

Introduced: 1/23/70
Referred: Commerce and
Finance

1 IN THE HOUSE

BY FINK

2 HOUSE BILL NO. 510

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the legal rate of interest."

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

8 * Section 1. AS 45.45.010(b) is amended to read:

9 (b) [UNTIL DECEMBER 31, 1970, DURING ANY CALENDAR QUARTER NO
10 INTEREST MAY BE CHARGED BY EXPRESS AGREEMENT OF THE PARTIES IN A
11 CONTRACT WHICH IS MORE THAN FOUR PERCENTAGE POINTS ABOVE THE FEDERAL
12 RESERVE DISCOUNT RATE FOR THE 12TH FEDERAL RESERVE DISTRICT THAT PRE-
13 VAILED ON THE FIRST DAY OF THE MONTH PRECEDING THE COMMENCEMENT OF THAT
14 CALENDAR QUARTER. NOTICE OF THE PREVAILING QUARTERLY RATE SHALL BE
15 PROVIDED BY THE DEPARTMENT OF COMMERCE. CONVENTIONAL MORTGAGE LOANS
16 COVERING ONE- TO FOUR- FAMILY DWELLINGS ENTERED INTO UNDER PROVISIONS
17 OF THIS SUBSECTION MAY BE PREPAID WITHOUT PENALTY. AFTER DECEMBER 31,
18 1970, INTEREST] Interest at the rate of eight per cent may be charged
19 by express agreement of the parties in a contract [AFTER THAT DATE].

20 * Sec. 2. AS 45.45.010(c) is amended to read:

21 (c) The maximum rate of interest specified in this section does
22 not apply to transactions involving loans processed through Alaska
23 financial institutions when there is participation by corresponding
24 banks or institutional lenders in other states or countries because the
25 amount of the transaction exceeds the loan limitations on state banks
26 under AS 06.05.205(b) and on national banks under 12 U.S.C. 84 and the
27 regulations and rulings under that section and to those loans made by
28 mutual savings banks, state chartered savings and loan associations,
29 and federally chartered savings and loan associations which exceed 10

1 per cent of surplus, undivided profits and reserves for loan losses,
2 and to those loans where the mortgagee is not a bank, mutual savings
3 bank, or savings and loan association, and where the loan exceeds
4 \$500,000. The exception to the maximum rate of interest provided by
5 this subsection does not apply to that portion of a loan which is
6 loaned by an Alaskan entity [THIS PROVISION REMAINS IN EFFECT UNTIL
7 DECEMBER 31, 1970].

8 * Sec. 3. AS 4A.33.020(11) is repealed.
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