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IN THE HOUSE

BY MR. HANSEN

HOUSE BILL NO. 294

IN THE LEGISLATURE OF THE STATE OF ALASKA

SECOND LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the collection of interest in advance on certain loans; amending Sec. 1, Ch. 48, SLA 1951."

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

Section 1. Sec. 1, Ch. 48, SLA 1951, is amended to read:

Section 1. LOANS ON AMOUNTS NOT TO EXCEED \$5,000 [\$3,500.00]. Lenders of money, either upon the security of personal property or otherwise, are hereby authorized to charge or to receive in advance interest therefor; to contract for a charge for a secured or unsecured installment loan, which in principal amount (not inclusive of interest) shall not exceed \$5,000 [THIRTY-FIVE HUNDRED DOLLARS (\$3,500.00)], and which under its terms shall be repayable in substantially equal installments over a period not exceeding three years, which charge shall be at a rate not exceeding \$6 per \$100 [SIX DOLLARS (\$6.00) PER ONE HUNDRED DOLLARS (\$100.00)] per annum upon the original face amount of the instrument or instruments evidencing the loan for the entire period of the loan, and which such charge may be collected in advance: Provided, that if the entire unpaid balance outstanding on a loan is paid by cash, renewal, or otherwise at any time prior to maturity, the lender shall give a refund or credit of the unearned portion of such charge, which refund or credit shall represent at least as great a propor-

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

15 (a) Delinquency charges not to exceed \$2.50 penalty for
16 each payment [FIVE CENTS FOR EACH DOLLAR OF EACH INSTALLMENT]
17 more than fifteen days in arrears [:PROVIDED, THAT THE TOTAL
18 OF DELINQUENCY CHARGES ON ANY SUCH INSTALLMENT LOAN SHALL NOT
19 EXCEED FIFTEEN DOLLARS (\$15.00), AND ONLY ONE DELINQUENCY
20 CHARGE SHALL BE MADE ON ANY ONE INSTALLMENT];

21 (b) Premiums paid by the lender for insurance required
22 or obtained as security for or by reason of such installment
23 loan;

24 (c) Such amounts as are necessary to reimburse the
25 lender for fees paid to a public officer for filing, recording,
26 or releasing any instrument or lien; and the actual expendi-
27 tures, including reasonable attorneys' fees for legal process
28 or proceedings, to secure or collect any such installment
29 loan. Any advertising concerning such installment loans which

1 contains a statement of an amount, or rate of charge, shall
2 also contain the percentage rate, either per month or per
3 year, computed on declining balances of the face amount of
4 the loan instrument to which such charge would be equivalent
5 if the loan were repaid according to contract: Provided,
6 That this requirement may be complied with by stating the
7 equivalent percentage rate which would earn the charge for
8 such a loan repayable in twelve equal consecutive monthly
9 installments, and such stated rate may be closely approximate
10 rather than exact, if the statement so indicated: And pro-
11 vided further, That this requirement shall not apply to an
12 advertisement in which an amount, or rate of charge, is
13 indicated only by a table which contains and is confined to
14 examples of the face amount of the loan instrument, the pro-
15 ceeds to the borrower exclusive of the charge, and the amount
16 number, and intervals of the required payments. The aggre-
17 gate amount of unpaid principal due from any one borrower on
18 one or more loans granted pursuant to the provisions of this
19 paragraph shall not at any time exceed \$5,000 [THIRTY-FIVE
20 HUNDRED DOLLARS (\$3,500.00)].
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