

Introduced: 2/27/63
Referred: Commerce

1 IN THE HOUSE

BY: MR. SANDERS

2 HOUSE BILL NO. 121

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to discount loans."

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

8 * Section 1. AS 45.45.080(b) is amended to read:

9 (b) In the case of a secured or unsecured instrument
10 loan not exceeding the principal amount of \$7,500 [\$3,500]
11 (not including interest) which is repayable in substantially
12 equal installments over a period not exceeding five [THREE]
13 years, a lender of money may contract for a charge at a
14 rate not exceeding \$6 a year for each \$100 upon the original
15 face amount of the instrument evidencing the loan for the
16 entire period of the loan. This charge may be collected in
17 advance. However, if the unpaid balance outstanding on a
18 loan is paid before maturity, the lender shall give a refund
19 or credit of the unearned portion of the charge, which
20 refund or credit represents at least as great a proportion
21 of the original charge as the sum of the periodical time
22 balances after the date of prepayment bears to the sum of
23 all the periodical time balances under the schedule of pay-
24 ments in the original instrument. The lender is not requir-
25 ed to refund or credit any portion of the unearned charge
26 which would result in a net charge on a loan less than the
27 minimum charge provided for in this section, or to make a
28 refund or credit where the amount of the refund or credit
29 computed as set out in this section would be less than \$5

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for each loan paid before the maturity date.

* Sec. 2. AS 45.45.080(d) is amended to read:

(d) Advertising concerning such installment 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 the charge would be equivalent if the loan were repaid according to contract. This advertising requirement may be complied with by stating the equivalent percentage rate which would earn the charge for a loan repayable in 12 equal consecutive monthly installments, and the stated rate may be closely approximate, rather than exact, if the statement so indicates. This requirement does 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 under (c)(3) and (4), and (d) of this section may not at any time exceed \$7,500 [\$3,500].

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