

Original sponsor: Judiciary Committee

Offered: 4/3/73

1 IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR HOUSE CS FOR SENATE BILL NO. 37

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 interest rates charged in the
7 state; and 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 AS 45.45.010(b) is repealed and re-enacted to read:

10 (b) No interest may be charged by express agreement of the parties
11 in a contract or loan commitment which is more than eight per cent a
12 year, except that the eight per cent a year rate may be exceeded under
13 the following circumstances:

14 (1) in a contract or loan commitment not involving real es-
15 tate or in a contract or loan commitment covering a one- to four-family
16 dwelling, dated after the effective date of this Act and before April
17 15, 1975, the interest rate may not exceed four percentage
18 points above the annual rate charged member banks for advances by the
19 12th Federal Reserve District that prevailed on the first day of the
20 month preceding the commencement of the calendar quarter during which
21 the contract or loan commitment is made;

22 (2) in a contract or loan commitment involving real estate
23 or secured by a real estate mortgage or trust deed, not covered in (1)
24 of this subsection, and dated after the effective date of this Act and
25 before April 15, 1975, the interest rate may not exceed four and one-
26 half percentage points above the annual rate charged member banks for
27 advances by the 12th Federal Reserve District that prevailed on the
28 first day of the month preceding the commencement of the calendar quar-
29 ter during which the contract or loan commitment is made.

1 * Sec. 2. AS 45.45.010 is amended by adding new subsections to read:

2 (d) Notice of the annual rate charged member banks for advances
3 by the 12th Federal Reserve District prevailing on the first day of
4 the month preceding the commencement of each calendar quarter required
5 for the maximum interest rate computation under (b) of this section
6 shall be provided by the Department of Commerce.

7 (e) Interest at a rate not to exceed eight per cent may be charged
8 by express agreement of the parties in a contract or loan commitment
9 dated after April 14, 1975.

10 (f) No bank, savings and loan institution, pension fund, insur-
11 ance company or mortgage company may require or accept any per cent of
12 ownership or profits above its interest rate.

13 (g) Loan contracts and commitments covering one- to four-family
14 dwellings entered into under (b) of this section may be prepaid without
15 penalty, except federally insured loans that require a prepayment
16 penalty.

17 (h) If the limitations on interest rates provided for in this
18 section are inconsistent with the provisions of any other statute covering
19 maximum interest, service charges or discount rates then the provisions
20 of the other statute prevail.

21 * Sec. 3. AS 45.45.010(c) is repealed.

22 * Sec. 4. This Act takes effect on the day after its passage and approval
23 or on the day it becomes law without approval.
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