

HOUSE BILL REPORT

HB 1225

As Passed House
February 17, 1993

Title: An act relating to the collection of allowable fees in connection with delinquent debts, repossessions, and foreclosures.

Brief Description: Concerning the collection of allowable fees in connection with delinquent debts, repossessions, and foreclosures.

Sponsors: Representatives Zellinsky, Dellwo, Anderson and Mielke.

Brief History:

Reported by House Committee on:

Financial Institutions & Insurance, February 1, 1993, DP;
Passed House, February 17, 1993, 96-1.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 14 members: Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Dellwo; Dorn; Grant; R. Johnson; Kessler; R. Meyers; Reams; Schmidt; and Tate.

Staff: John Conniff (786-7119).

Background: In 1991, the Legislature combined the Consumer Finance Act and the Industrial Loan Act into a new Consumer Loan Act; thus, eliminating the need for two separate licenses to engage in the lending activities authorized under each of the prior statutes. The new Consumer Loan Act does not permit loan companies to charge and collect reasonable attorney fees and actual expenses incurred in connection with the collection of a delinquent debt.

Summary of Bill: A consumer loan company may collect from the debtor reasonable attorney fees, actual expenses, and costs incurred in connection with the collection of a delinquent debt, a repossession, or a foreclosure when a debt is referred to collection to an attorney who is not a salaried employee of the company.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: When the Industrial Loan Act and the Consumer Finance Act were combined, no provision was made for attorney fees and costs incurred in connection with delinquent debt collection. All other lenders, such as banks, are permitted to collect attorney fees and costs. Consumer loan companies should also be allowed to collect reasonable attorney fees and costs when an outside attorney must be hired to collect a debt owed.

Testimony Against: None.

Witnesses: (In favor): Lew McMurrin, Household International; John L. Bley, Supervisor of Banking; Susie Tracy, Washington State Financial Services Association; and Jerry Gordon, Beneficial Management.