

LAW OFFICES

BIRCH, HORTON, BITTNER AND CHEROT

1127 WEST SEVENTH AVENUE • ANCHORAGE, ALASKA 99501-3563 • TELEPHONE (907) 276-1550 • (800) 478-1550 • FACSIMILE (907) 276-3680

THOMAS L. ALBERT**
KENNETH D. ALBERTSEN
THOMAS P. AMODIO
J. GEOFFREY BENTLEY*
RONALD G. BIRCH**
WILLIAM H. BITTNER
KATHRYN A. BLACK
PHILIP BLUMSTEIN
CORY R. BORGESON
DOUGLAS S. BURDIN*
JOHN J. BURNS
SUZANNE CHEROT
JOHN J. CONNORS

ALLAN E. CURLEE
KIM DUNN
RALPH V. ERTZ
JOSEPH W. EVANS
TINA G. FRASHER
STEPHEN K. GARDNER*
THOMAS A. GATLIN
WILLIAM P. HORN*
HAL R. HORTON
STEPHEN H. HUTCHINGS
ROY S. JONES, JR.*
MARC W. JUNE
STANLEY T. LEWIS

GREGORY A. MILLER
MARY A. NORDALE
MICHAEL J. PARRISE
TIMOTHY J. PETUMENOS
ELIZABETH A. PHILLIPS
GLEN PRICE
MICHAEL V. REUSING
ELISABETH H. ROSS**
CHRISTINE M. SCHABACKER
GAIL R. SCHUBERT
JEFFREY D. TROUTT

* D.C. BAR
** D.C. AND ALASKA BAR
† MARYLAND BAR
‡ VIRGINIA BAR
ALL OTHERS ALASKA BAR

FEB 3 10 32 AM '95

KEY BANK BUILDING
100 CUSHMAN STREET, SUITE 311
P.O. BOX 73918
FAIRBANKS, ALASKA 99707-3918
(907) 452-1666 • (800) 478-1666
FACSIMILE (907) 456-5055

ONE SEALASKA PLAZA, SUITE 301
JUNEAU, ALASKA 99801-1283
(907) 588-2890 • (800) 478-2890
FACSIMILE (907) 588-8814

1155 CONNECTICUT AVE., N.W.
SUITE 1200
WASHINGTON, D.C. 20036-4308
(202) 658-5800
FACSIMILE (202) 659-1027

Direct Dial No.: 907-263-7220
Direct Facsimile No.: 907-276-3621

March 2, 1995

Mr. Brad Litchfield, Associate General Counsel
Office of General Counsel
Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 20463

AOR 1995-07

MAR 6 8 49 AM '95
FEDERAL ELECTION COMMISSION MAIL ROOM

Re: Request for Advisory Opinion
Our File No. 800,762.936

Dear Mr. Litchfield:

We represent Key Bank of Alaska ("Key Bank") in a collection action against Patrick M. Rodey. Mr. Rodey is a former Alaska state legislator who was unsuccessful in a 1992 congressional campaign. Mr. Rodey claims that funds he borrowed from Key Bank were used in his 1992 congressional campaign. He now desires to have his terminating committee retire his personal debt to Key Bank.

Mr. Rodey has asserted various defenses to Key Bank's collection action, all of which are purportedly based on Federal Election Commission ("F.E.C.") regulations. Mr. Rodey claims that he is prohibited by the regulations from repaying his debt to Key Bank, and he has assured us that he would happily pay the debt if only the F.E.C. would give him permission to do so. Furthermore, Mr. Rodey has alleged that Key Bank, by pursuing collection of Mr. Rodey's loan, is engaging in wrongful conduct in derogation of federal law. We believe that Mr. Rodey's assertions are groundless. We request that you issue an Advisory Opinion as to whether F.E.C. regulations or other campaign finance law prohibit our action against Mr. Rodey for repayment of this loan.

The facts are as follows: On August 24, 1992, Mr. Rodey executed and delivered to Key Bank a promissory note ("Note #1") in the original principal amount of \$40,573.75 to evidence his obligation to Key Bank for a personal loan to him in that amount. A true and correct copy of Note #1 is attached hereto as Exhibit A.

Brad Litchfield, Esq.
March 2, 1995
Page 2

Note #1 names as the borrower "Patrick M. Rodey." No other person or entity is a borrower, obligor, or guarantor.

Mr. Rodey subsequently defaulted under the payment terms of Note #1. After Key Bank filed suit to collect on Note #1, Mr. Rodey executed and delivered to Key Bank a Change in Terms Agreement (the "Agreement") extending the maturity date of Note #1. A true and correct copy of the Agreement is attached hereto as Exhibit B.

Mr. Rodey subsequently defaulted under the payment terms as modified by the Agreement. After Key Bank again filed suit to collect the amount owed, Mr. Rodey executed and delivered to Key Bank a new promissory note ("Note #2") to replace Note #1 as modified by the Agreement. Note #2 states a principal amount of \$40,573.00. A true and correct copy of Note #2 is attached hereto as Exhibit C. Note #2 names as the borrower "Patrick M. Rodey." No other person or entity is a borrower, obligor, or guarantor.

Mr. Rodey subsequently defaulted under the payment terms of Note #2. Key Bank filed the present suit against Mr. Rodey personally on Note #2 on December 15, 1994. A true and correct copy of the complaint is attached hereto as Exhibit D. Mr. Rodey answered the complaint and alleged that he is prevented from making payment to Key Bank by F.E.C. regulations which require F.E.C. approval prior to payment. In particular, Mr. Rodey suggests that 11 C.F.R. § 116.7, relating to debt settlement plans filed by terminating committees, prevents his repayment of this debt.

We believe that the question of whether F.E.C. approval would be required for Mr. Rodey to have his terminating committee retire this debt is entirely irrelevant to the issue of Mr. Rodey's personal liability to Key Bank. Furthermore, we believe that there are a couple of reasons that 11 C.F.R. § 116.7 does not prohibit Mr. Rodey from repaying his debt to Key Bank.

First, bank loans are not included within the debts subject to settlement pursuant to 11 C.F.R. § 116.7(b). This conclusion is further reinforced by the F.E.C. information sheet regarding settling debts which states that the "debt settlement rules . . . do not apply to bank loans . . ." (Emphasis in original). See Exhibit E attached hereto.

Second, even if bank loans were included within the category of debts subject to settlement, Key Bank has not agreed to the "settlement or forgiveness" of the debt owed to it pursuant to 11 C.F.R. § 116.7(a). If a creditor has not agreed to settlement or forgiveness of the debt, there can be no settlement plan for the Commission to review. The question in determining whether there has been a "settlement or forgiveness" for the purposes of 11

Brad Litchfield, Esq.
March 2, 1995
Page 3

C.F.R. § 116.7 should be whether the creditor has agreed to accept from the terminating committee, as payment in full, an amount less than that which is presently owed to the creditor. In this case, no such "settlement or forgiveness" has occurred. Key Bank has not been offered, nor has it agreed to accept, anything other than payment in full.

Mr. Rodey also has asserted that "all state laws are preempted and superseded with respect to monies spent pursuant to a federal election." Although he makes this statement in reliance on 2 U.S.C. § 453, this provision makes no mention of monies spent. Instead, it states that "any provision of State law with respect to election to Federal office" is preempted by Federal law. What Key Bank seeks to enforce is state contract law which requires repayment of monies borrowed. Because state contract law is not a "law with respect to election to Federal office," we believe that 2 U.S.C. § 453 also fails to support Mr. Rodey's argument that he is prohibited from paying his debt to Key Bank.

If you have any questions, or if we can provide additional information to assist you in your analysis, please do not hesitate to contact the undersigned.

Sincerely,

BIRCH, HORTON, BITTNER and CHEROT



Kenneth D. Albertsen

KDA/maj
Enclosures

cc: Robert Selle (w/o enclosures)
Michael J. Parise, Esq. (w/o enclosures)

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No.	Call	Collateral	Account	Officer	Initials
\$40,573.75	08-24-1992	02-20-1993	001-00950	4A	340	0812 1221436	DCM	RA

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: Patrick M. Rodey
2335 Lord Baranof
Anchorage, AK 99517-1281

Lender: Key Bank of Alaska
Key Bank Center
101 W. Benson Blvd.
P.O. Box 100420
Anchorage, AK 99510-0420

Principal Amount: \$40,573.75

Initial Rate: 8.000%

Date of Note: August 24, 1992

PROMISE TO PAY. Patrick M. Rodey ("Borrower") promises to pay to Key Bank of Alaska ("Lender"), or order, in lawful money of the United States of America, the principal amount of Forty Thousand Five Hundred Seventy Three & 75/100 Dollars (\$40,573.75) or so much as may be outstanding, together with interest on each of the unpaid outstanding principal balances from the date of the advance until repayment of the advance or maturity, whichever occurs first.

PAYMENT. Borrower will pay this loan on demand, or if no demand is made, in one payment of all outstanding principal plus all accrued unpaid interest on February 20, 1993. In addition, Borrower will pay regular monthly payments of accrued unpaid interest beginning September 24, 1992, and all subsequent interest payments are due on the same day of each month after that. Interest on this Note is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, times the outstanding principal balance, times the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and late charges, then to unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the Key Bank Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each time the base rate of Key Bank of Alaska changes. The Index currently is 6.000% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 2.000 percentage points over the Index, resulting in an initial rate of 8.000% per annum. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$25.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower's making fewer payments.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to perform promptly at the time and strictly in the manner provided in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect. (d) Borrower dies or becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (f) Any of the events described in this default section occurs with respect to any guarantor of this Note. (g) Lender in good faith deems itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Note to 7.000 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law. Borrower is personally obligated and fully liable for the amount due under this Note. Lender has the right to sue on the Note and obtain a personal judgment against Borrower for satisfaction of the amount due under the Note either before or after a judicial foreclosure of the Deed of Trust under AS 09.45.170 - 09.45.220. Lender, at its sole option, also has the right to sue on this Note and obtain a personal judgment against Borrower for satisfaction of the amount due under the Note either before or after the exercise by Lender of any other right or remedy it may have to proceed against any of the collateral securing this Note. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender in the State of Alaska. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the Alaska state courts in the Judicial District at or nearest Lender's address shown above, or at Lender's option, to the jurisdiction of the courts wherever any Property is located. This Note shall be governed by and construed in accordance with the laws of the State of Alaska.

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA, Keogh, and trust accounts. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

COLLATERAL. This Note is secured by, in addition to any other collateral, a Deed of Trust dated August 24, 1992, to a trustee in favor of Lender on real property located in Palmer, State of Alaska, all the terms and conditions of which are hereby incorporated and made a part of this Note.

LINE OF CREDIT. This Note evidences a revolving line of credit. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. The following party or parties are authorized to request advances under the line of credit until Lender receives from Borrower at Lender's address shown above written notice of revocation of their authority: Patrick M. Rodey. Borrower agrees to be liable for all sums either (a)

EXHIBIT A-1

advanced in accordance with the instructions of an authorized person or (b) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (a) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (b) Borrower or any guarantor ceases doing business or is insolvent; (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (d) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (e) Lender in good faith deems itself insecure under this Note or any other agreement between Lender and Borrower.

GENERAL PROVISIONS. This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew, extend (repeatedly and for any length of time) or modify this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

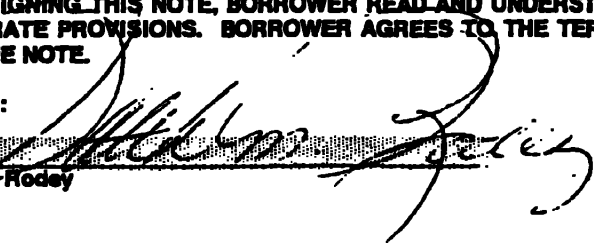
X 
Patrick M. Rodey

EXHIBIT A-2

CH...GE IN TERMS AGREEME...

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
\$40,573.00		04-23-1998	000-009001	4A0	340	0812-1221436	JMC	✓

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: Patrick M. Rodey
2335 Lord Baranof
Anchorage, AK 99517-1261

Lender: Key Bank of Alaska
Key Bank Center
101 W. Benson Blvd.
P.O. Box 100420
Anchorage, AK 99510-0420

Principal Amount: \$40,573.00

Date of Agreement: April 23, 1993

DESCRIPTION OF EXISTING INDEBTEDNESS. Promissory note between KEY BANK OF ALASKA and the undersigned dated August 24, 1993. In the original amount of \$40,573.75.

DESCRIPTION OF CHANGE IN TERMS.

- (1) This note is hereby extended until April 23, 1998.
- (2) This is a modification of loan #0812-1221436-001-009501. The loan number of this obligation has been changed to 0812-1221436-000-009001.
- (3) See payment schedule under "PAYMENT" heading below.

PROMISE TO PAY. Patrick M. Rodey ("Borrower") promises to pay to Key Bank of Alaska ("Lender"), or order, in lawful money of the United States of America, the principal amount of Forty Thousand Five Hundred Seventy Three & 00/100 Dollars (\$40,573.00), together with interest on the unpaid principal balance from April 23, 1993, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the index, Borrower will pay this loan on demand, or if no demand is made, in 60 payments of \$824.99 each payment. Borrower's first payment is due May 23, 1993, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on April 23, 1998, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Interest on this Agreement is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, times the outstanding principal balance, times the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and late charges, then to unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Agreement is subject to change from time to time based on changes in an index which is the Key Bank Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each time the base rate of Key Bank of Alaska changes. The Index currently is 6.000% per annum. The interest rate to be applied to the unpaid principal balance of this Agreement will be at a rate of 2.000 percentage points over the Index, resulting in an initial rate of 8.000% per annum. **NOTICE:** Under no circumstances will the interest rate on this Agreement be more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (a) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (b) increase Borrower's payments to cover accruing interest, (c) increase the number of Borrower's payments, and (d) continue Borrower's payments at the same amount and increase Borrower's final payment.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Agreement, Borrower understands that Lender is entitled to a minimum interest charge of \$25.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower's making fewer payments.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due, (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to perform promptly at the time and strictly in the manner provided in this Agreement or any agreement related to this Agreement, or in any other agreement or loan Borrower has with Lender, (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect, (d) Borrower dies or becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws, (e) Any creditor tries to take any of Borrower's property on or which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender, (f) Any of the events described in this default section occurs with respect to any guarantor of this Agreement, (g) Lender in good faith deems itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Agreement and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Agreement to 7.000 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law. Borrower is personally obligated and fully liable for the amount due under this Agreement. Lender, at its sole option, has the right to sue on this Agreement and obtain a personal judgment against Borrower for satisfaction of the amount due under the Agreement either before or after the exercise by Lender of any other right or remedy it may have to proceed against any of the collateral securing this Agreement. Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. This Agreement has been delivered to Lender and accepted by Lender in the State of Alaska. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the Alaska state courts in the Judicial District at or nearest Lender's address shown above, or at Lender's option, to the jurisdiction of the courts wherever any Property is located. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska.

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest in and hereby assigns, conveys, delivers, pledges and transfers to Lender all Borrower's right, title and interest in and to Borrower's accounts with Lender (whether checking, savings or other) and

account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA, Keogh, and trust accounts. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Agreement against any and all such accounts.

COLLATERAL. This Agreement is secured by, in addition to any other collateral, a Deed of Trust dated April 23, 1993, to Lender on real property located in Palmer, State of Alaska, all the terms and conditions of which are hereby incorporated and made a part of this Agreement.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

MISCELLANEOUS PROVISIONS. This Agreement is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Agreement on its demand. Lender may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them. Borrower and any other person who signs, guarantees or endorses this Agreement, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE AGREEMENT.

BORROWER:

X

Patrick M. Rodey

B-2

PROMISSORY NOTE

COPY

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
\$40,573.00	10-01-1993	10-01-1998	000-009002	4A0	410	0879 1221436	JMC	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: Patrick M. Rodey
2335 Lord Baranof
Anchorage, AK 99517-1261

Lender: Key Bank of Alaska
Key Bank Center
101 W. Benson Blvd.
P.O. Box 100420
Anchorage, AK 99510-0420

Principal Amount: \$40,573.00

Initial Rate: 8.000%

Date of Note: October 1, 1993

PROMISE TO PAY. Patrick M. Rodey ("Borrower") promises to pay to Key Bank of Alaska ("Lender"), or order, in lawful money of the United States of America, the principal amount of Forty Thousand Five Hundred Seventy Three & 00/100 Dollars (\$40,573.00), together with interest on the unpaid principal balance from October 1, 1993, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan on demand, or if no demand is made, in 60 payments of \$824.91 each payment. Borrower's first payment is due November 1, 1993, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on October 1, 1998, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Interest on this Note is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, times the outstanding principal balance, times the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and late charges, then to unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the Key Bank Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each time the base rate of Key Bank of Alaska changes. The Index currently is 6.000% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 2.000 percentage points over the Index, resulting in an initial rate of 8.000% per annum. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (a) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (b) increase Borrower's payments to cover accruing interest, (c) increase the number of Borrower's payments, and (d) continue Borrower's payments at the same amount and increase Borrower's final payment.

PREPAYMENT; MINIMUM INTEREST CHARGE. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$25.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower's making fewer payments.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to perform promptly at the time and strictly in the manner provided in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect. (d) Borrower dies or becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (f) Any of the events described in this default section occurs with respect to any guarantor of this Note. (g) Lender in good faith deems itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Note to 7.000 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law. Borrower is personally obligated and fully liable for the amount due under this Note. Lender, at its sole option, has the right to sue on this Note and obtain a personal judgment against Borrower for satisfaction of the amount due under the Note either before or after the exercise by Lender of any other right or remedy it may have to proceed against any of the collateral securing this Note. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender in the State of Alaska. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the Alaska state courts in the Judicial District at or nearest Lender's address shown above, or at Lender's option, to the jurisdiction of the courts wherever any Property is located. This Note shall be governed by and construed in accordance with the laws of the State of Alaska.

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA, Keogh, and trust accounts. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

COLLATERAL. This Note is secured by, in addition to any other collateral, a Deed of Trust dated October 1, 1993, to Lender on real property located in Palmer, State of Alaska, all the terms and conditions of which are hereby incorporated and made a part of this Note.

C-1

GENERAL PROVISIONS. This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

X 
Patrick M. Bodey

COPY

IN THE DISTRICT COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT ANCHORAGE

COPY
Original Received
DEC 15 1994

Clerk of the Trial Courts

KEY BANK OF ALASKA)
)
Plaintiff,)
)
vs.)
)
PATRICK M. RODEY,)
)
Defendant.)

Case No. 3AN-94-_____ Civil

COMPLAINT FOR DEBT

COMES NOW the Plaintiff, Key Bank of Alaska, by and through its counsel, Birch, Horton, Bittner and Cherot, and for its complaint against defendant, alleges as follows:

1. Plaintiff, Key Bank of Alaska (hereinafter the "Bank"), is a financial institution organized under the banking laws of the State of Alaska, and is fully competent and qualified to maintain this action.

2. Defendant, Patrick M. Rodey, (hereinafter "Rodey"), is an individual subject to the jurisdiction of this Court.

3. This Court has jurisdiction over this matter by virtue of AS 22.15.030.

4. On or about October 1, 1993, Rodey executed and delivered to the Bank a Promissory Note in the original principal amount of Forty Thousand Five Hundred Seventy-three and no/100 Dollars (\$40,573.00) (hereinafter the "Note"). A true and complete copy of the Note is attached hereto as Exhibit "A" and incorporated herein.

D-1

BIRCH, HORTON, BITTNER AND CHEROT

Attorneys At Law

1127 West Seventh Avenue

Anchorage, Alaska 99501

Telephone (907) 276-1550 • Facsimile (907) 276-3680

5. Pursuant to the terms of the Note, Rodey promised to pay principal and interest in sixty (60) monthly installments of Eight Hundred Twenty-four and 91/100 Dollars (\$824.91), commencing November 1, 1993.

6. Pursuant to the Note, Rodey agreed to pay the Bank's reasonable attorney's fees and legal expenses incurred in enforcement of the Note.

7. Pursuant to the Note, Rodey agreed to pay interest upon default at the variable rate of seven (7) percentage points over the Key Bank Base Rate.

8. Rodey is in default under the Note for his failure to pay the monthly installments of principal and interest when due.

9. The Bank has demanded payment, but Rodey has refused to pay. The Bank has accelerated the entire indebtedness.

10. Under the Note, there is currently due and owing to the Bank, Thirty-six Thousand Three Hundred Seventy and 67/100 Dollars (\$36,370.67) in principal, plus accrued and unpaid interest to November 25, 1994, in the amount of Eight Hundred Fifty-six and 66/100 Dollars (\$856.66), plus late charges, plus interest as it accrues from November 25, 1994, at the default variable rate of seven (7) percentage points over the Key Bank Base Rate, plus the Bank's expenses, costs, and attorney's fees.

 D-2

WHEREFORE, the Bank prays for the following relief:

1. A money judgment against defendant, Patrick M. Rodey, under the Note, in the principal amount of Thirty-six Thousand Three Hundred Seventy and 67/100 Dollars (\$36,370.67), plus interest to November 25, 1994, in the amount of Eight Hundred Fifty-six and 66/100 (\$856.66), plus late charges, plus interest at the default variable rate from November 25, 1994, until the date of judgment, plus the Bank's costs, expenses and attorney's fees, plus post-judgment interest at the default variable rate until such time that the judgment is paid in full.

2. For such other and further legal and equitable relief as this court deems appropriate.

DATED this 15th day of December, 1994, at Anchorage, Alaska.

BIRCH, HORTON, BITTNER AND CHEROT
Attorneys for Plaintiff

By: _____
Michael J. Parise

By: _____
Kenneth D. Albertsen

PROMISSORY NOTE

Principal \$40,573.00	Loan Date 10-01-1993	Maturity 10-01-1998	Loan No. 000-009002	Call 400	Collateral 410	Account 0879 1221436	Officer JMC	Initials
---------------------------------	--------------------------------	-------------------------------	-------------------------------	--------------------	--------------------------	--------------------------------	-----------------------	-----------------

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: Patrick M. Rodey
2335 Lord Baranof
Anchorage, AK 99517-1261

Lender: Key Bank of Alaska
Key Bank Center
101 W. Benson Blvd.
P.O. Box 100420
Anchorage, AK 99510-0420

Principal Amount: \$40,573.00

Initial Rate: 8.000%

Date of Note: October 1, 1993

PROMISE TO PAY. Patrick M. Rodey ("Borrower") promises to pay to Key Bank of Alaska ("Lender"), or order, in lawful money of the United States of America, the principal amount of Forty Thousand Five Hundred Seventy Three & 00/100 Dollars (\$40,573.00), together with interest on the unpaid principal balance from October 1, 1993, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan on demand, or if no demand is made, in 60 payments of \$824.91 each payment. Borrower's first payment is due November 1, 1993, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on October 1, 1998, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Interest on this Note is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, times the outstanding principal balance, times the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and late charges, then to unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the Key Bank Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each time the base rate of Key Bank of Alaska changes. The Index currently is 6.000% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 2.000 percentage points over the Index, resulting in an initial rate of 8.000% per annum. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (a) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (b) increase Borrower's payments to cover accruing interest, (c) increase the number of Borrower's payments, and (d) continue Borrower's payments at the same amount and increase Borrower's final payment.

PREPAYMENT; MINIMUM INTEREST CHARGE. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$25.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower's making fewer payments.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due, (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to perform promptly at the time and strictly in the manner provided in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender, (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect, (d) Borrower dies or becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws, (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender, (f) Any of the events described in this default section occurs with respect to any guarantor of this Note, (g) Lender in good faith deems itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Note to 7.000 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law. Borrower is personally obligated and fully liable for the amount due under this Note. Lender, at its sole option, has the right to sue on this Note and obtain a personal judgment against Borrower for satisfaction of the amount due under the Note either before or after the exercise by Lender of any other right or remedy it may have to proceed against any of the collateral securing this Note. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender in the State of Alaska. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the Alaska state courts in the Judicial District at or nearest Lender's address shown above, or at Lender's option, to the jurisdiction of the courts wherever any Property is located. This Note shall be governed by and construed in accordance with the laws of the State of Alaska.

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA, Keogh, and trust accounts. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

COLLATERAL. This Note is secured by, in addition to any other collateral, a Deed of Trust dated October 1, 1993, to Lender on real property located in Palmer, State of Alaska, all the terms and conditions of which are hereby incorporated and made a part of this Note.

D-4

PROMISSORY NOTE
(Continued)

GENERAL PROVISIONS. This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender right to declare payment of this Note on its demand. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

X 
Patrick M. Rodey

D-5

4. Settling Debts

Eligibility for Debt Settlement

Only a terminating committee may settle a debt for less than the full amount owed to the creditor. A "terminating committee" is one that does not intend to raise contributions or make expenditures—except for the purposes of paying winding-down costs and retiring its debts. 116.1(a) and 116.2(a). An authorized committee may not settle any debts, however, if any other authorized committee of the same candidate has enough permissible cash on hand to pay all or part of the debt. 116.2(c)(1) and (2).

Debts Subject to Settlement

The types of debts that are subject to debt settlement requirements include:

- Amounts owed to commercial vendors;
- Debts arising from advances by individuals (e.g., staff using personal funds or credit to purchase goods and services on behalf of the committee);
- Salary owed to committee employees; and
- Debts arising from loans from political committees or individuals, including candidates.

116.7(b). The debt settlement rules do not apply to disputed debts, which are covered by other rules (see below). 116.7(c)(2).

They also do not apply to bank loans, though the Commission recognizes that under extraordinary circumstances, such as the death or bankruptcy of the candidate, settlement of bank loans may be appropriate. (The Commission will consider specific requests on a case-by-case basis.)

Debt Settlement Rules

A commercial vendor (incorporated or unincorporated) may forgive or settle a debt owed by a committee without incurring a contribution if:

- Credit was initially extended in the vendor's ordinary course of business, and the terms of the credit were similar to those observed by the vendor when extending a similar amount of credit to a nonpolitical client of similar risk. 116.3 and 116.4(d)(1).
- The committee undertook all reasonable efforts to satisfy the outstanding debt, such as fundraising, reducing overhead costs and liquidating assets. 116.4(d)(3).
- The vendor made the same efforts to collect the debt as those made to collect debts from a nonpolitical debtor in similar circumstances. Remedies might include,

for example, late fee charges, referral to a debt collection agency or litigation. 116.4(d)(2). If the committee or the creditor fails to take these steps, the difference between the amount owed and the amount actually paid may be considered a contribution. 114.2(b).

Debt Settlement Plans

After a terminating committee has reached agreements with its creditors, the treasurer should file a debt settlement plan on FEC Form 8. Once the plan has been submitted to the Commission for review, the committee must postpone payment on the debt until the Commission has completed the review. 116.7(a). Payments to creditors must be disclosed in the committee's termination report.

Completing Form 8

Step-by-step instructions for completing Form 8 can be found on the back of the form. The Commission recommends that the committee include as many debts as possible in the plan and submit a separate Part II (second page) for each creditor along with Part I (cover page). The treasurer must also submit Part III (third page) to indicate how the committee intends to address other debts not included in the submission. The treasurer must sign and date the first page. The creditor must also sign the form to indicate his or her acceptance of the settlement. As an alternative, the treasurer may attach a signed statement from the creditor containing the same information. An illustration of a completed Form 8 is provided on pages 56-58.

Reporting Debts Undergoing Settlement

Debts undergoing settlement must be continuously reported until the Commission has completed its review of the committee's debt settlement plan. The committee may file a termination report once all debts have been paid, settled, forgiven or otherwise extinguished. 116.4(f), 116.5(e) and 116.6(c).

Disputed Debts

A disputed debt is a bona fide disagreement between the creditor and the committee as to the existence of a debt or the amount owed by the committee. See Chapter 12 for information on how to report a disputed debt on Schedule D. When filing a debt settlement plan, a terminating committee must describe any disputed debts and the committee's efforts to resolve them on Part III of Form 8. 116.10(a).

Creditor's Rights

No commercial vendor or other creditor is required to forgive or settle debts owed by committees. 116.4(e). Nor is a creditor required to pursue activities that are unlikely to result in the reduction of the debt.

Assigning Debts to Another Committee

To expedite termination, an authorized committee that qualifies as a terminating committee and has no remaining cash on hand may assign its debts to another authorized committee of the same candidate provided that:

- The committee transferring the debts was organized for an election that has already been held;
- Within 30 days before the assignment takes effect, the transferor committee notifies each creditor in writing of the name and address of the committee assuming the debts; and
- The committee assuming the debts notifies the FEC in writing that it has assumed the obligation to pay the debts. That committee must continue to report the debts until they are retired.

116.2(c)(3).

Forgiveness of Debts Owed by Ongoing Committees

Forgiveness Rules

A creditor may forgive a debt owed by an ongoing committee (that is, one that does not qualify as a terminating committee) if the debt has been outstanding at least 24 months and:

- The ongoing committee (1) has insufficient cash on hand to pay the debt, (2) has had receipts of less than \$1,000 and disbursements of less than \$1,000 during the previous 24 months and (3) owes debts to other creditors of such magnitude that the creditor could reasonably conclude that the ongoing committee will not pay its particular debt; or
- The creditor is unable, after reasonable diligence, to locate the ongoing committee.

116.8(a).

Notification to Commission

A creditor who intends to forgive a debt owed by an ongoing committee must notify the Commission of its intent in writing. The letter must provide the following information:

- The terms of the initial extension of credit and a description of the terms under which the creditor has extended credit to similar nonpolitical debtors;

- A description of the campaign's efforts to satisfy the debt;
 - A description of the steps taken by the creditor to obtain payment, along with a comparison of those remedies with others pursued by the creditor under similar circumstances; and
 - An indication that the creditor has forgiven other debts involving nonpolitical debtors in similar circumstances.
- 116.8(b).

Commission Review

The Commission will review each proposal to forgive a debt to ensure that the creditor, the ongoing committee and the candidate have complied with the Act's contribution limits and prohibitions. 116.8(c).

5. Terminating the Committee

Eligibility

A committee may file a termination report at any time, provided that:

- The committee no longer intends to receive contributions or make expenditures; and
- Neither the committee seeking to terminate nor any other authorized committee of the same candidate has any outstanding debts or obligations.

102.3. A committee involved in an FEC enforcement action, however, must continue to file regularly scheduled reports until the matter under review is resolved.

Termination Report

When filing the committee's termination report, the treasurer should check the "Termination Report" box on Line 4 of the Summary Page of Form 3. The termination report must disclose:

- All receipts and disbursements not previously reported, including an accounting of debt retirement (See "Retiring Debts," above); and
- The purposes for which any remaining committee funds will be used. (See "Disposal of Excess Campaign Funds" on page 32.) 102.3(a).

The committee's reporting obligation ends when the Commission notifies the committee that the termination report has been accepted.

Termination by the FEC

The FEC, upon its own initiative or at the request of a political committee, may administratively terminate a committee's reporting status. For details on administrative termination, consult section 102.4 of the regulations.