

SENATE BILL REPORT

SB 5382

AS OF FEBRUARY 17, 1993

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

SPONSORS: Senators Vognild and Amondson

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Benson Porter (786-7470)

Hearing Dates: February 18, 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 attorney 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