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STALKER AND WOLD

1 IN THE HOUSE

2 HOUSE BILL NO. 135

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH 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 \$5,000 [~~\$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 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  
16 exceed 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 the minimum charge provided for in this section, or to make  
2 a refund or credit where the amount of the refund or credit  
3 computed as set out in this section would be less than \$5 for  
4 each loan paid before the maturity date.

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

6 (d) Advertising concerning such installment loans  
7 which contains a statement of an amount, or rate of charge,  
8 shall also contain the percentage rate, either per month or  
9 per year, computed on declining balances of the face amount  
10 of the loan instrument to which the charge would be equiva-  
11 lent if the loan were repaid according to contract. This  
12 advertising requirement may be complied with by stating the  
13 equivalent percentage rate which would earn the charge for  
14 a loan repayable in 12 equal consecutive monthly installments,  
15 and the stated rate may be closely approximate, rather than  
16 exact, if the statement so indicates. This requirement does  
17 not apply to an advertisement in which an amount, or rate of  
18 charge, is indicated only by a table which contains and is  
19 confined to examples of the face amount of the loan instru-  
20 ment, the proceeds to the borrower exclusive of the charge,  
21 and the amount, number and intervals of the required payments.  
22 [THE AGGREGATE AMOUNT OF UNPAID PRINCIPAL DUE FROM ANY ONE  
23 BORROWER ON ONE OR MORE LOANS GRANTED UNDER (c)(3) AND (4),  
24 AND (d) OF THIS SECTION MAY NOT AT ANY TIME EXCEED \$3,500.]  
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