information regarding loans, including the original loan amount, loan terms, personal guarantees, and disbursement and repayment schedules;
 - (3) insurance matters, including title insurance policies and correspondence with insurance companies or borrowers regarding losses, accident reports, and nonpayment of premiums;
 - (4) foreclosure and default proceedings.
- (b) The following information is confidential and is not subject to public disclosure:
- (1) personal and financial information, including income tax returns, financial statements, business income statements, pro forma profit and loss statements, credit information obtained from banks and other creditors, reports from consumer reporting agencies, logbooks, cannery statements, and commercial fishing pink slips (fish tickets);
 - (2) loan committee memoranda and minutes containing information relating to creditworthiness of an applicant;
 - (3) the payment history on a loan, unless the loan is in default.
- (c) Information not described in (a) or (b) of this section may be subject to public disclosure. Requests for disclosure must be made, and will be determined, in accordance with 2 AAC 96. Upon receipt of a request for disclosure, the department will notify the loan applicant and other persons with a privacy interest in the request to permit them to present reasons why the requested information should not be disclosed.

Authority: Art.. I, sec. 22 AS 16.10.805 AS 40.25.120
Ak. Const. AS 40.25.110