



LAWS OF ALASKA

1969

Source

CSSB 173

Chapter No.

63

AN ACT

Amending the Alaska Banking Code.

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

* Section 1. AS 06.05.207(a) is amended by adding a new paragraph to read:

(5) the amount of the loan does not exceed 90 per cent of the appraised value of the real estate offered as security, the term of the loan does not exceed 30 years, and the loan is secured by an amortized mortgage, deed of trust, or other instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity and, in addition, the loan is either (A) insured by mortgage insurance in an amount equal to 20 per cent of the loan issued by a mortgage insurer authorized to do business in Alaska; or (B) secured in addition to the amortized mortgage by a savings account held by the lending institution in an amount equal to 10 per cent of the loan or other collateral acceptable to the department.

* Sec. 2. AS 06.05 is amended by adding new sections to read:

Sec. 06.05.208. REVOLVING CREDIT PLANS. (a) A bank may extend credit under an agreement with a buyer of goods or services under which one or more advances may be made from time to time by the bank for the account of the buyer by means of the bank purchasing from a seller of goods or services instruments evidencing obligations arising out of sales made by the seller to the buyer.

(b) A bank may, in the case of extensions of credit made under this section, charge, collect and receive a service charge not in excess of the limitations for the

same service charges and transactions as provided in AS 45.-10.120(c).

(c) The bank shall supply the buyer with whom an agreement is made under (a) of this section, a statement setting out the maximum service charge permitted under AS 45.10.120(c).

Sec. 06.05.209. ISSUE OF CREDIT CARDS. A bank is not prohibited from issuing unsolicited credit cards or other similar credit granting devices but the bank may not hold the customer liable for charges made on a credit card or other device before its acceptance by the customer. Before an unsolicited card is considered accepted by the customer, the customer shall execute and furnish to the bank a written statement of acceptance.

Sec. 06.05.212. OVERDRAFTS. (a) A director, officer, or employee of a state bank who knowingly, wilfully and persistently overdraws his account and who permits a customer to do so, shall be considered engaged in an unsound banking practice and subject to the provisions of sec. 5(4) of this chapter.

(b) An overdraft of more than 30 days standing may not be allowed as an asset of the bank.

(c) The provisions of this section do not apply to an approved overdraft created under a check guaranty plan or other similar revolving credit plan.

* Sec. 3. AS 06.05.230 is repealed and re-enacted to read:

Sec. 06.05.230. INVESTMENT IN REAL ESTATE AND BANKING PREMISES. A bank may acquire, purchase, hold, convey and hypothecate real estate and banking premises for the following purposes only:

(1) such as are necessary for the convenient transaction of its business, including banking offices, equipment, furniture and fixtures and parking lots; provided that the purchase or investment does not exceed 60 per cent of capital and surplus of the bank; the purchase or investment may consist of stock in a bank building corporation;

(2) the satisfaction of or on account of debts previously contracted in the course of its business;

(3) the purchase at sale under judgment, decree, lien, or mortgage foreclosure, against security held by it.

* Sec. 4. AS 06.05.255(a) is repealed and re-enacted to read:

(a) The aggregate amount of outstanding liabilities of a state bank for money borrowed exclusive of (1) capital notes and debentures issued under sec. 307 of this chapter, (2) obligations incurred in connection with the purchase of bank premises as set out in sec. 230(1) of this chapter, and (3) borrowing for emergency purposes as permitted by the department, may not at any time exceed the total amount of its unimpaired capital and one-half of

its unimpaired surplus.

* Sec. 5. AS 06.05.260(a) is repealed and re-enacted to read:

(a) A bank may not give preference to a depositor or creditor by pledging any of the assets of a bank as collateral security except

(1) to the state to secure state funds, or to a municipal corporation or other public corporation, municipal utility or municipal utility board, or political subdivision of the state to secure its funds, and to the United States as may be required to make the bank a depository for United States funds;

(2) to secure a mortgage or deed of trust in connection with the purchase of banking premises as provided in sec. 230 of this chapter.

* Sec. 6. AS 06.05.305(b) is amended to read:

(b) A bank which engaged in business before August 6, 1968, and which does not have a paid-up capital of at least \$100,000 does not violate this chapter if it acquires and maintains a paid-in capital of not less than \$100,000 by no later than August 6, 1973.

* Sec. 7. AS 06.05.305 is amended by adding a new subsection to read:

(d) If a state bank fails to maintain its total adjusted capital accounts and reserves in an amount equal to the substandard assets as disclosed by the FDIC or the state in a bank's latest report of examination, the department shall consider the failure as endangering the safety of the depositor and may direct the bank's directors to increase the capital accounts in an amount sufficient to cover substandard assets.

* Sec. 8. AS 06.05 is amended by adding a new section to read:

Sec. 06.05.307. CAPITAL NOTES OR DEBENTURES. (a) A bank organized under the laws of this state may, with the approval of stockholders owning two-thirds of the stock of the bank entitled to vote or without such approval if authorized by its articles of incorporation, issue convertible or nonconvertible capital notes or debentures with the written consent of the department. The principal amount of notes and debentures outstanding at any time may not exceed $33 \frac{1}{3}$ per cent of the capital stock and surplus fund of the bank at the date of issue. The rate and term shall be subject to the approval of the department but in no event may the term be more than 20 years after the date of issue.

(b) No bank may retire capital notes or debentures if the retirement creates an impairment of its capital. Capital notes and debentures are subordinated in right of payment in the event of insolvency or liquidation of the bank to the prior payment of all deposits and all claims of other creditors except the holders of securities on a

parity with the capital notes and debentures and the holders of securities expressly subordinated to the capital notes and debentures.

(c) Bank assets may not be pledged to secure capital notes and debentures but the bank may for the security and the protection of the holders of the capital notes and debentures, agree through its board of directors to restrict the payment of dividends.

(d) The amount of outstanding notes and debentures not maturing within one year shall be added to the capital stock and surplus fund of the issuing bank for the purpose of determining the maximum amount that may be loaned by the bank as provided in sec. 205 of this chapter.

(e) All debentures and capital notes issued before the effective date of this section by a bank organized under the laws of this state are authorized by the department.

* Sec. 9. AS 06.05.525 is repealed and re-enacted to read:

Sec. 06.05.525. INJUNCTION. If a state bank fails to comply with the provisions of this chapter, or the regulations of the department, or is found by the department to be in an unsafe or unsound condition the result of which will cause substantial injury to the bank or to its depositors, creditors or stockholders, the superior court may, upon the suit of the department, issue an injunction restraining the violation and may issue an order prohibiting the transaction of all or any part of the bank's business until the circumstances upon which the suit is based no longer exist.

* Sec. 10. AS 06.05.250 and AS 06.05.207(a)(3) are repealed.