
HOUSE BILL 1810

State of Washington 62nd Legislature 2011 Regular Session

By Representatives Appleton, Rolfes, and Darneille

Read first time 02/03/11. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to removing the cap on the total number of small
2 loans a borrower may have in a twelve-month period and imposing a
3 maximum interest rate of thirty-six percent per annum; and amending RCW
4 31.45.073.

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

6 **Sec. 1.** RCW 31.45.073 and 2009 c 510 s 3 are each amended to read
7 as follows:

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

16 (2) A licensee must set the due date of a small loan on or after
17 the date of the borrower's next pay date. If a borrower's next pay
18 date is within seven days of taking out the loan, a licensee must set
19 the due date of a small loan on or after the borrower's second pay date

1 after the date the small loan is made. The termination date of a small
2 loan may not exceed the origination date of that same small loan by
3 more than forty-five days, including weekends and holidays, unless the
4 term of the loan is extended by agreement of both the borrower and the
5 licensee and no additional fee or interest is charged. The maximum
6 principal amount of any small loan, or the outstanding principal
7 balances of all small loans made by all licensees to a single borrower
8 at any one time, may not exceed seven hundred dollars or thirty percent
9 of the gross monthly income of the borrower, whichever is lower. A
10 licensee is prohibited from making a small loan to a borrower who is in
11 default on another small loan until after that loan is paid in full or
12 two years have passed from the origination date of the small loan,
13 whichever occurs first.

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

18 ~~(4) ((A borrower is prohibited from receiving more than eight small
19 loans from all licensees in any twelve-month period. A licensee is
20 prohibited from making a small loan to a borrower if making that small
21 loan would result in a borrower receiving more than eight small loans
22 from all licensees in any twelve-month period.~~

23 ~~(5))~~ A licensee that has obtained the required small loan
24 endorsement may charge interest or fees for small loans not to exceed
25 in the aggregate ~~((fifteen percent of the first five hundred dollars of
26 principal. If the principal exceeds five hundred dollars, a licensee
27 may charge interest or fees not to exceed in the aggregate ten percent
28 of that portion of the principal in excess of five hundred dollars. If
29 a licensee makes more than one loan to a single borrower, and the
30 aggregated principal of all loans made to that borrower exceeds five
31 hundred dollars at any one time, the licensee may charge interest or
32 fees not to exceed in the aggregate ten percent on that portion of the
33 aggregated principal of all loans at any one time that is in excess of
34 five hundred dollars))~~ thirty-six percent per annum. The director may
35 determine by rule which fees, if any, are not subject to the interest
36 or fee limitations described in this section. It is a violation of
37 this chapter for any licensee to knowingly loan to a single borrower at

1 any one time, in a single loan or in the aggregate, more than the
2 maximum principal amount described in this section.

3 ((+6+)) (5) In connection with making a small loan, a licensee may
4 advance moneys on the security of a postdated check. The licensee may
5 not accept any other property, title to property, or other evidence of
6 ownership of property as collateral for a small loan. The licensee may
7 accept only one postdated check per loan as security for the loan. A
8 licensee may permit a borrower to redeem a postdated check with a
9 payment of cash or the equivalent of cash. The licensee may disburse
10 the proceeds of a small loan in cash, in the form of a check, or in the
11 form of the electronic equivalent of cash or a check.

12 ((+7+)) (6) No person may at any time cash or advance any moneys on
13 a postdated check or draft in excess of the amount of goods or services
14 purchased without first obtaining a small loan endorsement to a check
15 cashier or check seller license.

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