



# LAWS OF ALASKA

1968

Source

HB 7 am

Chapter No.

71

## AN ACT

Relating to discount loans.

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

\* Section 1. AS 45.45.080(b) is amended to read:

(b) In the case of a secured or unsecured instrument loan not exceeding the principal amount of \$10,000 (not including interest) which is repayable in substantially equal installments over a period not exceeding seven years, a lender of money may contract for a charge at a rate not exceeding \$6 a year for each \$100 (true annual interest rate for "add-on method" of computation at a rate not to exceed 11.1 per cent; or true annual interest rate for "discount method" of computation at a rate not to exceed 11.8 per cent) upon the original face amount of the instrument evidencing the loan for the entire period of the loan. This charge may be collected in advance. However, if the unpaid balance outstanding on a loan is paid before maturity, the lender shall give a refund or credit of the unearned portion of the charge, which refund or credit represents at least as great a proportion of the original charge as the sum of the periodical time balances after the date of prepayment bears to the sum of all the periodical time balances under the schedule of payments in the original instrument. The lender is not required to refund or credit any portion of the unearned charge which would result in a net charge on a loan less than the minimum charge provided for in this section, or to make a refund or credit where the amount of the refund or credit computed as set out in this section would be less than \$5 for each loan paid before the maturity date.

\* Sec. 2. AS 45.45.080(d) is amended to read:

(d) Advertising concerning such installment loans which contains a statement of an amount, or rate of charge, shall also contain the percentage rate, either per month or per year, computed on declining balances of the face amount of the loan instrument to which the charge would be equivalent if the loan were repaid according to contract. This advertising requirement may be complied with by stating the equivalent percentage rate which would earn the charge for a loan repayable in 12 equal consecutive monthly installments, and the stated rate may be closely approximate, rather than exact, if the statement so indicates. This requirement does not apply to an advertisement in which an amount, or rate of charge, is indicated only by a table which contains and is confined to examples of the face amount of the loan instrument, the proceeds to the borrower exclusive of the charge, and the amount, number and intervals of the required payments.