

Original sponsors: Fink and Huber

Offered: 4/3/73  
Referred: Rules

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 93

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the method of computation of  
7 interest on extensions of credit."

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

9 \* Section 1. AS 45.45 is amended by adding a new section to read:

10 Sec. 45.45.055. COMPUTATION OF INTEREST. (a) A person extending  
11 credit may compute or precompute interest or service charges in any  
12 method desired so long as the effective rate does not exceed the con-  
13 tract rate or, if no contract rate, the legal rate, based on a 365-day  
14 year. Use of a method of computation which results in an effective  
15 rate of interest which exceeds the contract rate or, if no contract  
16 rate, the legal rate shall void all interest and service charges for  
17 that loan or extension of credit.

18 (b) If interest or service charges greater than those prescribed  
19 in (a) of this section are received or collected, the person paying  
20 them may obtain, by an action brought within two years, recovery of  
21 the charges paid to date, and cancellation of the charges for the  
22 remainder of the term of the loan or extension of credit. Additionally,  
23 he may recover a civil penalty of \$500, less the amount of interest  
24 and service charges refunded or cancelled.

25 \* Sec. 2. AS 06.20.250 is amended to read:

26 Sec. 06.20.250. COMPUTATION AND PAYMENT OF INTEREST. Interest  
27 may [SHALL] not be paid, deducted, or received in advance. Interest  
28 shall be computed and paid only on unpaid principal balances and may  
29 [SHALL] not be compounded. The maximum interest permitted on loans

1 made under this chapter shall be computed on the basis of the number of  
2 days actually elapsed. For the purpose of this section [THESE COMPUTA-  
3 TIONS] a month is that period of time from any date in a month to the  
4 corresponding date in the next month and if there is no corresponding  
5 date then to the last day of the next month; and a day shall be con-  
6 sidered one-thirtieth of a month when computation is made for a fraction  
7 of a month [ANY PERIOD OF 30 CONSECUTIVE DAYS].  
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