

1 IN THE HOUSE

BY MR. TAYLOR

2 HOUSE BILL NO. 172

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 interest rates and
7 security for small loans."

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

9 * Section 1. AS 06.20.230 is amended to read:

10 Sec. 06.20.230. MAXIMUM INTEREST PERMITTED. A licensee
11 may lend any sum of money not exceeding \$1,000 and may charge
12 contract for, and receive thereon interest at a rate not
13 exceeding three [FOUR] per cent a month on that part of the
14 unpaid principal balance of a loan not in excess of \$300;
15 two [AND ONE-HALF] per cent a month on the remainder of any
16 unpaid principal balance exceeding \$300 but not exceeding
17 \$600, and one [TWO] per cent a month on the remainder of any
18 unpaid principal balance exceeding \$600 but not exceeding
19 \$1,000. [ON LOANS, THE PRINCIPAL OF WHICH IS \$50 OR LESS A
20 LICENSEE MAY CHARGE, CONTRACT AND RECEIVE INTEREST AT A RATE
21 NOT EXCEEDING FIVE PER CENT A MONTH.]

22 * Sec. 2. AS 06.20 is amended by adding a new section to read:

23 Sec. 06.20.315. REAL PROPERTY AS SECURITY FOR LOANS.

24 (a) A deed to real property executed by a borrower and
25 delivered to a licensee to secure the payment of a loan under
26 this chapter evidenced by a promissory note is a mortgage of
27 the property described in the deed.

28 (b) The licensee may not record the deed.

29 (c) The licensee may, to protect his priority of

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payment out of the proceeds of any sale of the property,
execute and record in the recorder's office for the district
in which the property described in the deed is located a
certificate which

(1) sets out in full the deed to the real
property conveyed by the borrower to the licensee,

(2) sets out in full the promissory note made and
delivered by the borrower to the licensee,

(3) contains a statement acknowledged by the
licensee or the licensee's principal agent before a notary
public of the state to the effect that the deed is a
mortgage to secure payment of the note.

(d) If the borrower does not pay the note when due,
the licensee may bring a foreclosure action in the superior
court under AS 09.45.170 - 09.45.220.