AN ACT

Relating to the handling of negative equity in motor vehicle transactions; and relating to the contents of retail installment contracts.

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

THE ACT FOLLOWS ON PAGE 1
AN ACT

Relating to the handling of negative equity in motor vehicle transactions; and relating to the contents of retail installment contracts.

Section 1. AS 45.10.030(a) is amended to read:

(a) The retail installment contract must contain the names of the seller and the buyer, the place of business of the seller, the residence or other address of the buyer as named by the buyer, and a description or identification of the goods sold or to be sold or services furnished or rendered or to be furnished or rendered. The contract must also contain the following items:

(1) the cash sale price of each item of goods or services;
(2) the amount of the buyer's down payment, identifying the amounts paid in money and allowed for goods traded in;
(3) the difference between items (1) and (2);
(4) the aggregate amount included for insurance, if a separate
identified charge is made for insurance, specifying the types of insurance and the
terms of coverage;

(5) the aggregate amount of official fees;

(6) the principal balance, which is the sum of items (3), (4), [AND]
(5), and (11);

(7) the amount or rate of the service charge;

(8) any other charges;

(9) the amount of the time balance owed by the buyer to the seller,
which is the sum of items (6), (7), if (7) is stated in a dollar amount, [AND] (8), and
(11);

(10) except as provided in (c) of this section, the maximum number of
installment payments required and the amount of each installment and the due date of
each payment necessary to pay the balance;

(11) if the retail installment contract is for the sale of a motor
vehicle, the amount, if any, that the seller agrees to pay to discharge an
outstanding obligation of the buyer under an existing motor vehicle agreement,
loan, installment sales contract, or lease.

* Sec. 2. AS 45.10.030 is amended by adding a new subsection to read:

(d) The contract is not required to state the items in (a) of this section in the
order stated in (a) of this section.

* Sec. 3. AS 45.10.220(5) is amended to read:

(5) "principal balance" means the cash sale price of the goods or
services that [WHICH] are the subject matter of a retail installment contract less the
amount of the buyer's down payment in money or goods or both, plus

(A) the amounts for insurance and official fees included in the
contract if a separate identified charge is made and stated in the contract for
insurance and official fees; and

(B) if the retail installment contract is for the sale of a
motor vehicle, the amount, if any, that the seller agrees to pay to discharge
an outstanding obligation of the buyer under an existing motor vehicle
agreement, loan, installment sales contract, or lease;
* Sec. 4. AS 45.25 is amended by adding a new section to article 5 to read:

Sec. 45.25.630. Discharged amounts in motor vehicle leases. (a) Notwithstanding another provision of law to the contrary, if the amount to be paid by a lessee under a motor vehicle lease includes a discharged amount, the inclusion of the discharged amount in the amount to be paid under the lease is not a loan of the discharged amount and is not subject to any law that regulates the disclosure of interest, the charging of interest, the amount of interest rates, or the lending of money.

(b) In this section, "discharged amount" means the amount, if any, that the lessor agrees to pay to discharge an outstanding obligation of the lessee under an existing motor vehicle agreement, loan, installment sales contract, or lease.