

SENATE BILL REPORT

HB 1225

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, MARCH 26, 1993

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

SPONSORS: Representatives Zellinsky, Dellwo, Anderson and Mielke

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Barr, Cantu, McAuliffe, Newhouse, Pelz, Prince, Sutherland, and Vognild.

Staff: Benson Porter (786-7470)

Hearing Dates: March 26, 1993

BACKGROUND:

In 1991, the Legislature combined the Consumer Finance Act and the Industrial Loan Act into a new Consumer Loan Act, eliminating the need for two separate licenses to engage in the lending activities authorized under the prior statutes. The old Consumer Finance Act authorized a licensee to collect reasonable actual costs to foreclose or repossess, including attorney fees and court costs. Under the new Consumer Loan Act, consumer loan companies are not permitted to charge and collect reasonable attorney fees and actual expenses incurred in connection with the collection of a delinquent debt.

SUMMARY:

A consumer loan company may collect from the debtor reasonable attorneys' fees, actual expenses, and costs incurred to collect a delinquent debt, a repossession, or a foreclosure when a debt is referred to an attorney who is not a salaried employee of the company.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Other lenders are permitted to collect attorney fees and costs. Consumer loan companies also should be allowed to collect reasonable attorney fees and costs when an outside attorney is hired to collect a delinquent account.

TESTIMONY AGAINST: None

TESTIFIED: Susie Tracy, Washington State Financial Services Association (pro); Jerry Gordon, Beneficial Management (pro); Lew McMurrin, Household International (pro)