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316

SB 316 TITLE & SPONSOR SUMMARY

14:26 5/22/84 PAGE 1 OF 2

AMENDED TITLE:

AN ACT RELATING TO INTEREST RATES, AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: SENATE LABOR&COMM COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 6/17/83 IN (S) LABOR & COM REFERRAL: FINANCE

SB 316 SENATE ACTION

14:26 5/22/84 PAGE 2 OF 2

DATE SEQ PAGE

LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
06/17/83	01	1359	FIRST READING -- COMMITTEE REPORTS LABOR & COMMERCE FINANCE RULES

XXXX XX XX XXX XXX XXX

MSG 84-00041695 PRTY 1 05/03/84 14:57:25 ORIG: L... IN= 0005 OUT= 0040
FROM: ANCHORAGE TO: KEN/FINAL STATS
TARGET: LJHV SUBJ: (S) LABOR & COMMERCE T/C, 5/3

LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

DATE: MAY 3
SITE: ANCHORAGE
SPONSOR/SUBJECT: (S) LABOR & COMMERCE, SB 494, CSSB 316...

..9...TESTIFIED *****T/C STARTED: 1:30
..3...OBSERVED *****T/C ENDED: 2:30
.12...TOTAL

TESTIFIED SB 494

1. JOHN HANSEN, ATTORNEY, 330 L STREET, 278-4573
2. CONNIE SIPE, DEPT. OF LAW, 278-1317

TESTIFY CSSB 316

1. MONTE ENGEL/AK LEGAL SERVICES CORP., 550 W. 8TH AVE, SUITE 200
272-9431
2. MAUREEN KENNEDY/AKPIRG, P.O.BOX 1093, 99510 278-3661
3. BENNIE BARKER, 3700 CARLETON, 248-7233
4. GEORGE C. MACKENZIE, 3700 CARLETON, 248-7233
5. TOM BEGICH, 1414 KARLUK, 333-6898
6. MARY RATCLIFF, 835 NELCHINA, 99501, 277-3733
7. MARY MCKINNON/COPE, 2203 W. 46TH AVE., 248-3727

OBSERVE

1. KRISTI BYRD, SEN. JOSEPHSON OFFICE, 276-4377
2. SHIRLEY NELSON, 601 E. NORTHERN LIGHTS, BOX 353, 276-6450
3. ROBIN SMITH, 4128 ROLLINS DRIVE, 338-1424

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Federal Reserve Bank	Current and previous levels									Effective date for current rates
	Short-term adjustment credit and seasonal credit			Extended credit ¹						
	Rate on 11/30/83	Effective date	Previous rate	First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
			Rate on 11/30/83	Previous rate	Rate on 11/30/83	Previous rate	Rate on 11/30/83	Previous rate		
Boston	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82
New York		12/15/82								12/15/82
Philadelphia		12/17/82								12/17/82
Cleveland		12/15/82								12/15/82
Richmond		12/15/82								12/15/82
Atlanta		12/14/82								12/14/82
Chicago		12/14/82								12/14/82
St. Louis		12/14/82								12/14/82
Minneapolis		12/14/82								12/14/82
Kansas City		12/15/82								12/15/82
Dallas		12/14/82								12/14/82
San Francisco	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82

Range of rates in recent years²

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½	1978— July 3	7-7¼	7¼	1981— May 5	13-14	14
1974— Apr. 25	7½-8	8	10	7¼	7½	8	14	14
30	8	8	Aug. 21	7¼	7¼	Nov. 2	13-14	13
Dec. 9	7½-8	7½	Sept. 22	8	8	6	13	13
16	7¼	7¼	Oct. 16	8-8½	8½	Dec. 4	12	12
1975— Jan. 6	7¼-7½	7¼	20	8½	8½	1982— July 20	11½-12	11½
10	7¼-7½	7¼	Nov. 1	8½-9½	9½	23	11½	11½
24	7¼	7¼	3	9½	9½	Aug. 2	11-11½	11
Feb. 5	6½-7¼	6½	1979— July 20	10	10	16	11	11
7	6½	6½	Aug. 17	10-10½	10½	27	10½	10½
Mar. 10	6¼-6½	6¼	20	10½	10½	30	10-10½	10
14	6¼	6¼	Sept. 19	10½-11	11	Oct. 12	10	10
May 16	6-6¼	6	21	11	11	13	9½-10	9½
23	6	6	Oct. 8	11-12	12	Nov. 22	9½	9
1976— Jan. 19	5½-6	5½	10	12	12	26	9-9½	9
23	5½	5½	1980— Feb. 15	12-13	13	Dec. 14	8½-9	8½
Nov. 22	5¼-5½	5¼	19	13	13	17	8½-9	8½
26	5¼	5¼	May 29	12-13	13		8½	8½
1977— Aug. 30	5¼-5½	5¼	30	12	12			
31	5¼-5½	5¼	June 13	11-12	11			
Sept. 2	5¼	5¼	16	11	11			
Oct. 26	6	6	July 28	10-11	10			
1978— Jan. 9	6-6½	6½	29	10	10			
20	6½	6½	Sept. 26	11	11			
May 11	6½-7	7	Nov. 17	12	12			
12	7	7	Dec. 5	12-13	13			
			8	13	13			
						In effect Nov. 30, 1983	8½	8½

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. See section 201.3(b)(2) of Regulation A.
 2. Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914-1941*, and *1941-1970, Annual Statistical Digest, 1970-1979, 1980, and 1981*.

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of \$500 million or more that had borrowed in successive weeks or in more than 4 weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. There was no surcharge until Nov. 17, 1980, when a 2 percent surcharge was adopted; the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept. 22, 1981, and to 2 percent effective Oct. 12. As of Oct. 1, the formula for applying the surcharge was changed from a calendar quarter to a moving 13-week period. The surcharge was eliminated on Nov. 17, 1981.

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Thank you, I am Mary McKinnon from COPE, representing labor's position on this Bill.

I feel very fortunate to have a chance to comment on this bill since we didn't hear about this tele-conference until an hour ago. But you can be sure that the thousands of people in organized labor that work for a living -- and bear the high cost of interest rates in supporting their families wish they were here to speak.

A few months ago labor did oppose the so-called deregulation of the usury law at a hearing -- and we still haven't changed our minds. This bill today also poses extreme interests rates so we again oppose this bill. It is clear to us that the lower or middle income workers and unemployed Alaskans who are least able to pay high interest rates, but often need small credit union loans for family and home needs, will be stuck paying higher interest -- at rates that were never allowed.

If we saw a true reason for -- what I would call the "BANKERS RELIEF BILL" of 1984 we would support it. But there just is no need for this bill.

Testimony provided for a teleconference
on SB 316, 5/3/84.

I AM AGAINST IS 919. THERE IS NO REASON TO RAISE THE GENERAL OSOYA CEILING
SPECIALLY SINCE MILITARY BARRACKS ARE UNDER THE JOINT PARAGRAPHS IN THE BILTON.
THEY WILL BE OCCUPIED BY ANTI-COMMUNISM.

REF: IS 919

FROM: MS CHRIS HERBERGER
922 N 21TH ST
ANCHORAGE, AK 99503
(H) 277-9274 (M) 278-8861

TO: SENATORS ELIHON, HELDARK, ELLIOTT, COLE AND SACRETT

FOR 4/30/94 REFERENCE, AND PLS SEE P. 2014

FOR 4-30-94 P. 2014
FOR 4-30-94 P. 2014
FOR 4-30-94 P. 2014
FOR 4-30-94 P. 2014
FOR 4-30-94 P. 2014

) MSG 84-00043164 PRTY 1 05/08/84 10:58:51 ORIG: LA18 IN= 0004 OUT= 0049
) FROM: MARCIE, ANC INFO TO: POM, JUREAU INFO
) TARGET: LJHK SUBJ: P O M

) TO: SENATORS ELIASON, RODEY, MULCAHY, PETTYJOHN, SACKETT

) FROM: MATT ZENCEY
) 3700 OREGON
) ANCHORAGE 99503
) H 274-0387 W 279-2511

) RE: SB 316 INTEREST RATES

) PLEASE OPPOSE SB 316 WHICH WOULD INCREASE INTEREST RATES ON
) CONSUMER LOANS AND DRIVE UP COSTS FOR SMALL BORROWERS.

) EOM
)
)

MSG 84-00041977 PRTY 1 05/04/84 10:36:16 ORIG: LA34 IN= 0003 OUT= 0047
FROM: FLORENCE IN ANCHORAGE TO: FOM - JUNEAU INFO
TARGET: LJHK SUBJ: FOM

TO: SENATORS ELIASON, MULCAHY, PETTY, JOHN, RODEY AND SACKETT

FROM: RUTH SHERIDAN, 4704 KENAI, ANCHORAGE, AK 99508 (H) 333-1190

RE: RAISING INTEREST RATES ON LOANS AND CREDIT CARDS

I OPPOSE SENATOR PAT RODEY'S ATTEMPT TO RAISE INTEREST RATES ON LOANS
AND CREDIT CARDS IN A SUBSTITUTE BILL HE RECENTLY SUBMITTED. THIS
WOULD CREATE ADDITIONAL COSTS TO CONSUMERS LIKE MYSELF AND WOULD UNFAIRLY
INCREASE BANK PROFITS.

*****EOM

5/4/84, SHIRLEE ANC LIO, 42267

TO: SENATORS ELIASON, MULCAHY, PETTYJOHN, SACKETT AND RODEY

FROM: PAT BERKLEY
1861 EAST TUDOR ROAD, UNIT D-201
ANCHORAGE, AK 99507
563-7533

SUBJ: SENATE BILL 316

I OPPOSE THE SUBSTITUTE BILL WHICH WOULD INCREASE CREDIT CARD
AND LOAN INTEREST RATES.

MSG 84-00042 . PRTY 1 05/04/84 17:18:50 ORIG: LF01 IN= 0009 OUT= 0160
FROM: LYNDA/FBX TO: JND INFO
TARGET: LJHK SUBJ: FOM

TO: SENS ELIASON, MULCAHY, PETTYJOHN, SACKETT, RODEY

FROM: CELIA HUNTER
SR BOX 20972
FBX, AK 99701
#479-2754

RE: SB276 & HB246, DEREG. OF INTEREST RATES

MSG: I STRONGLY OPPOSE SB276 & HB246 WHICH WOULD INCREASE CEILING ON
CREDIT CARDS AND LOANS. WE ARE ALREADY SUFFERING FROM INFLATION, AND
THIS WOULD AGGRAVATE THIS SITUATION.

MSG 84-00042158 PRTY 1 05/04/94 14:18:26 ORIG: LA18 IN= 0010 OUT= 0103
FROM: DAVE/ANC LIO TO: POM - JNO LIO
TARGET: LJHK SUBJ: POM

TO: SENATORS ELIASON, MULCAHY, PETTYJOHN, RODEY AND SACKETT.

FROM: JOYCE BAUER
2201 LAKE GEORGE DR
ANCHORAGE, AK 99504
333-1790

RE: SB 316

MESSAGE: I OPPOSE SENATOR PAT RODEY'S SUBSTITUTE BILL SB 316 WHICH WOULD
RAISE THE CEILING ON BANK LOANS AND CREDIT CARDS FROM 14% TO 19%. PLEASE
VOTE AGAINST IT.

EDM/*****

CHARLES AND LIO, 2/17/4, 432T

SENATOR SLIGTON

6600 MAUREEN NEWARD
CRCS: 137 N. 12TH
P.O. BOX 1095
WICHITA, KS 67201
(405) 275-1139 (405) 276-2161

DIR: 28-218

W.B.P.F.R.G. IS OPPOSED TO THE SUBCOMMITTEE SUBSTITUTION FOR IB 313.
ALTHOUGH THE METHOD HAS CHANGED, THE EFFECT WILL BE SIMILAR TO
REGULATION. IN FACT WE GAINED SAID IN FEBRUARY. INCREASING THE
FOLLOWING WILL GIVE THE BARNERS SOMETHING NEW TO WORK FOR.

IF THE BOARDING IS WERE REDUCED, WE REQUEST THAT IT BE TELECOM. CONCERNED.

SHIRLEE AND LIO, 5/1/84, 40627

TO: SENATOR ELIASON

FROM: MAUREEN KENNEDY
(RES: 437 W. 12TH)
P.O. BOX 1093
ANCHORAGE, AK 99510
(H) 279-4120 (W) 278-3661

SUBJ: SB 316

A.K.P.I.R.G. IS OPPOSED TO THE SUBCOMMITTEE SUBSTITUTION FOR SB 316. ALTHOUGH THE METHOD HAS CHANGED, THE EFFECT WILL BE SIMILAR TO DEREGULATION. IN FACT, WIN GRUENING SAID IN FEBRUARY, INCREASING THE CEILINGS WILL GIVE THE BANKERS SOMETHING NEW TO SHOOT FOR.

IF THE HEARING IS RESCHEDULED, WE REQUEST THAT IT BE TELECONFERENCED.

ALASKA STATE SENATE

PATRICK RODEY
SENATOR

POUCH V
JUNEAU, ALASKA 99811
(907) 465-3793
(907) 465-3754



Analysis of Proposed CS for Senate Bill No. 316 (Labor and Commerce)

"AN ACT RELATING TO INTEREST RATES"

Proposed CS SB 316(L&C) would amend two sections of existing law relating to the maximum allowable interest rates on certain transactions.

Section 1: Amends language in Title 9, Code of Civil Procedure, to correct an inequity in the treatment of landowners whose land is taken for public use. The original language was enacted in 1962, and has never been amended. The inequity relates to the differential treatment accorded landowners whose land is taken by the State under two eminent domain procedures. This change would provide for identical rates of interest on judgements obtained from either a declaration of taking, or a complaint for condemnation. The inequity was noted by the Supreme Court of the State of Alaska in State of Alaska v. Alaska Continental Development Corporation and Alaska General Properties, Inc., No. 2254, December 31, 1980. This specific amendment was recommended by the Supreme Court.

Section 2: Amends language in Title 45, Trade Practices, to increase the general usury ceiling from five points above the Fed discount rate to ten points above the Fed discount rate. Presently, the discount rate is 8.5 percent, so the effect of this change would be to increase the maximum allowable interest rate from 13.5 percent to 18.5 percent, at this time. Because the discount rate fluctuates up and down, this is a floating rate and subject to frequent change.

This change in Section 2 also affects AS 06.45.060(5)(A)(vi), the usury ceiling for credit unions, and AS 45.10.120(c), the usury ceiling for credit card unpaid balances in excess of \$1,000. For credit union loans, this change would increase the maximum allowable interest rate from 15 percent to 18.5 percent, at this time. For credit card unpaid balances in excess of \$1,000, the maximum allowable interest rate would increase from 13.5 percent to 18.5 percent, at this time. There would be no change in interest rate ceilings for unpaid credit card balances of less than \$1,000.

Section 3: Provides for an immediate effective date.

For your information, attached is a comparison of present interest rate ceilings and interest rate ceilings as proposed by this bill.

April 19, 1984

Provided by Sen. Rodey

COMPARISON OF INTEREST RATE CEILINGS

<u>Present Law</u>		<u>CS SB 316 (L&C)</u>
<u>AS 6.20 Small Loan Companies:</u>		
* loans \$1 - 850:	36%	NO CHANGE
* loans 851 - 10,000:	24%	NO CHANGE
* loans 10,001 - 25,000:	deregulated	NO CHANGE
* loans greater than \$25,000:	prohibited	NO CHANGE
<u>AS 6.40.120 Premium Financing:</u>		
* all agreements:	15%	NO CHANGE
<u>AS 6.45 State Credit Unions:</u>		
* all loans	15%	18.5%
<u>Federal Credit Unions:</u>		
* all loans:	21%	NO CHANGE
<u>AS 9.55 Eminent Domain Judgements:</u>		
* under complaint for condemnation (see AS 9.55.330):	10.5%	NO CHANGE
* under declaration of taking (see AS 9.55.440):	6%	10.5%
<u>AS 45.10.120(b) Retail Installment Contracts:</u>		
* unpaid balances less than \$1,000:	10%	NO CHANGE
* unpaid balances greater than \$1,000:	8%	NO CHANGE
<u>AS 45.10.120(c) Credit Cards:</u>		
* unpaid balances less than \$1,000:	18%	NO CHANGE
* unpaid balances greater than \$1,000:	13.5%	18.5%
<u>AS 45.45 General Usury Law:</u>		
* no express agreement:	10.5%	NO CHANGE
* loans less than \$25,000:	13.5%	18.5%
* loans greater than \$25,000:	deregulated	NO CHANGE

Alaska Law currently specifies interest rate ceilings for the following:

- 1) Bank loans not exceeding \$25,000. - AS 45.45.010(b)
This is a floating rate, five percentage points above the annual discount rate charged by the 12th Federal Reserve.
- 2) Credit Unions - AS 06.45.060(5)(A)(vi). This is 15% a year or the rate specified in AS 45.45.010(b).
- 3) Consumer Finance Companies, such as Household Finance - AS 06.20.230(a). This is for loans not exceeding \$10,000. The interest rate is 3% a month, or 36% a year for amounts not exceeding \$850., and 2% a month, or 24% a year for amounts not exceeding \$10,000. The law also allows for loans not to exceed \$25,000., but such loans are not regulated.
- 4) Car dealers and furniture stores may enter into installment contracts under AS 45.10.120(b). The interest rate is five-sixths of one percent a month, or 10% a year ($5/6 \times 12$) for amounts not exceeding \$1000. For amounts exceeding \$1000., the interest rate is two-thirds of one percent a month, or 8% a year PLUS 10% for the amount under \$1000. Therefore, car dealers and furniture stores can legally charge 18% a year, or 1.5% a month.
- 5) Credit cards and consumer charge accounts - AS 45.10.120(c)
If the balance does not exceed \$1000., the interest rate is 1.5% a month or 18% a year. For a balance over \$1000., the interest rate is one-twelfth of the annual rate allowed in AS 45.45.010(b), see 1) above.
- 6) Premium financing - AS 06.40.120(c). This is for large businesses. The interest rate is 15% a year.
- 7) Eminent domain - AS 09.55.440(a). This is when the government condemns someone's property to widen a road, for example. The interest rate paid the forced seller is 6% a year.
- 8) Everything else - AS 45.45.010(a). This general, non-specific interest rate is 10.5% a year.

(b) In any other case involving consumer goods or any other collateral, a secured party in possession may, after default, propose to retain the collateral in satisfaction of the obligation. Written notice of the proposal shall be sent to the debtor if the debtor has not signed after default a statement renouncing or modifying the rights under this subsection. In the case of consumer goods no other notice need be given. In other cases notice shall be sent to any other secured party from whom the secured party has received (before sending notice to the debtor or before the debtor's renunciation of rights) written notice of a claim of an interest in the collateral. If the secured party receives objection in writing from a person entitled to receive notification within 21 days after notice was sent, the secured party must dispose of the collateral in accordance with § 45.09.504. In the absence of this written objection, the secured party may retain the collateral in satisfaction of the debtor's obligation. (AS 45.05 ch 114 SLA 1962; am § 70 ch 16 SLA 1982)

Effect of amendments. — The 1982 amendment substituted "if he has not signed after default a statement renouncing or modifying his right under this subsection" for "and, except in the case of consumer goods, to any other secured party who has a security interest in the collateral and who has duly filed a financing statement indexed in the name of the debtor in this state or is known by the secured party in possession to have a security interest in it" at the end of the second sentence, added the present third and fourth sentences, and substituted the language beginning "If the secured party

receives objection" and ending "21 days after the notice was sent" for "If the debtor or other person entitled to receive notification objects in writing within 30 days from the receipt of the notification or if any other secured party objects in writing within 30 days after the secured party obtains possession" at the beginning of the next-to-last sentence.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Chapter 45. Trade Practices.

Article

1. Interest (§ 45.45.010)

Article 1. Interest.

Section

10. Legal rate of interest

Sec. 45.45.010. Legal rate of interest. (a) The rate of interest in the state is 10.5 percent a year and no more on money after it is due except as provided in (b) of this section.

(b) No interest may be charged by express agreement of the parties in a contract or loan commitment which is more than five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District on the day on which the contract or loan commitment is made. A contract or loan commitment in which the

principal amount exceeds \$25,000 is exempt from the limitation of this subsection.

(c) Repealed by § 3 ch 84 SLA 1973.

(d) Repealed by § 2 ch 94 SLA 1981.

(e) Repealed by § 4 ch 146 SLA 1974.

(f) No bank, credit union, savings and loan institution, pension fund, insurance company or mortgage company may require or accept any percent of ownership or profits above its interest rate. This subsection does not apply to a loan if the principal amount of the loan is \$1,000,000 or more and the term of the loan is five years or more.

(g) Loan contracts and commitments covering one- to four-family dwellings may be prepaid without penalty, except federally insured loans that require a prepayment penalty.

(h) If the limitations on interest rates provided for in this section are inconsistent with the provisions of any other statute covering maximum interest, service charges or discount rates then the provisions of the other statute prevail. (§ 25-1-1 ACIA 1949; am § 20 ch 143 SLA 1968; am § 2 ch 69 SLA 1969; am §§ 1, 2 ch 94 SLA 1969; am §§ 1, 2 ch 239 SLA 1970; am §§ 1 — 3 ch 84 SLA 1973; am §§ 1 — 4 ch 146 SLA 1974; am § 1 ch 110 SLA 1976; am § 1 ch 159 SLA 1976; am § 2 ch 107 SLA 1980; am §§ 1, 2 ch 94 SLA 1981; am § 1 ch 56 SLA 1982)

Cross references. — As to alternate technology and power resource loans, see AS 45.88.030(e).

Effect of amendments. — The 1981 amendment, in subsection (b), deleted "dated after June 4, 1976" following "contract or loan commitment" and substituted "on the day on" for "that prevailed on the 25th day of the month preceding the commencement of the calendar quarter during" preceding "which the contract" in the first sentence and substituted "\$25,000" for "\$100,000" preceding "is exempt" in the second sentence. The amendment also repealed subsection (d) which read "Notice of the annual rate charge member banks for advances by the

12th Federal Reserve District prevailing on the 25th day of the month preceding the commencement of each calendar quarter required for the maximum interest rate computation under (b) of this section shall be provided by the Department of Commerce and Economic Development."

The 1982 amendment, in subsection (f), inserted "credit union" in the first sentence and added the present second sentence.

Editor's notes. — Section 3, ch 107, SLA 1980, added a subsection (i) to this section but the provisions of that subsection were renumbered as AS 09.30.055 by the revisor of statutes pursuant to AS 01.05.031 (b).

NOTES TO DECISIONS

Application of variable interest rate formula. — Provision in note for "interest after maturity at the highest lawful contract rate" is sufficient to constitute an express interest agreement setting interest at highest rate sanctioned by application of variable interest rate formula. *Riley v. Northern Com. Co.*, Sup. Ct. Op. No. 2534 (File No. 5754), 648 P.2d 961 (1982).

Where promissory note provided for "interest after maturity at the highest lawful contract rate," award of postjudgment interest at highest rate allowable on date of maturity, pursuant to interest rate formula in this section, was proper. *Riley v. Northern Com. Co.*, Sup. Ct. Op. No. 2534 (File No. 5754), 648 P.2d 961 (1982).

Rate set forth in subsection (a) is not the

Statute References

Sec. 06.45.030. Approval of articles of incorporation and issuance of certificate of authority. (a) The articles of incorporation shall be presented to the commissioner for approval. Before the certificate of authority is issued, the commissioner shall determine

(1) whether the articles of incorporation and bylaws conform to the provisions of AS 06.45.010 — 06.45.400 and to regulations of the commissioner;

(2) the general character and fitness of the subscribers; and

(3) the economic advisability of establishing the proposed credit union.

(b) A certificate of authority shall be delivered by the commissioner to the credit union if the required fee has been paid. On issuance of the certificate of authority, the credit union is a body corporate and is subject to the limitations of AS 06.45.010 — 06.45.400, and is vested with all of the powers and charged with all of the liabilities conferred and imposed by AS 06.45.010 — 06.45.400 upon credit unions organized under it. (§ 2 ch 47 SLA 1980)

Sec. 06.45.040. Fees. (a) The commissioner shall assess a credit union a fee for his expenses under AS 06.01.010 in processing an application

(1) for approval of articles of incorporation and bylaws and the issuance of a certificate of authority for a credit union;

(2) for the approval of a branch of a credit union;

(3) for a merger or conversion of a credit union; or

(4) for an examination under AS 06.45.050.

(b) Failure of a credit union to pay a fee required by (a)(2), (3), or (4) of this section within 30 days of receipt of billing from the commissioner is grounds for the revocation of the certificate of authority of the credit union. (§ 2 ch 47 SLA 1980)

Sec. 06.45.050. Reports and examinations. A credit union organized under AS 06.45.010 — 06.45.400 is under the supervision of the commissioner and shall make an annual financial report to the commissioner and shall make other financial reports required by regulations adopted by the commissioner. A credit union is subject to examination by the commissioner. (§ 2 ch 47 SLA 1980)

Sec. 06.45.060. Powers of a credit union. A credit union has succession in its corporate name during its existence and may

(1) enter into a contract;

(2) sue and be sued;

(3) adopt, use, and alter a common seal;

(4) purchase, hold, and dispose of property;

(5) make loans, the maturities of which may not exceed 12 years except as provided in AS 06.45.010 — 06.45.400, and extend lines of credit to its members, to other credit unions, and to credit union organizations and participate with other credit unions, credit union orga-

nizations, or financial organizations in making loans to credit union members in accordance with the following:

(A) loans to members shall be made in conformity with regulations adopted by the commissioner, except that

(i) a residential real estate loan which is made to finance the acquisition of a one-to-four-family dwelling for the principal residence of a credit union member which is secured by a first lien on the dwelling may have a maturity not exceeding 30 years;

(ii) a loan to finance the purchase of a mobile home, which is secured by a first lien on the mobile home, to be used as the residence of a credit union member, or for the repair, alteration, or improvement of a residential dwelling which is the residence of a credit union member shall have a maturity not to exceed 15 years unless the loan is insured or guaranteed under (iii) of this subparagraph;

(iii) a loan secured by the insurance or guarantee of the federal government, of a state government, or an agency of either may be made for the maturity and under the terms and conditions specified in the law under which the insurance or guarantee is provided;

(iv) a loan or aggregate of loans to a director or member of the supervisory or credit committee of the credit union making the loan which exceeds \$5,000 plus pledged shares shall be approved by the board of directors;

(v) loans to other members for which directors or members of the supervisory or credit committee act as guarantor or endorser shall be approved by the board of directors when the loans standing alone or when added to an outstanding loan or loans of the guarantor or endorser exceed \$5,000;

(vi) the rate of interest may not exceed the greater of 15 percent a year or the rate specified as AS 45.45.010(b);

(vii) the taking, receiving, reserving, or charging of a rate of interest greater than is allowed by this subsection, when knowingly done, is considered a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid on the note, bill, or other evidence of debt; if a greater rate of interest has been paid, the person by whom it has been paid or his legal representatives may recover back from the credit union taking or receiving it the entire amount of interest paid, but the action must be commenced within two years from the time the usurious collection was made;

(viii) a borrower may repay a loan before maturity in whole or in part on any business day without penalty;

(ix) loans shall be paid or amortized under regulations adopted by the commissioner which consider the needs or conditions of the borrowers, the amounts and duration of the loans, the interests of the members and the credit union, and other factors established in regulations adopted by the commissioner;

interest therein;

(8) may exercise the powers of a bank granted under the Alaska Banking Code (AS 06.05.005 — 06.05.545); and

(9) may convert from a mutual bank to a capital stock bank under a plan approved by the department. (§ 15 a ch 132 SLA 1960; am § 3 ch 47 SLA 1980)

Effect of amendments. — The 1980 amendment added paragraphs (8) and (9).

Chapter 20. Alaska Small Loans Act.

Section	Section
10. License required	285. Open-end loans
200. Advertising of misleading statements prohibited	287. Credit insurance on open-end loans
230. Maximum interest permitted	290. Purchase of wages for \$25,000 or less
250. Computation and payment of interest	300. Maximum charges by nonlicensee on loans
260. Charges prohibited	310. Illegal interest rate
270. Requirements for making and payment of loan	320. Civil and criminal penalties
280. Maximum charge by licensee	330. Exemptions
	900. Definitions

Sec. 06.20.010. License required. A person may not engage in the business of making loans of money, credit, goods, or things in action in the amount or of the value of \$25,000 or less and charge, contract for, or receive on the loan a greater rate of interest, discount, or consideration than the lender would be permitted by law to charge if he were not a licensee under AS 06.20.010 — 06.20.920, except as authorized by AS 06.20.010 — 06.20.920 and without first obtaining a license from the department. (§ 2 ch 73 SLA 1955; am § 5 ch 94 SLA 1969; am § 23 ch 218 SLA 1976; am § 1 ch 71 SLA 1978; am § 1 ch 63 SLA 1980)

Effect of amendments. — The 1980 amendment substituted "A" for "No" at the beginning of the section and "\$25,000" for "\$5,000," and inserted "not" following "A person may" near the beginning of the section.

Sec. 06.20.200. Advertising of misleading statements prohibited. (a) A person may not advertise, print, display, publish, distribute, or broadcast or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner any statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action in the amount or of the value of \$25,000 or less, which is false, misleading, or deceptive. The department may order any licensee to desist from any conduct which it finds to be in violation of this section.

(b) The department may require rates of charge stated by a licensee to be stated fully and clearly in the manner considered necessary to

prevent misunderstanding by prospective borrowers. (§ 13 ch 73 SLA 1955; am § 5 ch 94 SLA 1969; am § 6 ch 71 SLA 1978; am § 2 ch 63 SLA 1980)

Effect of amendments. — The 1980 amendment, in subsection (a), substituted "A" for "No" at the beginning of the subsection, and "\$25,000" for "\$5,000" near the end of the first sentence, and inserted "not" following "A person may" near the beginning of the subsection.

Sec. 06.20.230. Maximum interest permitted. (a) A licensee may lend any sum of money not exceeding \$25,000 and may charge, contract for, and receive on the loan interest at a rate not exceeding three percent a month on that part of the unpaid principal balance of a loan not in excess of \$850; two percent a month on the unpaid principal balance exceeding \$850 but not exceeding \$10,000; and at a rate agreed by contract on the remainder of any unpaid principal balance exceeding \$10,000 but not exceeding \$25,000.

(b) Notwithstanding the provisions of (a) of this section, a licensee who makes open-end loans under this chapter may charge, contract for, and receive interest at a rate not exceeding three percent a month on that part of the unpaid principal balance of a loan not in excess of \$850; two percent a month on the unpaid principal balance exceeding \$850 but not exceeding \$10,000; and at a rate agreed by contract on the remainder of any unpaid principal balance exceeding \$10,000 but not exceeding \$25,000.

(c) Interest on loans under (b) of this section shall be computed according to the actuarial method on the entire unpaid principal balance as determined in AS 06.20.285(b). (§ 16(a) ch 73 SLA 1955; am § 5 ch 94 SLA 1969; am § 7 ch 71 SLA 1978; am § 2 ch 84 SLA 1979; am § 3 ch 63 SLA 1980; am §§ 1, 2 ch 99 SLA 1982)

Effect of amendments. — The 1979 amendment added subsection (b).

The 1980 amendment, in subsection (a), substituted "\$25,000" for "\$5,000" twice; in subsection (b), inserted "or who makes a loan under this chapter exceeding \$5,000 but not exceeding \$25,000" and "the greater of", restructured the subsection into the present introductory paragraph and paragraphs (1) and (2), added "or" following "a month" in paragraph (1), added the provisions of paragraph (2); designated the provisions beginning "Interest on loans" as subsection (c), added "Interest on loans under (b) of this section shall be", and inserted "entire" preceding "unpaid principal" in subsection (c).

The 1982 amendment, in subsection (a), substituted "\$850" for "\$500" and "\$10,000" for "\$1,000" in two places each and "at a rate agreed by contract" for "one

percent a month" and deleted "remainder of any" preceding "unpaid principal balance exceeding \$850," and deleted the former second sentence, which read "On loans the principal of which is \$50 or less a licensee may charge, contract and receive interest at a rate not exceeding five percent a month." In subsection (b), the amendment substituted the language beginning "may charge, contract for, and receive interest" and ending "at a rate agreed by contract on the remainder of any unpaid principal balance exceeding \$10,000" for "or who makes a loan under this chapter exceeding \$5,000" and deleted from the end of the subsection "may elect to charge, contract for, and receive interest not to exceed the greater of

(1) one and one-half percent a month; or
(2) Eight percentage points above the Federal Reserve discount rate on 90-day

Sec. 45.10.120. Extent of service charge. (a) The service charge shall include all charges incident to investigating and making the retail installment contract or charge agreement and for the privilege of making the installment payments under the contract or agreement. No other fee, expense, or charge may be taken, received, reserved, or contracted for investigating and making the contract or agreement, or for the privilege of making the payments.

(b) A seller or holder of a retail installment contract may charge, receive and collect a service charge which shall not exceed the following rates multiplied by the number of months, including a fraction of a month in excess of 15 days as one month, elapsing between the date of the contract and the due date of the last installment,

(1) on so much of the unpaid balance as does not exceed \$1,000, five-sixths of one per cent;

(2) if the unpaid balance exceeds \$1,000, on so much of the unpaid balance as exceeds \$1,000, two-thirds of one per cent;

(3) if the total service charge so computed is less than \$12, but if the due date of the last installment of the contract is eight months or less after its effective date, \$10.

(c) A seller or holder of a retail charge agreement, revolving charge agreement or other retail charge agreement may charge, receive and collect a service charge not to exceed the following rates computed on the outstanding balances from month to month,

(1) on so much of the outstanding balance as does not exceed \$1,000, one and one-half per cent per month;

(2) if the outstanding balance is more than \$1,000, one-twelfth of the annual rate permitted under AS 45.45.010(b) per month on the excess over \$1,000 of the outstanding balance;

(3) if the service charge so computed is less than \$1 for any month, \$1;

(4) the service charge may be computed on a schedule of fixed amounts if as so computed it is applied to all amounts of outstanding balances equal to the fixed amount minus a differential of not more than \$5 provided that it is also applied to all amounts of outstanding balances equal to the fixed amount plus at least the same differential. (§ 13 ch 141 SLA 1962; am § 1 ch 154 SLA 1966; am § 2 ch 79 SLA 1980)

Cross reference. -- As to revolving credit plans, see AS 06.05.208.

Effect of amendment. -- The 1980 amendment substituted "one-twelfth of

the annual rate permitted under AS 45.45.010(b)" for "one per cent" following "more than \$1,000" in paragraph (2) of subsection (c).

Sec. 45.10.130. Insurance. If the cost of insurance is included in the retail installment contract or retail charge agreement and a separate charge is made to the buyer for the insurance,

(1) the contract or agreement must state the nature, purpose, and amount of the insurance, and in connection with the sale of a motor vehicle, the contract must state that the insurance coverage ordered under the terms of this contract does or does not include "bodily injury liability," "public liability," and "property damage liability" coverage, as applicable;

(2) the contract or agreement must state whether the insurance is to be procured by the buyer or the seller;

(3) the amount included for the insurance may not exceed the premiums chargeable in accordance with the rate fixed for the insurance by the insurer except where the amount is less than \$1; and if the insurance is cancelled or terminated for any reason, the refund for unearned insurance premiums received by the seller or his assignee, together with the unearned portion of the service charge applicable to the insurance, shall be credited to the final maturing installments of the retail installment contract or retail charge agreement, and the remaining balance of the unearned insurance premiums shall be refunded to the buyer; however, no cash refund is required if the amount is less than \$1;

(4) if the insurance is to be procured by the seller or holder, he shall, within 45 days after delivery of the goods or furnishing of the services under the contract, deliver, mail, or cause to be mailed to the buyer at his address as specified in the contract a notice that the insurance is procured, a copy of the policy or policies of insurance, or a certificate of the insurance so procured. (§ 14 ch 141 SLA 1962)

Sec. 45.10.140. Agreement not to assert claim. A provision of a retail installment contract or retail charge agreement by which the buyer agrees not to assert a claim or defense arising out of the sale against the seller or an assignee is invalid. (§ 15 ch 141 SLA 1962)

Sec. 45.10.150. Nonwaiver of chapter. No act or agreement of the retail buyer before or at the time of the making of a retail installment contract, retail charge agreement, or purchases under the contract or agreement constitutes a valid waiver of any of the provisions of this chapter or of any remedies granted to the buyer by law. (§ 16 ch 141 SLA 1962)

Sec. 45.10.160. Contracts and agreements executed before 1963. This chapter does not invalidate or make unlawful a retail installment contract or retail charge agreement executed before January 1, 1963. (§ 22 ch 141 SLA 1962)

Sec. 45.10.170. Action by attorney general. The attorney general may bring an action in the name of the state against a person to restrain and prevent a violation of this chapter. (§ 19 ch 141 SLA 1962)

Sec. 45.10.180. Assurance of discontinuance. (a) In the enforcement of this chapter, the attorney general may accept an

the unearned premium on the policy being financed at that time. No deficiency balance may be established or collected from the borrower. This section does not preclude the licensee from establishing or collecting a deficiency balance to the extent the insurer offsets unearned premiums on the policy financed by premiums earned by reason of endorsements to that same policy not paid for by the insured or financed by the licensee.

(d) The licensee or the insurance agent shall deliver to the borrower, or mail to him at his address shown in the agreement, a complete copy of the agreement. (§ 1 ch 170 SLA 1978)

Sec. 06.40.120. Maximum interest permitted: Prepayment, refund.

(a) A premium finance company may not charge, contract for, receive, or collect a service charge other than as permitted by this chapter.

(b) The service charge is to be computed on the balance of the premiums due, after subtracting the down payment made by the borrower in accordance with the premium finance agreement, from the effective date of the insurance coverage, for which the premiums are being advanced, to and including the date when the final payment of the premium finance agreement is payable.

(c) The service charge may not exceed interest at the nominal annual rate of 15 per cent plus an additional charge of \$10 per premium finance agreement which need not be refunded upon cancellation or prepayment. However, any borrower may prepay his premium finance agreement in full at any time before the due date of the final payment and in that event the unearned service charge shall be refunded. The amount of any refund shall be calculated in accordance with regulations adopted by the commissioner. (§ 1 ch 170 SLA 1978)

Sec. 06.40.130. Delinquency charge. (a) A premium finance agreement may provide for the payment by the borrower of a delinquency charge for any payment that is in default for a period of 10 days or more. The charge may be made for each month or fraction of a month that the payment is in default. The amount of the charge may be a minimum of \$1 and as a maximum shall be subject to the following limits:

- (1) for delinquent payments of less than \$250, five per cent of the payment or \$5, whichever is less; or
- (2) for delinquent payments of \$250 or more, two per cent of the payment.

(b) A borrower may at his option separate the financing of the premiums for one insurance policy from a premium finance agreement by requesting in writing that the premium finance company provide that service and by paying a \$10 separate charge. (§ 1 ch 170 SLA 1978)

Sec. 06.40.140. Cancellation of policy; requirements. (a) When a premium finance agreement contains a power of attorney enabling the

insurance policy may not be cancelled by the licensee unless the cancellation is effectuated in accordance with this section.

(b) The licensee shall give not less than 10 days written notice to the borrower, by mailing by certified mail or documented by an affidavit of mailing, of the licensee's intent to cancel the insurance policy unless the default is cured within that 10-day period. A copy of the notice shall also be mailed by certified mail or documented by an affidavit of mailing to the insurance agent indicated on the premium finance agreement.

(c) After expiration of the 10-day period specified in (b) of this section, the licensee may, in the name of the borrower, cancel the insurance policy by mailing by certified mail or documented by an affidavit of mailing to the insurer a notice of cancellation. The insurance policy shall be cancelled as if the notice of cancellation had been submitted by the borrower himself, but without requiring the return of the insurance policy. The licensee shall also mail by certified mail or documented by an affidavit of mailing a notice of cancellation to the borrower at his last-known address and to the insurance agent indicated on the premium finance agreement.

(d) All statutory, regulatory and contractual restrictions providing that the insurance policy may not be cancelled unless notice is given to a governmental agency, mortgagee, or other third party shall apply where cancellation is effected under the provisions of this section. The insurer shall give the prescribed notice on behalf of itself or the borrower to any governmental agency, mortgagee, or other third party on or before the fifth business day after the day it receives the notice of cancellation from the licensee and shall determine the effective date of cancellation taking into consideration the number of days' notice required to complete the cancellation. (§ 1 ch 170 SLA 1978)

Sec. 06.40.150. Return of unearned premiums. (a) Whenever a financed insurance policy is cancelled and provided the insurer has been notified of the assignment of interest of the insured to the licensee, the insurer within 60 days of the effective date of cancellation shall take such steps as are necessary to have any gross unearned premiums that are due under the insurance policy returned to the licensee for the account of the borrower if the licensee has complied with the notice provisions of § 140(b) of this chapter.

(b) If the crediting of return premiums to the account of the borrower results in a surplus over the amount due from the borrower, the licensee shall refund the excess to the borrower; however, no refund is required if it amounts to less than \$1. (§ 1 ch 170 SLA 1978)

Article 3. General Provisions.

Section	Section
160. Civil and criminal penalties	180. Regulations, orders
170. Filing not required to perfect validity of agreement	190. Definitions

recognition and validation of the approach it adopted in *Bridges v. Alaska Hous. Auth.*, Sup. Ct. Op. No. 1 (File No. 16), 349 P.2d 149 (1959), rev'd on other grounds, Sup. Ct. Op. Nos. 8, 46, 352 P.2d 1118 (1960), lead to the conclusion that the court erred in concluding that in a proceeding for condemnation by way of a declaration of taking the court is empowered to require the condemnor to prove the necessity of a given taking. *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

Where it is clear that the use intended is public and statutorily authorized, and petitioners have presented un rebutted evidence to the effect that the design and construction criteria for the pipeline are most feasibly satisfied by the route across the property of respondent, it cannot be said that petitioner is under any duty to initially submit evidence that it has considered such alternate routing; nor can the failure to make such showing under the circumstances justify a finding of arbitrariness or an abuse of discretion. *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

Presumption that taking is reasonably requisite to realization of public use. — Once an authorized public use for the taking is established by the condemnor, and statutory and procedural requirements are otherwise satisfied, that the particular taking is reasonably requisite to the realization of that use shall be presumed. *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

Judicial review of question of necessity only where showing of fraud, etc. — In proceedings in eminent domain by way of a declaration of taking under AS 09.55.420 — 09.55.450, the court is without authority, either by virtue of the express mandate of AS 09.55.460(b) or by implication from the legislative history and policy evidenced in AS 09.55.440, to

Sec. 09.55.440. Vesting of title and compensation. (a) Upon the filing of the declaration of taking and the deposit with the court of the amount of the estimated compensation stated in the declaration, title to the estate as specified in the declaration vests in the plaintiff, and that property is condemned and taken from the use of the plaintiff, and the right to just compensation for it vests in the persons entitled to it. The compensation shall be ascertained and awarded in the proceeding and established by judgment. The judgment shall include interest at

review the question of the necessity of a particular taking absent a clear showing of fraud, bad faith, arbitrariness or an abuse of discretion in exercise of the power of condemnation by the condemning authority. *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

Notwithstanding such provisions as AS 09.55.270(2), judicial inquiry into such necessity or the condemnor's determinations with respect thereto is not appropriate unless and until the condemnor has presented clear and convincing evidence that the condemnor has acted in bad faith or so capriciously and arbitrarily as to indicate the absence of any reasonable determining principle. *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

State's failure to consider several important, relevant factors made it impossible to rationally determine whether intended taking was compatible with the greatest public good and the least private injury, and rendered its action arbitrary; thus taking of subject land could not be upheld. *State, Dep't of Transp. & Pub. Facilities v. 2.072 Acres, More or Less*, Sup. Ct. Op. No. 2575 (File No. 6159), 652 P.2d 465 (1982).

For distinction between proceedings in condemnation under a declaration of taking and those under a complaint seeking condemnation and an order for possession, see *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

Quoted in *State, Dep't of Transp. & Pub. Facilities v. 0.644 Acres*, Sup. Ct. Op. No. 2118 (File No. 4861), 613 P.2d 829 (1980).

Where the state has adequate knowledge of separate interests, amounts should be specified for each. *Russian Orthodox Greek Catholic Church of N. Am. v. Alaska State Hous. Auth.*, Sup. Ct. Op. No. 809 (File No. 1600), 498 P.2d 737 (1972).

the rate of six per cent per year on the amount finally awarded which exceeds the amount paid into court under the declaration of taking. The interest runs from the date title vests to the date of payment of the judgment.

(b) Upon motion of a party in interest and notice to all parties, the court may order that the money deposited or a part of it be paid immediately to the person or persons entitled to it for or on account of the just compensation to be awarded in the proceedings. If the compensation finally awarded exceeds the amount of money deposited, the deposit shall be offset against the award. If the compensation finally awarded is less than the amount of money deposited, the court shall enter judgment in favor of the plaintiff and against the proper parties for the amount of the excess. (§ 13.21 ch 101 SLA 1962)

Opinions of attorney general. — The Alaska declaration of taking statutes are as effective as the federal statutes in effecting the vesting of title in the condemnor of whatever interest in the

land it seeks to condemn. If the state undertakes to obtain title to real property in fee simple absolute by the filing of a declaration of taking that is the title which it obtains. 1960 Op. Att'y Gen., No. 15.

NOTES TO DECISIONS

- I. General Consideration.
- II. Interest.

I. GENERAL CONSIDERATION.

There exists a clear functional distinction between proceedings in condemnation under a declaration of taking and those under a complaint seeking condemnation and an order for possession. Under the former, title passes immediately upon filing and deposit — at which time, under this section, the property is deemed to be "condemned and taken for the use of the plaintiff." Under the latter no such vesting occurs; title does not vest, nor does "condemnation" actually occur until the final award is determined and an order and judgment of condemnation is entered by the court. *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

The difference in the nature of proceedings in condemnation under a declaration of taking and those under a complaint seeking condemnation and an order for possession is not merely procedural; the almost summary quality of the former bespeaks the grant of an additional substantive power of condemnation which considerably reduces the rights of the landowner to contest the taking. *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

Construction with AS 09.55.330. — The provisions of subsection (a) are not irreconcilable with those pertaining to another form of eminent domain proceeding in AS 09.55.330. *State v. Alaska Continental Dev. Corp.*, Sup. Ct. Op. No. 2254 (File Nos. 4121, 4122), 630 P.2d 377 (1980).

Under a declaration of taking, title and right to possession pass to the state immediately upon filing and depositing an amount for just compensation, while under a complaint for condemnation the "taking" does not occur until judgment is entered by the court. *State v. Alaska Continental Dev. Corp.*, Sup. Ct. Op. No. 2254 (File Nos. 4121, 4122), 630 P.2d 977 (1980).

Summary exercise of power intended. — AS 09.55.420 — 09.55.450 were clearly intended to authorize a more summary and less judicially dependent exercise of the power of eminent domain. *Arco Pipeline Co. v. 3.60 Acres, More or Less*, Sup. Ct. Op. No. 1177 (File No. 2419), 539 P.2d 64 (1975).

Vesting subject only to limited right of owner to contest. — The intent of AS 09.55.420 — 09.55.450 was to bring, in summary fashion, statutory finality to the

State banks top U.S. in asset use

By JIM ERICKSON

Daily News business reporter

Four Alaska banks were among the top 10 performers in the nation last year among those surveyed by a national bank analyst firm.

First National Bank of Anchorage ranked first in return on assets out of 368 of the largest U.S. banks and bank holding companies surveyed, according to Keefe, Bruyette, and Woods Inc.

National Bancorp of Alaska ranked third, United Bancorporation Alaska was sixth and Alaska Pacific Bancorporation was seventh.

Return on assets is used by financial analysts to gauge how

well a bank is using income-earning investments, loans and property to produce profits.

First National's 2.68 percent return on assets figure was nearly two percentage points higher than the national average of .78 percent.

NBA's return was 1.73 percent, UBA's was 1.64 and Alaska Pacific's was 1.62.

The Keefe, Bruyette ranking was determined from a questionnaire mailed to 400 of the largest U.S. banks; 368 banks responded.

Alaska's strong economy is credited in part with the state's banks dominance of the top 10 list, said Chuck Sexton, a bank analyst

with Keefe, Bruyette and Woods. A booming economy usually translates into bank profits.

Sexton called banking here an "interesting business" because the state is in transition from a "last frontier" economy.

"You also have some astute bankers," he said. "The demands of an economy under growth . . . requires the ability to judge many things that aren't of a cut-and-dried nature."

The state subsidized home loan program has been a large factor in the growth of bank earnings, said Ben Black, senior vice president for National Bank of Alaska, the largest bank in the state.

"During the recession in Lower 48, we were still able to make commercial loans and residential loans at an extraordinary rate while down below they were pulling in their horns," he said.

Banks get fees for handling loans purchased by the Alaska Housing Finance Corp. the state agency that buys about 85 percent of the home loans made in the state.

The fees contributed less than 7 percent to NBA profits last year, Black said. But banks benefit in other ways, such as a higher demand for construction loans caused by a surging housing market stimulated by low-cost loans.

NBA reports earnings on rise

National Bancorporation of Alaska, reported first-quarter earnings of \$4 million, or \$1.02 per share, up 24 percent from a year ago.

Donald L. Mellish, chairman of the board of the bank holding company which has National Bank of Alaska as its sole subsidiary, said total deposits as of March 31 were \$779.9 million, up 10 percent from a year earlier.

The bancorporation also reported its first-quarter assets

climbed from \$877 million in 1983 to \$951 million this year and that total loans rose from \$490 million to \$564 million during the same period.

Bank income higher

Gene Erskine, chief executive officer of United Bancorporation Alaska, Inc., reported that the firm had record first quarter net income of \$917,000. This represents a \$360,000 or 64.7 percent increase over first quarter 1983 net income of \$557,000.

In May 1983, UBAl made an initial public offering by issuing 1.1 million shares of common stock. With the public offering, UBAl has 3.1 million shares of stock outstanding.

Earnings per share for the first quarter of 1984 were 29 cents compared with 28 cents per share in the first quarter of 1983. Total assets increased by \$89 million or 40.9 percent to \$307 million as of March 31, 1983. Total loans at March 31, 1984 were \$219 million which represents a \$74 million or 50.9 percent increase over total loans of \$145 million at March 31, 1983.

Shareholder's equity rose \$15 million or 84 percent to \$33