

Introduced: 3/23/77
Referred: Commerce and
Finance

1 IN THE HOUSE

BY URION AND MCKINNON

2 HOUSE BILL NO. 388

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the Alaska Small Loans Act."

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

8 * Section 1. AS 06.20.010 is amended to read:

9 Sec. 06.20.010. LICENSE REQUIRED. No person may engage in the
10 business of making loans of money, credit, goods, or things in action in
11 the amount or of the value of \$5,000 [\$1,500] or less and charge, con-
12 tract for, or receive on the loan a greater rate of interest, discount,
13 or consideration than the lender would be permitted by law to charge if
14 he were not a licensee hereunder, except as authorized by this chapter
15 and without first obtaining a license from the Department of Commerce
16 and Economic Development, hereinafter called the department.

17 * Sec. 2. AS 06.20.200 is amended to read:

18 Sec. 06.20.200. ADVERTISING OF MISLEADING STATEMENTS PROHIBITED.

19 (a) No person may advertise, print, display, publish, distribute, or
20 broadcast or cause or permit to be advertised, printed, displayed, pub-
21 lished, distributed, or broadcast, in any manner any statement or repre-
22 sentation with regard to the rates, terms, or conditions for the lending
23 of money, credit, goods, or things in action in the amount or of the
24 value of \$5,000 [\$1,500] or less, which is false, misleading, or decep-
25 tive. The department may order any licensee to desist from any conduct
26 which it finds to be in violation of this section.

27 (b) The department may require rates of charge stated by a licensee
28 to be stated fully and clearly in the manner considered necessary to
29 prevent misunderstanding by prospective borrowers.

1 * Sec. 3. AS 06.20.230 is amended to read:

2 Sec. 06.20.230. MAXIMUM INTEREST PERMITTED. A licensee may lend
3 any sum of money not exceeding \$5,000 [\$1,500] and may charge, contract
4 for, and receive thereon interest at a rate not exceeding three per cent
5 a month on that part of the unpaid principal balance of a loan not in
6 excess of \$400; two per cent a month on the remainder of any unpaid
7 principal balance exceeding \$400 but not exceeding \$800, and one per
8 cent a month on the remainder of any unpaid principal balance exceeding
9 \$800 but not exceeding \$5,000 [\$1,500]. On loans, the principal of
10 which is \$50 or less a licensee may charge, contract and receive interest
11 at a rate not exceeding five per cent a month.

12 * Sec. 4. AS 06.20.280 is amended to read:

13 Sec. 06.20.280. MAXIMUM CHARGE BY LICENSEE. No licensee may
14 directly or indirectly charge, contract for, or receive any interest,
15 discount, or consideration greater than that which he would be permitted
16 by law to charge if he were not a licensee hereunder, upon the loan, use
17 or forbearance of money, goods, or things in action, or upon the loan,
18 use, or sale of credit, of the amount or value of more than \$5,000
19 [\$1,500]. This section applies to any licensee who permits any person,
20 as borrower or endorser, guarantor, or surety for any borrower, or
21 otherwise, to owe directly or contingently or both to the licensee at
22 any time a sum of more than \$5,000 [\$1,500] on principal.

23 * Sec. 5. AS 06.20.290 is amended to read:

24 Sec. 06.20.290. PURCHASE OF WAGES FOR \$5,000 [\$1,500] OR LESS.
25 For purposes of this chapter, the payment of \$5,000 [\$1,500] or less in
26 money, credit, goods, or things in action, as consideration for the sale
27 or assignment of, or order for, the payment of wages, salary, commissions,
28 or other compensation for services whether earned or to be earned is
29 considered interest or a charge upon the loan from the date of payment

1 to the date the compensation is payable. Such transaction is governed
2 by this chapter.

3 * Sec. 6. AS 06.20.300 is amended to read:

4 Sec. 06.20.300. MAXIMUM CHARGES BY NONLICENSEE ON LOANS. (a)
5 Except as authorized in this chapter, no person may directly or indi-
6 rectly charge, contract for, or receive any interest, discount, or
7 consideration greater than that which he would be permitted by law to
8 charge if he were not a licensee, upon the loan, use, or forbearance of
9 money, goods, or things in action, or upon the loan, use, or sale of
10 credit of the amount or value of \$5,000 [\$1,500] or less.

11 (b) The provisions of (a) of this section apply to any person who,
12 by any device, subterfuge or pretense whatsoever charges, contracts for
13 or receives greater interest, consideration or charges than are autho-
14 rized by this chapter.

15 * Sec. 7. AS 06.20.310 is amended to read:

16 Sec. 06.20.310. ILLEGAL INTEREST RATE. No loan of the amount or
17 value of \$5,000 [\$1,500] or less for which a greater rate of interest,
18 consideration or charge than is permitted by this chapter has been
19 charged, contracted for or received, wherever made, may be enforced in
20 the state, and every person participating therein in the state is subject
21 to this chapter. This section does not apply to loans legally made in
22 any state or territory of the United States which has in effect a regula-
23 tory small loan law similar in principle to this chapter.