

BY MESSRS. ERWIN, TAYLOR
AND HELLENTHAL

1 IN THE HOUSE

2 HOUSE BILL NO. 130

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SECOND 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 in
8 the amount or of the value of \$1,000 or less
9 secured or unsecured; prescribing the rates
10 of interest and other charges; amending
11 Secs. 2, 3, 4, and 16, Ch. 73, SLA 1955;
12 adding a new section to Ch. 73, SLA 1955;
13 and providing for an effective date."

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

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

16 Sec. 2. LICENSE REQUIRED. No person, co-partnership,
17 association, or corporation shall engage in the business of
18 making loans of money, credit, goods, or things in action in
19 the amount or of the value of one thousand (\$1,000) dollars
20 or less and charge, contract for, or receive on any such loan
21 a greater rate of interest, discount, or consideration there-
22 for than the lender would be permitted by law to charge if
23 he were not a licensee hereunder, except as authorized by
24 this Act and without first obtaining a license from the
25 director of the Department of Commerce [AUDITOR] of the state
26 [TERRITORY], or other state [TERRITORIAL] officer hereafter
27 authorized, hereinafter called the director [AUDITOR].

28 Sec. 2. Sec. 3, Ch. 73, SLA 1955 is amended to read:

29 Sec. 3. APPLICATION FOR LICENSE: FEES: ETC. Applica-

1 tion for such license shall be in writing under oath, and in the
2 form prescribed by the director [AUDITOR], and shall contain the
3 name and address (both of the residence and place of business)
4 of the applicant, and if the applicant is a co-partnership or
5 association, of every member thereof, and if a corporation, of
6 each officer and director thereof; and each partner of a part-
7 nership, and each associate of an association, and each incor-
8 porator, director and officer of a corporation licensed here-
9 under shall file with the application a detailed statement of
10 his assets and liabilities; also the division and municipality
11 with street and number, if any, where the business is to be con-
12 ducted and such further information as the director [AUDITOR]
13 may require. Such applicant at the time of making such appli-
14 cation shall pay to the director [AUDITOR] the sum of two hun-
15 dred (\$200.00) [(\$200.0)] dollars as a fee for investigating the
16 application and the additional sum of two hundred (\$200.00)
17 dollars as an annual license fee for a period terminating on
18 the last day of the current calendar year; provided, that if the
19 application is filed after June thirtieth in any year such addi-
20 tional sum shall be only one hundred (\$100.00) dollars. In addi-
21 tion to the said annual license fee every licensee hereunder
22 shall pay to the director [AUDITOR] the actual costs of each
23 examination as provided for in Section 11 of this Act; Pro-
24 vided, however, that the license fee required herein shall be
25 in lieu of the tax levied by the Alaska Business License Act.

26 Every applicant shall also prove, in form satisfactory
27 to the director [AUDITOR], that he or it has available for the
28 operation of such business at the location specified in the
29 application, liquid assets of at least ten thousand

1 (\$10,000.00) dollars.

2 Sec. 3. Sec. 4, Ch. 73, SLA 1955 is amended to read:

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

20 Sec. 4. Subsec. (a), Sec. 16, Ch. 73, SLA 1955 is amended to
21 read:

22 (a) Every licensee hereunder may lend any sum of money
23 not to exceed one thousand (\$1,000.00) dollars and may charge,
24 contract for, and receive thereon interest at a rate not
25 exceeding three (3%) [FOUR (4%)] per centum per month on that
26 part of the unpaid principal balance of a loan not in excess
27 of three hundred (\$300.00) dollars; two [AND ONE-HALF] per
28 centum (2%) [(2½%)] per month on any remainder of any unpaid
29 principal balance exceeding three hundred (\$300.00) dollars

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

9 Sec. 5. Ch. 73, SLA 1955 is amended by adding a new section
10 to read:

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

27 E In order to protect his priority of payment out of the
28 proceeds of any sale and hereunder, the licensee may record
29 R in the recorder's office for the precinct in which the property

1 N described in said deed is located a certificate executed by
2 E the licensee in which the deed to said real property conveyed
3 W by the borrower to the lender is set out in full, together
4 with a full and true and correct copy of the note made and
5 delivered by the borrower to the licensee together with a
6 statement that the said deed set forth therein is a mortgage
7 to secure the payment of the note set forth therein, which
8 statement shall be acknowledged by the licensee or the
9 licensee's principal agent before a notary public commissioned
10 as such under the laws of the State of Alaska.

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

16 E Chattel mortgages shall be foreclosed in the manner pro-
17 R vided by law.

18 Sec. 6. This Act shall take effect on July 1, 1961.
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