

Introduced: 2/16/70
Referred: Commerce and
Judiciary

1 IN THE HOUSE

BY KAY

2 HOUSE BILL NO. 703

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 unenforceable loans under the
7 Alaska Small Loan Act."

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

9 * Section 1. AS 06.20 is amended by adding a new section to read:

10 Sec. 06.20.315. UNENFORCEABLE LOANS. (a) A licensee shall not
11 permit a borrower, including a husband and wife jointly or severally,
12 to become obligated on a loan when

13 (1) the borrower is obligated under a prior loan;

14 (2) the prior loan is in default; and

15 (3) a subsequent loan is for a principal amount in excess
16 of the total remaining indebtedness under the prior loan.

17 (b) A loan made in violation of (a) of this section is unenforce-
18 able by the licensee or his assignee, to the extent that (a)(3) of this
19 section is violated, including interest and other charges, in an action
20 for the collection of the loan. The borrower under (a) of this section
21 has an affirmative action against the licensee for the return of any
22 amounts paid due to the excess described in (a)(3) of this section.