

Introduced: 3/11/75  
Referred: Commerce

BY HUBER, CROFT, FERGUSON  
AND HOHMAN

1 IN THE SENATE

2 SENATE BILL NO. 251

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the interest rate on veterans'  
7 loans; and providing for an effective date."

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

9 \* Section 1. AS 26.15.040(a) is amended to read:

10 (a) The commissioner of commerce may, under rules, regulations,  
11 and policies adopted by him, make the following loans:

12 (1) Personal loans may be made for educational, domestic,  
13 remote area family housing and other personal purposes, not exceeding  
14 \$10,000. The loans shall be secured by acceptable collateral when  
15 available but if not available the commissioner may make loans on the  
16 basis of good character. The rate of interest may not exceed seven  
17 [EIGHT] per cent a year on the unpaid balance.

18 (2) Farm and home loans not exceeding \$55,000 may be made  
19 to purchase, remodel, repair, build, furnish, refinance or equip homes  
20 or farms in the state, including the clearing and drainage for farms.  
21 The loans may not exceed 90 per cent of the appraised value when made  
22 for the purchase or construction of a home unless additional amounts  
23 are secured by acceptable collateral as determined by the commissioner  
24 of commerce in conformity with established minimum requirements. The  
25 rate of interest may not exceed the interest rate which is charged for  
26 Federal Veterans Administration loans at the time a state loan is  
27 granted or seven per cent a year on the unpaid balance, whichever is  
28 less.

29 (3) Business loans not exceeding \$100,000 may be made to

1 acquire, finance or refinance or equip businesses, including mining and  
2 fishing but not including farming, if the loan applicant has had three  
3 or more years of general business experience. The loans shall be  
4 secured by acceptable collateral and may not exceed 75 per cent of the  
5 appraised value of the collateral offered as security. The rate of  
6 interest may not exceed the interest rate which is charged for Federal  
7 Veterans Administration loans at the time a state loan is granted or  
8 seven per cent a year on the unpaid balance, whichever is less.

9 (4) Multiple dwelling loans not exceeding \$80,000 may be  
10 made to purchase, remodel, repair, build, furnish, refinance or equip  
11 multiple dwellings. The loans shall be secured by acceptable collateral  
12 and may not exceed 75 per cent of the appraised value of the collateral  
13 offered as security. The rate of interest may not exceed the interest  
14 rate which is charged for Federal Veterans Administration loans at the  
15 time a state loan is granted or seven per cent a year on the unpaid  
16 balance, whichever is less.

17 \* Sec. 2. AS 26.15.040(b) is amended to read:

18 (b) The commissioner of commerce may enter into agreements with  
19 private banks, other lending institutions and individuals for the pur-  
20 pose of guaranteeing loans made to qualified applicants. The guarantees  
21 may not exceed 90 per cent of the amount loaned and the loans shall be  
22 secured in the same manner provided for direct loans under this sec-  
23 tion. A loan made under this subsection and guaranteed by the commis-  
24 sioner of commerce and the state shall bear an interest rate not  
25 exceeding seven [EIGHT] per cent a year on the unpaid balance.

26 \* Sec. 3. The provisions of this Act relating to interest rates are  
27 retroactive to January 1, 1975.

28 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-  
29 070(c).