

FINAL BILL REPORT

SSB 5686

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SYNOPSIS AS ENACTED

Brief Description: Limiting the penalty charge for late payment of a credit card balance.

SPONSORS: Senate Committee on Labor & Commerce (originally sponsored by Senators Williams and Pelz)

SENATE COMMITTEE ON LABOR & COMMERCE

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

BACKGROUND:

Under Washington's Retail Installment Act, the holder of a retail installment contract, retail charge agreement, or lender (nonbank) credit card may only collect a delinquency or collection charge if two conditions are met. The contract or agreement must provide for the collection of these charges, and the charges must be reasonable. In addition, the holder may only collect an attorney's fee when these credit agreements are collected by an attorney who is not a salaried employee of the holder.

Concern has been expressed that the reasonableness limitation on delinquency charges is inadequate.

SUMMARY:

The maximum delinquency charge for retail charge agreements and lender credit cards is 10 percent of the average balance of the delinquent account for the prior 30-day period when this balance is less than \$100. However, a minimum charge of up to \$2 is authorized. The foregoing delinquency charge provisions only apply to accounts that are not past due by more than 10 days.

VOTES ON FINAL PASSAGE:

Senate	42	3	
House	98	0	(House amended)
Senate	39	1	(Senate concurred)

EFFECTIVE: July 25, 1993