

2SHB 1405 - S AMD TO S2601.1 316

By Senators Benton, Hatfield

OUT OF ORDER 04/09/2011

1 On page 4, after line 6 of the striking amendment insert:

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3 **"Sec. 3.** RCW 31.45.073 and 2009 c 510 s 3 are each amended to
4 read as follows:

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

13 (2) A licensee must set the due date of a small loan on or after
14 the date of the borrower's next pay date. If a borrower's next pay
15 date is within seven days of taking out the loan, a licensee must set
16 the due date of a small loan on or after the borrower's second pay
17 date after the date the small loan is made. The termination date of a
18 small loan may not exceed the origination date of that same small loan
19 by more than forty-five days, including weekends and holidays, unless
20 the term of the loan is extended by agreement of both the borrower and
21 the licensee and no additional fee or interest is charged. The
22 maximum principal amount of any small loan, or the outstanding
23 principal balances of all small loans made by all licensees to a
24 single borrower at any one time, may not exceed seven hundred dollars
25 or thirty percent of the gross monthly income of the borrower,
26 whichever is lower. A licensee is prohibited from making a small loan
27 to a borrower who is in default on another small loan until after that

1 loan is paid in full or two years have passed from the origination
2 date of the small loan, whichever occurs first.

3 (3) A licensee is prohibited from making a small loan to a
4 borrower in an installment plan with any licensee until after the plan
5 is paid in full or two years have passed from the origination date of
6 the installment plan, whichever occurs first.

7 (4) A borrower is prohibited from receiving more than (~~eight~~)
8 sixteen small loans from all licensees in any twelve-month period. A
9 licensee is prohibited from making a small loan to a borrower if
10 making that small loan would result in a borrower receiving more than
11 (~~eight~~) sixteen small loans from all licensees in any twelve-month
12 period.

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

30 (6) In connection with making a small loan, a licensee may advance
31 moneys on the security of a postdated check. The licensee may not
32 accept any other property, title to property, or other evidence of
33 ownership of property as collateral for a small loan. The licensee
34 may accept only one postdated check per loan as security for the loan.

1 A licensee may permit a borrower to redeem a postdated check with a
2 payment of cash or the equivalent of cash. The licensee may disburse
3 the proceeds of a small loan in cash, in the form of a check, or in
4 the form of the electronic equivalent of cash or a check.

5 (7) No person may at any time cash or advance any moneys on a
6 postdated check or draft in excess of the amount of goods or services
7 purchased without first obtaining a small loan endorsement to a check
8 casher or check seller license."

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14 On page 2, strike the title amendment and insert the following:

15 On page 1, line 1 of the title, after "Relating to" strike the
16 remainder of the title and insert "small loans and loans made under
17 the consumer loan act: amending RCW 31.04.027 and 31.45.073; and
18 reenacting and amending RCW 31.04.025."

EFFECT: Replaces the eight small loan limit with a sixteen
small loan limit.

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