

Original Sponsor:
Mr. Moseley

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ALASKA
STATE
LEGISLATURE

BY MESSRS. BAGGEN, BAKER, BINKLEY,
BOARDMAN, COLE, HAMMOND, HOLM,
JOHNSON, KUBLEY, LEONARD, LONGWORTH,
LOTTSELDT, MCCOMBE, MILLER, MOSELEY,
SMITH, STALKER, PARSONS, TILLION,
WHITE, WHITEHEAD, WIGGINS, KENDALL,
E. REID AND MRS. SWEENEY

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 246

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - SECOND 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 \$6,000 [\$3,500]
11 (not including interest) which is repayable in substantially
12 equal installments over a period not exceeding three
13 years, a lender of money may contract for a charge at a rate
14 not exceeding \$6 a year for each \$100 (true annual interest
15 rate for "add-on method" of computation at a rate not to ex-
16 ceed 11.1%; or true annual interest rate for "discount
17 method" of computation at a rate not to exceed 11.8%) upon
18 the original face amount of the instrument evidencing the
19 loan for the entire period of the loan. This charge may be
20 collected in advance. However, if the unpaid balance out-
21 standing on a loan is paid before maturity, the lender shall
22 give a refund or credit of the unearned portion of the charge,
23 which refund or credit represents at least as great a pro-
24 portion of the original charge as the sum of the periodical
25 time balances after the date of prepayment bears to the sum
26 of all the periodical time balances under the schedule of
27 payments in the original instrument. The lender is not
28 required to refund or credit any portion of the unearned
29 charge which would result in a net charge on a loan less than

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 \$6,000 [\$3,500].
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