

Original sponsor: Rules Committee by request

1 IN THE SENATE BY THE FREE CONFERENCE COMMITTEE  
2 FREE CONFERENCE CS FOR HOUSE CS FOR CS FOR SENATE BILL NO. 562  
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; and  
7 providing for an effective date."

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

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

10 (b) Until February 15, 1972 [DECEMBER 31, 1970] during any  
11 calendar quarter no interest may be charged by express agreement of the  
12 parties in a loan contract or commitment which is more than four per-  
13 centage points above the federal reserve discount rate for the 12th  
14 Federal Reserve District that prevailed on the first day of the month  
15 preceding the commencement of that calendar quarter. Notice of the  
16 prevailing quarterly rate shall be provided by the Department of Com-  
17 merce. Conventional mortgage loans covering one- to four-family  
18 dwellings entered into under provisions of this paragraph may be pre-  
19 paid without penalty. Interest at a rate not to exceed eight per cent  
20 may be charged by express agreement of the parties in a loan contract  
21 or commitment dated after February 15, 1972 [AFTER DECEMBER 31, 1970  
22 INTEREST AT THE RATE OF EIGHT PER CENT MAY BE CHARGED BY EXPRESS AGREE-  
23 MENT OF THE PARTIES IN A CONTRACT AFTER THAT DATE].

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

25 (c) The maximum rate of interest specified in this section does  
26 not apply to transactions involving loans processed through Alaska  
27 financial institutions when there is participation by corresponding  
28 banks or institutional lenders in other states or countries because the  
29 amount of the total transaction, not merely the amount loaned by the

1 Alaska financial institution, exceeds the loan limitations on state  
2 banks under AS 06.05.205(b) and on national banks under 12 U.S.C. 84  
3 and the regulations and rulings under that section and to those loans  
4 made by mutual savings banks, state chartered savings and loan associ-  
5 ations, and federally chartered savings and loan associations which  
6 exceed 10 per cent of surplus, undivided profits and reserves for loan  
7 losses, and to those loans where the mortgagee is not a bank, mutual  
8 savings bank, or savings and loan association, and where the loan  
9 exceeds \$500,000. [THIS PROVISION REMAINS IN EFFECT UNTIL DECEMBER 31,  
10 1970]

11 \* Sec. 3. This Act takes effect on the day after its passage and approval  
12 or on the day it becomes law without approval.  
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