



LAWS OF ALASKA

1969

Source

Chapter No.

FCCSHCSCSSB 212

94

AN ACT

Relating to the legal rate of interest; and providing for an effective date.

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

* Section 1. AS 45.45.010(b) is repealed and re-enacted to read:

(b) Until December 31, 1970 during any calendar quarter no interest may be charged by express agreement of the parties in a contract which is more than four percentage points above the federal reserve discount rate for the 12th Federal Reserve District that prevailed on the first day of the month preceding the commencement of that calendar quarter. Notice of the prevailing quarterly rate shall be provided by the Department of Commerce. Conventional mortgage loans covering one- to four-family dwellings entered into under provisions of this paragraph may be prepaid without penalty. After December 31, 1970 interest at the rate of eight per cent may be charged by express agreement of the parties in a contract after that date.

* Sec. 2. AS 45.45.010 is amended by adding a new subsection to read:

(c) The maximum rate of interest specified in this section does not apply to transactions involving loans processed through Alaska financial institutions when there is participation by corresponding banks or institutional lenders in other states or countries because the amount of the transaction exceeds the loan limitations on state banks under AS 06.05.205(b) and on national banks under 12 U.S.C. 84 and the regulations and rulings under that section and to those loans made by mutual savings banks, state chartered savings and loan associations, and federally chartered savings and loan associations which exceed 10 per cent of surplus, undivided profits and reserves for loan losses,

and to those loans where the mortgagee is not a bank, mutual savings bank, or savings and loan association, and where the loan exceeds \$500,000. This provision remains in effect until December 31, 1970.

* Sec. 3. AS 45.45.060 is amended to read:

Sec. 45.45.060. CONTRACT NOT DEEMED USURIOUS BECAUSE OF AGREEMENT TO PAY TAXES. A contract made in the state between borrower and lender, debtor and creditor, or mortgagor and mortgagee, on which the rate of interest is the legal rate of interest specified in sec. 10 of this chapter or less, by which one party agrees to pay the taxes on the debt, credit, or mortgage existing or entered into between the parties, is legal and valid and is not usurious.

* Sec. 4. AS 44.33.020 is amended by adding a new paragraph to read:

(11) before the commencement of each calendar quarter, furnish lending institutions, title insurance companies, mortgage companies and clerks of the respective superior courts with the 12th Federal Reserve District discount rate which is to be used during that calendar quarter for computing the maximum rate of interest under AS 45.45.-010(b).

* Sec. 5. AS 06.20.230 is amended to read:

Sec. 06.20.230. MAXIMUM INTEREST PERMITTED. A licensee may lend any sum of money not exceeding \$1,500 and may charge, contract for, and receive thereon interest at a rate not exceeding three per cent a month on that part of the unpaid principal balance of a loan not in excess of \$400; two per cent a month on the remainder of any unpaid principal balance exceeding \$400 but not exceeding \$800, and one per cent a month on the remainder of any unpaid principal balance exceeding \$800 but not exceeding \$1,500. On loans, the principal of which is \$50 or less a licensee may charge, contract and receive interest at a rate not exceeding five per cent a month.

* Sec. 6. AS 06.10 is amended by adding a new section to read:

Sec. 06.10.045. BANKS OR FOREIGN NATIONALS ENGAGING IN A BANKING BUSINESS IN THE STATE. A bank operating under the laws of a foreign country may apply to the department for a charter to engage in a banking business in this state in the same manner and subject to the same laws and regulations as any other bank under ch. 5 of this title, provided that:

(1) requirements in ch. 5 of this title regarding residency do not apply; and

(2) if the applicant is a bank operating under the laws of a foreign country, membership in the Federal Deposit Insurance Corporation or an agency of the United States which insures bank deposits is not required if the national government of the foreign country has a comparable deposit insurance corporation acceptable to the commissioner.

* Sec. 7. Sec. 5 of this Act takes effect on July 1, 1969.

* Sec. 8. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.