

1 **SSB 5406 - H COMM AMD ADOPTED**

2 By Committee on Financial Institutions & Insurance

3 On page 1, after line 17, insert the following:

4 "NEW SECTION. Sec. 4. A new section is added to chapter 63.14
5 RCW to read as follows:

6 (1) With respect to a retail installment transaction, as
7 defined in RCW 63.14.010(8), if the court as a matter of law finds
8 the agreement or contract, or any clause in the agreement or
9 contract, to have been unconscionable at the time it was made, the
10 court may refuse to enforce the agreement or contract, may enforce
11 the remainder of the agreement or contract, or may limit the
12 application of any unconscionable clause to avoid an unconscionable
13 result.

14 (2) If it is claimed or it appears to the court that the
15 agreement or contract, or any clause in the agreement or contract,
16 may be unconscionable, the parties shall be given a reasonable
17 opportunity to present evidence as to its setting, purpose, and
18 effect to assist the court in making a determination regarding
19 unconscionability.

20 (3) For the purpose of this section, a charge or practice
21 expressly permitted by this chapter is not in itself
22 unconscionable."

23 Renumber the remaining section consecutively and correct the
24 title reference accordingly.

EFFECT: Prohibits unconscionable retail financing agreements,
and allows the court to provide a remedy. A charge or
practice expressly permitted by the Retail Installment Sales
Act is not in itself unconscionable.