

1 IN THE HOUSE

BY MR. MEEKINS

2 HOUSE BILL NO. 158

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 collection of in-  
7 terest in advance on loans; amending Sec. 1,  
8 Ch. 48, SLA 1951; and providing for an  
9 effective date."

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

11 Section 1. Sec. 1, Ch. 48, SLA 1951 is hereby amended to  
12 read as follows:

13 Sec. 1. LOANS IN AMOUNTS NOT TO EXCEED \$5,000.00  
14 ~~/\$3,500.00/~~. Lenders of money, either upon the security of  
15 personal property or otherwise, are hereby are authorized to  
16 charge or to receive in advance interest therefor; to con-  
17 tract for a charge for a secured or unsecured installment  
18 loan, which in principal amount (not inclusive of interest)  
19 shall not exceed five thousand dollars (\$5,000.00) ~~THIRTY-~~  
20 ~~FIVE HUNDRED DOLLARS (\$3,500.00)/~~, and which under its terms  
21 shall be repayable in substantially equal installments over  
22 a period not exceeding three years, which charge shall be at  
23 a rate not exceeding Six Dollars (\$6.00) per One Hundred  
24 Dollars (\$100.00) per annum upon the original face amount  
25 of the instrument or instruments evidencing the loan for  
26 the entire period of the loan, and which such charge may be  
27 collected in advance: Provided, that if the entire unpaid  
28 balance outstanding on a loan is paid by cash, renewal, or  
29 otherwise at any time prior to maturity, the lender shall

1 give a refund or credit of the unearned portion of such  
2 charge, which refund or credit shall represent at least as  
3 great a proportion of the original charge as the sum of the  
4 periodical time balances after the date of prepayment bears  
5 to the sum of all the periodical time balances under the  
6 schedule of payments in the original instrument or instruments  
7 evidencing the loan: Provided, however, That the lender shall  
8 not be required to refund or credit any portion of such un-  
9 earned charge which would result in a net charge on a loan  
10 less than the minimum charge provided for herein, nor to make  
11 a refund or credit where the amount thereof, computed as here-  
12 in set forth would be less than five dollars for each loan  
13 paid prior to the maturity date. No additional amount shall  
14 be charged or contracted for, directly or indirectly, on or  
15 in connection with any such installment loan, except the  
16 following:

17 (a) Delinquency charges not to exceed five cents  
18 for each dollar of each installment more than fifteen days  
19 in arrears: Provided, that the total of delinquency charges  
20 on any such installment LOAN shall not exceed Fifteen  
21 Dollars (\$15.00) and only one delinquency charge shall be  
22 made on any one installment;

23 (b) Premiums paid by the lender for insurance re-  
24 quired or obtained as security for or by reason of such in-  
25 stallment loan;

26 (c) Such amounts as are necessary to reimburse the  
27 lender for fees paid to a public officer for filing, record-  
28 ing, or releasing any instrument or lien; and the actual ex-  
29 penditures, including reasonable attorneys' fees for legal

1 process or proceedings, to secure or collect any such  
2 installment loan. Any advertising concerning such install-  
3 ment loans which contains a statement of an amount, or rate  
4 of charge, shall also contain the percentage rate, either  
5 per month or per year, computed on declining balances of the  
6 face amount of the loan instrument to which such charge would  
7 be equivalent if the loan were repaid according to contract:  
8 Provided, That this requirement may be complied with by  
9 stating the equivalent percentage rate which would earn the  
10 charge for such a loan repayable in twelve equal consecutive  
11 monthly installments, and such stated rate may be closely  
12 approximate, rather than exact, if the statement so indi-  
13 cated: And provided further, That this requirement shall  
14 not apply to an advertisement in which an amount, or rate  
15 of charge, is indicated only by a table which contains and  
16 is confined to examples of the face amount of the loan in-  
17 strument, the proceeds to the borrower exclusive of the  
18 charge, and the amount, number and intervals of the required  
19 payments. THE AGGREGATE AMOUNT OF UNPAID PRINCIPAL DUE  
20 FROM ANY ONE BORROWER ON ONE OR MORE LOANS GRANTED PURSUANT  
21 TO THE PROVISIONS OF THIS PARAGRAPH SHALL NOT AT ANY TIME  
22 EXCEED THIRTY-FIVE HUNDRED DOLLARS (\$3,500.00).7

23 Sec. 2. EFFECTIVE DATE. This Act shall take effect imme-  
24 diately upon its passage and approval or upon its becoming law  
25 without such approval.  
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