
HOUSE BILL 1684

State of Washington

61st Legislature

2009 Regular Session

By Representatives Kirby and Santos

Read first time 01/27/09. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to restricting and enforcing eligibility for small
2 loans by including a cap of thirty percent of the borrower's gross
3 monthly income on the combined outstanding principal balances of all
4 small loans; amending RCW 31.45.073 and 42.56.230; and adding a new
5 section to chapter 31.04 RCW.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 31.45.073 and 2003 c 86 s 8 are each amended to read
8 as follows:

9 (1) No licensee may engage in the business of making small loans
10 without first obtaining a small loan endorsement to its license from
11 the director in accordance with this chapter. An endorsement will be
12 required for each location where a licensee engages in the business of
13 making small loans, but a small loan endorsement may authorize a
14 licensee to make small loans at a location different than the licensed
15 locations where it cashes or sells checks. A licensee may have more
16 than one endorsement.

17 (2) The termination date of a small loan may not exceed the
18 origination date of that same small loan by more than forty-five days,
19 including weekends and holidays, unless the term of the loan is

1 extended by agreement of both the borrower and the licensee and no
2 additional fee or interest is charged. The maximum principal amount of
3 any small loan, or the outstanding principal balances of all small
4 loans made by a licensee to a single borrower at any one time, may not
5 exceed seven hundred dollars. At any time, the combined principal
6 balances of all small loans may not exceed thirty percent of the gross
7 monthly income of the borrower.

8 (3) A licensee that has obtained the required small loan
9 endorsement may charge interest or fees for small loans not to exceed
10 in the aggregate fifteen percent of the first five hundred dollars of
11 principal. If the principal exceeds five hundred dollars, a licensee
12 may charge interest or fees not to exceed in the aggregate ten percent
13 of that portion of the principal in excess of five hundred dollars. If
14 a licensee makes more than one loan to a single borrower, and the
15 aggregated principal of all loans made to that borrower exceeds five
16 hundred dollars at any one time, the licensee may charge interest or
17 fees not to exceed in the aggregate ten percent on that portion of the
18 aggregated principal of all loans at any one time that is in excess of
19 five hundred dollars. The director may determine by rule which fees,
20 if any, are not subject to the interest or fee limitations described in
21 this section. It is a violation of this chapter for any licensee to
22 knowingly loan to a single borrower at any one time, in a single loan
23 or in the aggregate, more than the maximum principal amount described
24 in this section.

25 (4) In connection with making a small loan, a licensee may advance
26 moneys on the security of a postdated check. The licensee may not
27 accept any other property, title to property, or other evidence of
28 ownership of property as collateral for a small loan. The licensee may
29 accept only one postdated check per loan as security for the loan. A
30 licensee may permit a borrower to redeem a postdated check with a
31 payment of cash or the equivalent of cash. The licensee may disburse
32 the proceeds of a small loan in cash, in the form of a check, or in the
33 form of the electronic equivalent of cash or a check.

34 (5) No person may at any time cash or advance any moneys on a
35 postdated check or draft in excess of the amount of goods or services
36 purchased without first obtaining a small loan endorsement to a check
37 cashier or check seller license.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 31.04 RCW
2 to read as follows:

3 (1) The director may, by contract with a vendor or service provider
4 or otherwise, develop and implement a system by means of which a
5 licensee may determine:

6 (a) Whether a consumer has an outstanding small loan;

7 (b) The number of small loans the consumer has outstanding;

8 (c) Whether the borrower is eligible for a loan under RCW
9 31.45.073; and

10 (d) Any other information necessary to comply with chapter 31.45
11 RCW.

12 (2) The director may specify the form and contents of the system by
13 rule. Any system must provide that the information entered into or
14 stored by the system is:

15 (a) Accessible to and usable by licensees and the director from any
16 location in this state; and

17 (b) Secured against public disclosure, tampering, theft, or
18 unauthorized acquisition or use.

19 (3) If the system described in subsection (1) of this section is
20 developed and implemented, a licensee making small loans under chapter
21 31.45 RCW must enter or update the required information in subsection
22 (1) of this section at the time that the small loan transaction is
23 conducted by the licensee.

24 (4) A licensee must continue to enter and update all required
25 information for any loans subject to chapter 31.45 RCW that are
26 outstanding or have not yet expired after the date on which the
27 licensee no longer has the license or small loan endorsement required
28 by this chapter. Within ten business days after ceasing to make loans
29 subject to chapter 31.45 RCW, the licensee must submit a plan for
30 continuing compliance with this subsection to the director for
31 approval. The director must promptly approve or disapprove the plan
32 and may require the licensee to submit a new or modified plan that
33 ensures compliance with this subsection.

34 (5) If the system described in subsection (1) of this section is
35 developed and implemented, the director shall adopt by rule a fee or
36 fees that a vendor or service provider that operates or administers the
37 system may charge a licensee in making a small loan for use of the

1 system described in subsection (1) of this section. The fee or fees
2 may not exceed one dollar per loan transaction.

3 (6) The director shall adopt rules establishing standards for the
4 retention, archiving, and deletion of information entered into or
5 stored by the system described in subsection (1) of this section.

6 (7) The information in the system described in subsection (1) of
7 this section is not subject to public inspection or disclosure under
8 chapter 42.56 RCW.

9 **Sec. 3.** RCW 42.56.230 and 2008 c 200 s 5 are each amended to read
10 as follows:

11 The following personal information is exempt from public inspection
12 and copying under this chapter:

13 (1) Personal information in any files maintained for students in
14 public schools, patients or clients of public institutions or public
15 health agencies, or welfare recipients;

16 (2) Personal information in files maintained for employees,
17 appointees, or elected officials of any public agency to the extent
18 that disclosure would violate their right to privacy;

19 (3) Information required of any taxpayer in connection with the
20 assessment or collection of any tax if the disclosure of the
21 information to other persons would (a) be prohibited to such persons by
22 RCW 84.08.210, 82.32.330, 84.40.020, or 84.40.340 or (b) violate the
23 taxpayer's right to privacy or result in unfair competitive
24 disadvantage to the taxpayer;

25 (4) Credit card numbers, debit card numbers, electronic check
26 numbers, card expiration dates, or bank or other financial account
27 numbers, except when disclosure is expressly required by or governed by
28 other law; (~~and~~)

29 (5) Personal and financial information related to a small loan or
30 any system of authorizing a small loan in section 2 of this act; and

31 (6) Documents and related materials and scanned images of documents
32 and related materials used to prove identity, age, residential address,
33 social security number, or other personal information required to apply
34 for a driver's license or identicard.

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