

1 IN THE HOUSE

BY COMMERCE AND LABOR

2

CS FOR HOUSE BILL NO. 294

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SECOND LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the collection of

7

interest in advance on certain loans; amend-

8

ing Sec. 1, Ch. 48, SLA 1951."

9

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

10

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

11

Section 1. LOANS IN AMOUNTS NOT TO EXCEED \$7,500

12

[\$3,500.00]. Lenders of money, either upon the security of

13

personal property or otherwise, are hereby authorized to

14

charge or to receive in advance interest therefor; to con-

15

tract for a charge for a secured or unsecured installment

16

loan, which in principal amount (not inclusive of interest)

17

shall not exceed \$7,500 [THIRTY-FIVE HUNDRED DOLLARS

18

(\$3,500.00)], and which under its terms shall be repayable

19

in substantially equal installments over a period not exceed-

20

ing five [THREE] years, which charge shall be at a rate not

21

exceeding \$6 per \$100 [SIX DOLLARS (\$6.00) PER ONE HUNDRED

22

DOLLARS (\$100.00)] per annum upon the original face amount

23

of the instrument or instruments evidencing the loan for

24

the entire period of the loan, and which such charge may be

25

collected in advance: Provided, that if the entire unpaid

26

balance outstanding on a loan is paid by cash, renewal, or

27

otherwise at any time prior to maturity, the lender shall

28

give a refund or credit of the unearned portion of such

29

charge, which refund or credit shall represent at least as

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

15 (a) Delinquency charges not to exceed five cents for
16 each dollar of each installment more than fifteen days in
17 arrears: Provided, that the total of delinquency charges
18 on any such installment loan shall not exceed fifteen
19 dollars (\$15.00), and only one delinquency charge shall be
20 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, record-
26 ing, or releasing any instrument or lien; and the actual
27 expenditures, including reasonable attorneys' fees for legal
28 process or proceedings, to secure or collect any such in-
29 stallment loan. Any advertising concerning such installment

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

loans which contains a statement of an amount, or rate of charge, shall also contain the percentage rate, either per month or per year, computed on declining balances of the face amount of the loan instrument to which such charge would be equivalent if the loan were repaid according to contract: Provided, That this requirement may be complied with by stating the equivalent percentage rate which would earn the charge for such a loan repayable in twelve equal consecutive monthly installments, and such stated rate may be closely approximate, rather than exact, if the statement so indicated: And provided further, That this requirement shall not apply to an advertisement in which an amount, or rate of charge, is indicated only by a table which contains and is confined to examples of the face amount of the loan instrument, the proceeds to the borrower exclusive of the charge, and the amount, number, and intervals of the required payments. The aggregate amount of unpaid principal due from any one borrower on one or more loans granted pursuant to the provisions of this paragraph shall not at any time exceed \$7,500 [THIRTY-FIVE HUNDRED DOLLARS (\$3,500.00)].