

1 IN THE HOUSE

BY MR. TAYLOR

2 HOUSE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIRST LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the regulation of the
7 business of making loans or advancements
8 in the amount or of the value of one thous-
9 anddollars or less, secured or unsecured;
10 prescribing the rates of interest and other
11 charges; amending Secs.2, 3, 4, and 16 of
12 Ch. 73, SLA 1955; adding Sec.26 to
13 Ch. 73, SLA 1955."

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

15 Section 1. Sec. 2, Ch. 73, SLA 1955 is hereby amended to
16 read as follows:

17 Sec. 2. LICENSE REQUIRED. No person, co-partnership,
18 association, or corporation shall engage in the business of
19 making loans of money, credit, goods, or things in action in
20 the amount or of the value of one thousand (\$1,000.00) dollars
21 or less and charge, contract for, or receive on any such loan
22 a greater rate of interest, discount, or consideration there-
23 for than the lender would be permitted by law to charge if
24 he were not a licensee hereunder, except as authorized by
25 this Act and without first obtaining a license from the
26 Auditor of the state [TERRITORY], or other state [TERRITOR-
27 IAL] officer hereafter authorized, hereinafter called the
28 Auditor.

29 Sec. 2. Sec. 3, Ch. 73, SLA 1955 is hereby amended to

1 read as follows:

2 Sec. 3. APPLICATION FOR LICENSE: FEES: ETC. Application for
3 such license shall be in writing under oath, and in the form
4 prescribed by the Auditor, and shall contain the name and
5 the address (both of the residence and place of business) of
6 the applicant, and if the applicant is a co-partnership or
7 association, of every member thereof, and if a corporation,
8 of each officer and director thereof; and each partner of a
9 partnership, and each associate of an association, and each
10 incorporator, director and officer of a corporation licensed
11 hereunder shall file with the application a detailed state-
12 ment of his assets and liabilities; also the division and
13 municipality with street and number, if any, where the busi-
14 ness is to be conducted and such further information as the
15 Auditor may require. Such applicant at the time of making
16 such application shall pay to the Auditor the sum of two
17 hundred (\$200.00) dollars as a fee for investigating the
18 application and the additional sum of two hundred (\$200.00)
19 dollars as an annual license fee for a period terminating on
20 the last day of the current calendar year; provided, that if
21 the application is filed after June thirtieth in any year
22 such additional sum shall be only one hundred (\$100.00)
23 dollars. In addition to the said annual license fee every
24 licensee hereunder shall pay to the Auditor the actual costs
25 of each examination as provided for in Section 11 of this Act
26 provided, however, that the license fee required herein shall
27 be in lieu of the tax levied by the Alaska Business License
28 Act.

29 Every applicant shall also prove, in form satisfactory

1 to the Auditor, that he or it has available for the opera-
2 tion of such business at the location specified in the appli-
3 cation, liquid assets of at least ten thousand (\$10,000.00)
4 dollars.

5 Sec. 3. Sec. 4. Ch. 73, SLA 1955 is hereby amended to read
6 as follows:

7 Sec. 4. BOND: REQUIREMENT. The applicant shall also at the
8 same time file with the Auditor a bond to be approved by him
9 in which the applicant shall be the obligor, in the sum of
10 five thousand (\$5,000.00) ~~ONE THOUSAND (\$1,000.00)~~ dollars
11 with one or more sureties whose liability as such sureties
12 need not exceed the said sum in the aggregate. The said bond
13 shall run to the state ~~TERRITORY~~ for the use of the state
14 ~~TERRITORY~~ and of any person or persons who may have cause
15 of action against the obligor of said bond under the provi-
16 sions of this Act. Such bond shall be conditioned that said
17 obligor will faithfully conform to and abide by the provi-
18 sions of this Act and of all rules and regulations lawfully
19 made by the Auditor hereunder, and will pay to the state
20 ~~TERRITORY~~ and to any such person or persons any and all
21 moneys that may become due or owing to the state ~~TERRITORY~~
22 or to such person or persons from said obligor under and by
23 virtue of the provisions of this Act.

24 Sec. 4. Subsection (a) of Sec. 16, Ch. 73, SLA 1955 is here-
25 by amended to read as follows:

26 Sec. 16. MAXIMUM INTEREST: LIMITATION OF OTHER CHARGES:
27 PENALTY. (a) Every licensee hereunder may lend any sum of
28 money not to exceed one thousand (\$1,000.00) dollars and may
29 charge, contract for, and receive thereon interest at a rate

1 not exceeding ~~two (2%)~~ FOUR (4%) per centum per month on
2 that part of the unpaid principal balance of a loan not in
3 excess of three hundred (\$300.00) dollars; ~~one and one-half~~
4 TWO AND ONE-HALF per centum ~~(1½%)~~ (2½%) per month on any
5 remainder of any unpaid principal balance exceeding three
6 hundred (\$300.00) dollars but not exceeding six hundred
7 (\$600.00) dollars and one (1%) ~~TWO (2%)~~ per centum per
8 month on any remainder of any unpaid principal balance ex-
9 ceeding six hundred (\$600.00) dollars but not exceeding one
10 thousand (\$1,000.00) dollars.

11 Sec. 5. Section 26 is hereby added to Ch. 73, SLA 1955 to
12 read as follows:

13 "Sec. 26. SECURITY FOR LOANS. Any deed to real property ex-
14 ecuted by a borrower and delivered to a licensee to secure
15 the payment of any loan under this Act evidenced by a prom-
16 issory note shall be considered as a mortgagee of the pro-
17 perty described in said deed. Said deed shall not be re-
18 corded by the licensee holding the same, but in the event of
19 the nonpayment of the said note the licensee shall institute
20 an action in the appropriate court for the foreclosure of
21 mortgages on real property, and in the event of securing
22 judgment against the borrower and in favor of the licensee,
23 the said property described in said deed shall be sold by the
24 proper officer of the State of Alaska on execution as pro-
25 vided by law, and out of the proceeds of said sale the said
26 officer shall pay to said licensee the amount of said judg-
27 ment together with his costs and disbursement and attorney
28 fees and costs of the said sale.

29 In order to protect his priority of payment out of the

1 proceeds of any sale had hereunder, the licensee may record
2 in the recorder's office for the precinct in which the pro-
3 perty described in said deed is located a certificate ex-
4 ecuted by the licensee in which the deed to said real pro-
5 perty conveyed by the borrower to the lender is set out in
6 full, together with a full true and correct copy of the note
7 made and delivered by the borrower to the licensee together
8 with a statement that the said deed set forth therein is a
9 mortgage to secure the payment of the note set forth therein,
10 which statement shall be acknowledged by the licensee or the
11 licensee's principal agent before a Notary Public commis-
12 sioned as such under the laws of the State of Alaska.

13 Personal property delivered to the licensee as security
14 for the payment of a promissory note shall be considered as
15 a pledge and in the event of the nonpayment of the said note
16 the licensee may sell said personal property in the manner
17 provided for the sale of personal property on execution.

18 Chattel mortgages shall be foreclosed in the manner pro-
19 vided by law."
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