

BY THE JUDICIARY COMMITTEE  
AND MR. TAYLOR

1 IN THE HOUSE

2 HOUSE BILL NO. 357

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIRST LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the regulation of the  
7 business of making loans or advancements in  
8 the amount or of the value of one thousand  
9 dollars or less, secured or unsecured; pre-  
10 scribing the rates of interest and other  
11 charges; amending Secs. 2, 3, 4, and 16, Ch.  
12 73, SLA 1955; adding a new section to Ch. 73,  
13 SLA 1955; and providing for an effective  
14 date."

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

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

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

1           Sec. 2. Sec. 3, Ch. 73, SLA 1955 is amended to read as  
2 follows:

3           Sec. 3. APPLICATION FOR LICENSE: FEES: ETC. Applica-  
4 tion for such license shall be in writing under oath, and in  
5 the form prescribed by the Auditor, and shall contain the  
6 name and the address (both of the residence and place of  
7 business) of the applicant, and if the applicant is a co-  
8 partnership or association, of every member thereof, and if  
9 a corporation, of each officer and director thereof; and each  
10 partner of a partnership, and each associate of an associa-  
11 tion, and each incorporator, director and officer of a cor-  
12 poration licensed hereunder shall file with the application a  
13 detailed statement of his assets and liabilities; also the  
14 division and municipality with street and number, if any,  
15 where the business is to be conducted and such further in-  
16 formation as the Auditor may require. Such applicant at the  
17 time of making such application shall pay to the Auditor the  
18 sum of two hundred (\$200.00) [(\$200.0)] dollars as a fee for  
19 investigating the application and the additional sum of two  
20 hundred (\$200.00) dollars as an annual license fee for a  
21 period terminating on the last day of the current calendar  
22 year; provided, that if the application is filed after June  
23 thirtieth in any year such additional sum shall be only one  
24 hundred (\$100.00) dollars. In addition to the said annual  
25 license fee every licensee hereunder shall pay to the Audit  
26 the actual costs of each examination as provided for in  
27 Section 11 of this Act; Provided, however, that the license  
28 fee required herein shall be in lieu of the tax levied by the  
29 Alaska Business License Act.

1           Every applicant shall also prove, in form satisfactory  
2 to the Auditor, that he or it has available for the operation  
3 of such business at the location specified in the application,  
4 liquid assets of at least ten thousand (\$10,000.00) dollars.

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

7           Sec. 4. BOND: REQUIREMENT. The applicant shall also at  
8 the same time file with the Auditor a bond to be approved by  
9 him 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. Subsec. (a), Sec. 16, Ch. 73, SLA 1955 is amended to  
25 read as follows:

26           (a) Every licensee hereunder may lend any sum of money  
27 not to exceed one thousand (\$1,000.00) dollars and may charge  
28 contract for, and receive thereon interest at a rate not  
29 exceeding three (3%) [FOUR (4%)] per centum per month on that

1 part of the unpaid principal balance of a loan not in excess  
2 of three hundred (\$300.00) dollars; two [AND ONE-HALF] per  
3 centum (2%) [(2½%)] per month on any remainder of any unpaid  
4 principal balance exceeding three hundred (\$300.00) dollars  
5 but not exceeding six hundred (\$600.00) dollars and one (1%)  
6 [TWO (2½%)] per centum per month on any remainder of any un-  
7 paid principal balance exceeding six hundred (\$600.00) dol-  
8 lars but not exceeding one thousand (\$1,000.00) dollars [;  
9 PROVIDED, HOWEVER, THAT ON LOANS, THE PRINCIPAL OF WHICH IS  
10 FIFTY (\$50.00) DOLLARS OR LESS CHARGES AT A RATE NOT IN  
11 EXCESS OF FIVE (5%) PER CENTUM PER MONTH MAY BE CONTRACTED  
12 FOR AND RECEIVED].

13 Sec. 5. Ch. 73, SLA 1955 is amended by adding a new section  
14 to read as follows:

15 N Sec. 26. SECURITY FOR LOANS. Any deed to real property  
16 E executed by a borrower and delivered to a licensee to secure  
17 W the payment of any loan under this Act evidenced by a promis-  
18 sory note shall be considered as a mortgage of the property  
19 described in said deed. Said deed shall not be recorded by  
20 the licensee holding the same, but in the event of the non-  
21 payment of the said note the licensee shall institute an  
22 action in the appropriate court for the foreclosure of mort-  
23 gages on real property, and in the event of securing judg-  
24 M ment against the borrower and in favor of the licensee, the  
25 A said property described in said deed shall be sold by the  
26 T proper officer of the State of Alaska on execution as pro-  
27 T vided by law, and out of the proceeds of said sale the said  
28 E officer shall pay to said licensee the amount of said judg-  
29 R ment together with his costs and disbursement and attorney

1 N fees and costs of the said sale.

2 In order to protect his priority of payment out of the  
3 E proceeds of any sale and hereunder, the licensee may record  
4 in the recorder's office for the precinct in which the pro-  
5 W perty described in said deed is located a certificate execu-  
6 ted by the licensee in which the deed to said real property  
7 conveyed by the borrower to the lender is set out in full,  
8 together with a full true and correct copy of the note made  
9 and delivered by the borrower to the licensee together with  
10 a statement that the said deed set forth therein is a mortgage  
11 M to secure the payment of the note set forth therein, which  
12 statement shall be acknowledged by the licensee or the  
13 A licensee's principal agent before a notary public commissioned  
14 as such under the laws of the State of Alaska.

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

20 Chattel mortgages shall be foreclosed in the manner pro-  
21 R vided by law.

22 Sec. 6. This Act shall take effect July 1, 1960.

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