

Chapter 19.134 RCW
CREDIT SERVICES ORGANIZATIONS ACT

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RCW 19.134.010 Definitions. As used in this chapter:

- (1) "Collection agency" has the same meaning as in RCW 19.16.100.
- (2) "Communication" means the conveyance of any information regarding a debt, credit record, credit history, or credit rating, including submitting a dispute or requesting information, directly or indirectly, to any person by any means or through any medium.
- (3) "Consumer" means any natural person who is solicited to purchase or who purchases the services of a credit services organization.
- (4) "Consumer reporting agency" has the same meaning as in RCW 19.182.010.
- (5) "Creditor" has the same meaning as in RCW 62A.1-201.
- (6) (a) "Credit services organization" means any person who sells, provides, performs, or represents that the person can or will sell, provide, or perform, in return for the payment of money or other valuable consideration any of the following services:
 - (i) Improving, saving, or preserving a consumer's credit record, history, or rating;
 - (ii) Obtaining an extension of credit for a consumer;
 - (iii) Stopping, preventing, or delaying the foreclosure of a deed of trust, mortgage, or other security agreement; or
 - (iv) Providing advice or assistance to a consumer with regard to either (a) (i), (ii), or (iii) of this subsection.
- (b) "Credit services organization" does not include:
 - (i) Any person authorized to make loans or extensions of credit under the laws of this state or the United States who is subject to regulation and supervision by this state or the United States or a lender approved by the United States secretary of housing and urban development for participation in any mortgage insurance program under the national housing act;
 - (ii) Any bank, savings bank, or savings and loan institution whose deposits or accounts are eligible for insurance by the federal deposit insurance corporation or the federal savings and loan

insurance corporation, or a subsidiary of such bank, savings bank, or savings and loan institution;

(iii) Any credit union, federal credit union, or out-of-state credit union doing business in this state under chapter 31.12 RCW;

(iv) Any nonprofit organization exempt from taxation under section 501(c)(3) of the internal revenue code;

(v) Any person licensed as a real estate broker by this state if the person is acting within the course and scope of that license;

(vi) Any person licensed as a collection agency pursuant to chapter 19.16 RCW if acting within the course and scope of that license;

(vii) Any person licensed to practice law in this state if the person renders services within the course and scope of his or her practice as an attorney: PROVIDED, That the principal purpose of the attorney's practice is not to regularly provide the services described in (a)(i) and (ii) of this subsection, nor regularly provide advice or assistance described in (a)(iv) of this subsection as it pertains to (a)(i) and (ii) of this subsection, and that the attorney is not providing those services in connection with a qualified nonprofit legal aid provider;

(viii) Any broker-dealer registered with the securities and exchange commission or the commodity futures trading commission if the broker-dealer is acting within the course and scope of that regulation;

(ix) Any consumer reporting agency as defined in the federal fair credit reporting act, 15 U.S.C. Secs. 1681 through 1681t; or

(x) Any mortgage broker as defined in RCW 19.146.010 if acting within the course and scope of that definition.

(7) "Extension of credit" means the right to defer payment of debt or to incur debt and defer its payment offered or granted primarily for personal, family, or household purposes.

(8) "Person" shall include, where applicable, natural persons, corporations and other limited liability companies and associations, trusts, unincorporated associations, and partnerships.

(9) "Regulatory entity" means any city, state, or federal agency, department[,], or entity that has the authority to regulate a consumer reporting agency, creditor, or collection agency, or the authority to assist a consumer with submitting, processing, or resolving a complaint, inquiry, or information request concerning a consumer reporting agency, creditor, or collection agency. [2023 c 144 s 1; 1989 c 303 s 1; 1986 c 218 s 2.]

RCW 19.134.020 Prohibited conduct. (1) A credit services organization, its salespersons, agents, and representatives, and independent contractors who sell or attempt to sell the services of a credit services organization may not do any of the following:

(a) Charge or receive any money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform for the consumer, unless the credit services organization has obtained a surety bond of \$10,000 issued by a surety company admitted to do business in this state and established a trust account at a federally insured bank or savings and loan association located in this state. The surety bond shall run to the state of Washington and the consumers. The surety bond shall be issued on the condition that the principal comply with all provisions of this chapter and fully perform on all contracts entered into with

consumers. The surety bond shall be continuous until canceled and shall remain in full force and unimpaired at all times to comply with this section. The surety's liability for all claims in the aggregate against the continuous bond shall not exceed the penal sum of the bond. An action on the bond may be brought by the state or by any consumer by filing a complaint in a court of competent jurisdiction, including small claims court, within one year of cancellation of the surety bond. A complaint may be mailed by registered or certified mail, return receipt requested, to the surety and shall constitute good and sufficient service on the surety;

(b) Charge or receive any money or other valuable consideration solely for referral of the consumer to a retail seller who will or may extend credit to the consumer if the credit that is or will be extended to the consumer is upon substantially the same terms as those available to the general public;

(c) Fail to provide a monthly statement to the consumer detailing the services performed, including, if applicable, an accounting of any funds paid by a consumer and held or disbursed on the consumer's behalf and copies of any letters sent by the credit services organization on the consumer's behalf;

(d) Make or counsel or advise any consumer to make any statement that is untrue or misleading or that should be known by the exercise of reasonable care to be untrue or misleading, to a consumer reporting agency, creditor, collection agency, or regulatory entity, including submitting, or counseling, or advising a consumer to submit, a dispute without a good faith belief in the accuracy of the dispute;

(e) Make or use any untrue or misleading representations in the offer or sale of the services of a credit services organization or engage, directly or indirectly, in any act, practice, or course of business that operates or would operate as fraud or deception upon any person in connection with the offer or sale of the services of a credit services organization;

(f) Send any communication to a consumer reporting agency, creditor, collection agency, or regulatory entity without the prior written authorization of the consumer. A relevant authorization in the agreement or contract between a consumer and a credit services organization is sufficient for the purpose of this subsection;

(g) Fail to make a written communication sent on behalf of a consumer to any consumer reporting agency, creditor, collection agency, or regulatory entity, or legal counsel for any of the foregoing available to the consumer; or

(h) Fail to provide along with its first written communication to a consumer reporting agency, creditor, debt collector, or regulatory entity information sufficient to permit the consumer reporting agency, creditor, debt collector, or regulatory entity to investigate the account or accounts that are the subject of the written communication.

(2) Seeking to obtain, or the obtaining of, a consumer's credit report and the performance of other services necessary to determine the needs of a consumer for the reinvestigation of any accounts shall not constitute services of a credit services organization for which a contract is required pursuant to RCW 19.134.060 if that activity is undertaken with the consumer's prior written, electronic, or recorded oral consent. [2023 c 144 s 2; 1989 c 303 s 2; 1986 c 218 s 3.]

RCW 19.134.030 Surety bond and trust account—Exception to requirement. If a credit services organization is in compliance with *RCW 19.134.020(1), the salesperson, agent, or representative who sells the services of that organization is not required to obtain a surety bond and establish a trust account. [1986 c 218 s 4.]

***Reviser's note:** RCW 19.134.020 was amended by 2023 c 144 s 2, changing subsection (1) to subsection (1)(a).

RCW 19.134.040 Information statement—Prerequisite to contract or payment—File maintained. Before the execution of a contract or agreement between the consumer and a credit services organization or before the receipt by the credit services organization of any money or other valuable consideration, whichever occurs first, the credit services organization shall provide the consumer with a statement in writing, containing all the information required by RCW 19.134.050. The credit services organization shall maintain on file for a period of four years following the completion or termination of the credit services organization agreement with the consumer an exact copy of the statement. [2023 c 144 s 5; 1986 c 218 s 5.]

RCW 19.134.050 Information statement—Contents. The information statement required under RCW 19.134.040 shall include all of the following:

(1) (a) A conspicuous statement in boldface 10-point type at the top of the statement that clearly outlines to a consumer how the credit services organization will act on behalf of the consumer, including that with explicit approval, the credit services organization may use the consumer's signature;

(b) A complete and accurate statement of the consumer's right to review any file on the consumer maintained by any consumer reporting agency, as provided under the federal Fair Credit Reporting Act, 15 U.S.C. Secs. 1681 through 1681t;

(c) A statement that the consumer may review his or her consumer reporting agency file at no charge if a request is made to the consumer reporting agency within 30 days after receiving notice that credit has been denied;

(d) The approximate price the consumer will be charged by the consumer reporting agency to review his or her consumer reporting agency file; and

(e) The following notice:

"If you have a complaint about the services provided by this credit services organization or the fees charged by this credit services organization, you may submit that complaint to the Washington state Attorney General's Office electronically at <https://www.atg.wa.gov/file-complaint> or by mail to Attn:, 800 5th Avenue, Suite 2000, Seattle, WA 98104-3188."

The information statement shall be printed in at least 10-point boldface type and shall include the following statement:

"CONSUMER CREDIT FILE RIGHTS UNDER STATE AND FEDERAL LAW

You have a right to obtain a free copy of your credit report from a consumer reporting agency. You may obtain this free copy of your credit report one time per year by visiting www.AnnualCreditReport.com. You will be able to view your credit report, dispute alleged inaccuracies, and obtain additional information at no fee. If requested, the consumer reporting agency must provide someone to help you interpret the information in your credit file.

You have a right to dispute inaccurate information by contacting the consumer reporting agency directly. However, neither you nor any credit repair company or credit services organization has the right to have accurate, current, and verifiable information removed from your credit report. Under the Federal Fair Credit Reporting Act, the consumer reporting agency must remove accurate, negative information from your report only if it is over seven years old. Bankruptcy information can be reported for 10 years.

If you have notified a consumer reporting agency in writing that you dispute the accuracy of information in your credit file, the consumer reporting agency must then reinvestigate and modify or remove inaccurate information. The consumer reporting agency may not charge a fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the consumer reporting agency.

If the reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the consumer reporting agency to keep in your file, explaining why you think the record is inaccurate. The consumer reporting agency must include your statement about disputed information in any report it issues about you.

You have a right to cancel the contract with the credit services organization for any reason before midnight on the fifth working day after you signed it. If for any reason you cancel the contract during this time, you do not owe any money.

You have a right to take legal action against a credit services organization if it misleads you.";

(2) A complete and accurate statement of the consumer's right to dispute the completeness or accuracy of any item contained in any file on the consumer maintained by any consumer reporting agency;

(3) A complete and detailed description of the services to be performed by the credit services organization for the consumer and the total amount the consumer will have to pay, or become obligated to pay, for the services;

(4) A statement asserting the consumer's right to proceed against the bond or trust account required under RCW 19.134.020; and

(5) The name and address of the surety company that issued the bond, or the name and address of the depository and the trustee and the account number of the trust account. [2023 c 144 s 6; 1986 c 218 s 6.]

RCW 19.134.060 Contract for purchase of services—Contents—

Notice of cancellation—Consumer's copy. (1) Each contract between the consumer and a credit services organization for the purchase of the services of the credit services organization shall be in writing, dated, signed by the consumer, and include all of the following:

(a) A conspicuous statement in boldface type, in immediate proximity to the space reserved for the signature of the consumer, as

follows: "You, the consumer, may cancel this contract at any time prior to midnight of the fifth day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right";

(b) Explicit written approval from the consumer that the credit services organization may use the consumer's signature in order to facilitate credit repair services;

(c) The terms and conditions of payment, including the total of all payments to be made by the consumer, whether to the credit services organization or to some other person;

(d) A full and detailed description of the services to be performed by the credit services organization for the consumer, including all guarantees and all promises of full or partial refunds, and the estimated date by which the services are to be performed, or estimated length of time for performing the services, not to exceed 180 days;

(e) The credit services organization's principal business address, mailing address if different, email address, facsimile number if applicable, website address if applicable, and the name and address of its agent in the state authorized to receive service of process;

(2) The contract shall be accompanied by a completed form in duplicate, captioned "Notice of Cancellation" that shall be attached to the contract, be easily detachable, and contain in boldface type the following statement written in the same language as used in the contract.

"Notice of Cancellation

You may cancel this contract, without any penalty or obligation before midnight on the fifth working day after you sign it.

If you cancel any payment made by you under this contract, it will be returned within ten days following receipt by the credit services organization of your cancellation notice.

To cancel this contract, mail or deliver (including through electronic means) not later than midnight (date) , a copy of this cancellation notice, or any other written notice of cancellation, to (name of credit services organization) at any of the following: (Credit services organization to list physical address, mailing address if different, email address, website address if applicable, and facsimile number if applicable)

I hereby cancel this transaction,
. . . (date) . . .
. . . (consumer's name) . . ."

It is not necessary that the consumer use the sample form to cancel a contract. The credit services organization shall give to the consumer a copy of the completed contract and all other documents the credit services organization requires the consumer to sign at the time they are signed. The credit services organization shall provide easily understood and easily exercised cancellation instructions on its website if a website is maintained by the credit services organization. [2023 c 144 s 7; 1986 c 218 s 7.]

RCW 19.134.070 Waiver of rights—Violations—Enforcement—Unfair business practice. (1) Any waiver by a consumer of any part of this chapter is void. Any attempt by a credit services organization to have a consumer waive rights given by this chapter is a violation of this chapter.

(2) In any proceeding involving this chapter, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

(3) Any person who violates this chapter is guilty of a gross misdemeanor. Any district court of this state has jurisdiction in equity to restrain and enjoin the violation of this chapter.

(4) This section does not prohibit the enforcement by any person of any right provided by this or any other law.

(5) A violation of this chapter by a credit services organization is an unfair business practice as provided in chapter 19.86 RCW. [2023 c 144 s 8; 1986 c 218 s 8.]

RCW 19.134.080 Damages—Attorneys' fees. (1) Any person injured by a violation of this chapter may bring any action for recovery of damages. Judgment shall be entered for actual damages, plus reasonable attorneys' fees and costs. In the case of an action by a consumer, damages shall be awarded in an amount not less than the amount paid by the consumer to the credit services organization. An award may also be entered for punitive damages.

(2) The remedies provided under this chapter are in addition to any other procedures or remedies for any violation or conduct provided for in any other law. [2023 c 144 s 9; 1986 c 218 s 9.]

RCW 19.134.090 Required communication—Exceptions. (1) Unless otherwise required by law, a consumer reporting agency, creditor, or collection agency that knows a consumer is represented by a credit services organization and also has knowledge of, or can readily ascertain, the credit services organization's name and address shall communicate with the credit services organization unless either of the following circumstances apply:

(a) The credit services organization fails to respond within 30 days to a communication from a consumer reporting agency, creditor, or collection agency; or

(b) The consumer expressly directs the consumer reporting agency, creditor, or collection agency not to communicate with the credit services organization.

(2) Notwithstanding subsection (1) of this section, a consumer reporting agency, creditor, or collection agency shall not be required to communicate with a credit services organization concerning an account that is subject to a dispute if any of the following apply:

(a) The account subject to the dispute has been paid, settled, or otherwise resolved and has been reported as paid, settled, or otherwise resolved on the consumer's credit report;

(b) The account subject to the dispute has been removed from the consumer's credit report;

(c) The debt collector has provided to the credit services organization or to the consumer the verification information or documentation described in 15 U.S.C. Sec. 1692(g)(b) regarding the account subject to dispute;

(d) The debt collector is a debt buyer as defined in RCW 19.16.100 and has provided to the credit services organization or to the consumer the information or documentation described in RCW 19.16.260(2) (a) and (b) regarding the account subject to the dispute;

(e) The consumer reporting agency, creditor, or collection agency reasonably determines that the dispute is frivolous or irrelevant pursuant to 15 U.S.C. Secs. 1681(i)(3) or 1681s-2(a)(1)(f). [2023 c 144 s 3.]

RCW 19.134.100 Redaction of personal information in written communication. To protect against fraud and identity theft, when a credit services organization sends a written communication by facsimile, electronic mail, United States mail, overnight courier, or other means that contains personal information of a consumer, the credit services organization shall redact the personal information to include only the last four digits of the social security number, taxpayer identification number, or state identification number, the last four digits of the financial account number, credit card number, or debit card number, or the month and year of the consumer's date of birth, unless the inclusion of the full number or date is otherwise required by law, or is legally permissible and required to achieve the desired objective. Redacting information pursuant to this section shall not be considered a violation of RCW 19.134.020(1)(h). [2023 c 144 s 4.]

RCW 19.134.900 Short title. This chapter may be known and cited as the "credit services organizations act." [1986 c 218 s 1.]