

# SENATE BILL REPORT

## SHB 2054

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As Reported By Senate Committee On:  
Commerce, Trade, Housing & Financial Institutions, March 30, 1999

**Title:** An act relating to the financing of goods by sellers of the goods.

**Brief Description:** Regulating sellers who finance the goods they sell.

**Sponsors:** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Quall, Benson, Hatfield and Cairnes).

**Brief History:**

**Committee Activity:** Commerce, Trade, Housing & Financial Institutions: 3/23/99, 3/30/99 [DP].

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### SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

**Majority Report:** Do pass.

Signed by Senators Shin, Vice Chair; Benton, Gardner, Hale, Heavey, T. Sheldon and West.

Staff: Catherine Mele (786-7470)

**Background:** Retail installment contracts are regulated by state law. These are transactions between a particular retailer and a consumer, such as department store or automobile dealer installment contracts. State law generally requires that retail installment contracts provide certain disclosures, describe the contents of an installment contract, and prohibit certain practices related to installment contracts. Federal Truth-in-Lending provisions also apply to retail installment contracts.

**Summary of Bill:** The principal balance, which basically is the amount borrowed, can include amounts paid by the retailer to pay off a loan on similar goods that are traded in as part of the sale. The portion of the principal that is used to pay off the loan on a trade-in must be disclosed in the installment contract.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill is needed to clarify disclosures in retail installment transactions involving a trade-in that has negative equity and the negative equity is included in the principal of the new retail installment transaction. This makes state law consistent with

federal truth-in-lending requirements. This will be easier and cheaper for consumers because they can consolidate all old loans into the new loan.

**Testimony Against:** None.

**Testified:** PRO: Steve Blankenship, Steve Buckner, Ford Motor Company; Jim Boldt, Washington State Auto Dealers Association.