

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."

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

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

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(b) In the case of a secured or unsecured instrument loan not exceeding the principal amount of \$7,500 [\$3,500] (not including interest) which is repayable in substantially equal installments over a period not exceeding five [THREE] years, a lender of money may contract for a charge at a rate not exceeding \$6 a year for each \$100 (true annual interest rate for "add-on method" of computation at a rate not to exceed 11.1%; or true annual interest rate for "discount method" of computation at a rate not to exceed 11.8%) upon the original face amount of the instrument evidencing the loan for the entire period of the loan. This charge may be collected in advance. However, if the unpaid balance outstanding on a loan is paid before maturity, the lender shall give a refund or credit of the unearned portion of the charge, which refund or credit represents at least as great a proportion of the original charge as the sum of the periodical time balances after the date of prepayment bears to the sum of all the periodical time balances under the schedule of payments in the original instrument. The lender is not required to refund or credit any portion of the unearned charge which would result in a net charge on a

HB #121 as am  
by the Senate

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. The loan mentioned in this subsection shall not apply  
6 to loans on real property.

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

8 (d) Advertising concerning such installment loans  
9 which contains a statement of an amount, or rate of charge,  
10 shall also contain the percentage rate, either per month or  
11 per year, computed on declining balances of the face amount  
12 of the loan instrument to which the charge would be equiva-  
13 lent if the loan were repaid according to contract. This  
14 advertising requirement may be complied with by stating the  
15 equivalent percentage rate which would earn the charge for  
16 a loan repayable in 12 equal consecutive monthly installments  
17 and the stated rate may be closely approximate, rather than  
18 exact, if the statement so indicates. This requirement does  
19 not apply to an advertisement in which an amount, or rate of  
20 charge, is indicated only by a table which contains and is  
21 confined to examples of the face amount of the loan instru-  
22 ment, the proceeds to the borrower exclusive of the charge,  
23 and the amount, number and intervals of the required payments  
24 The aggregate amount of unpaid principal due from any one  
25 borrower on one or more loans granted under (c)(3) and (4),  
26 and (d) of this section may not at any time exceed \$7,500  
27 [\$3,500].