

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 (true annual
15 interest rate for "add-on method" of computation at a rate
16 not to exceed 11.1%; or true annual interest rate for
17 "discount method" of computation at a rate not to exceed
18 11.8%) upon the original face amount of the instrument
19 evidencing the loan for the entire period of the loan. This
20 charge may be collected in advance. However, if the unpaid
21 balance outstanding on a loan is paid before maturity, the
22 lender shall give a refund or credit of the unearned portion
23 of the charge, which refund or credit represents at least
24 as great a proportion of the original charge as the sum of
25 the periodical time balances after the date of prepayment
26 bears to the sum of all the periodical time balances under
27 the schedule of payments in the original instrument. The
28 lender is not required to refund or credit any portion of
29 the unearned charge which would result in a net charge on a

1 loan less than the minimum charge provided for in this
2 section, or to make a refund or credit where the amount of
3 the refund or credit computed as set out in this section
4 would be less than \$5 for each loan paid before the maturity
5 date.

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

7 (d) Advertising concerning such installment loans
8 which contains a statement of an amount, or rate of charge,
9 shall also contain the percentage rate, either per month or
10 per year, computed on declining balances of the face amount
11 of the loan instrument to which the charge would be equiva-
12 lent if the loan were repaid according to contract. This
13 advertising requirement may be complied with by stating the
14 equivalent percentage rate which would earn the charge for
15 a loan repayable in 12 equal consecutive monthly installments,
16 and the stated rate may be closely approximate, rather than
17 exact, if the statement so indicates. This requirement does
18 not apply to an advertisement in which an amount, or rate of
19 charge, is indicated only by a table which contains and is
20 confined to examples of the face amount of the loan instru-
21 ment, the proceeds to the borrower exclusive of the charge,
22 and the amount, number and intervals of the required pay-
23 ments. The aggregate amount of unpaid principal due from
24 any one borrower on one or more loans granted under (c)(3)
25 and (4), and (d) of this section may not at any time exceed
26 \$7,500 [\$3,500].
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