
HOUSE BILL 1104

State of Washington

56th Legislature

1999 Regular Session

By Representatives Sullivan, Gombosky, Murray, Wolfe and Eickmeyer

Read first time 01/14/1999. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to small loans; amending RCW 31.45.010 and
2 31.45.073; adding a new section to chapter 30.04 RCW; adding a new
3 section to chapter 31.12 RCW; and adding a new section to chapter 32.04
4 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 30.04 RCW
7 to read as follows:

8 (1) A bank may make a small loan by advancing moneys on the
9 security of a postdated check or draft delivered at the time, provided
10 the time period between the date the loan is granted and the postdated
11 check does not exceed thirty-one days. All postdated checks or drafts
12 under this section shall be deposited as soon as practicable after the
13 date of the check or draft has passed.

14 (2) "Small loan" as used in this section means a loan of up to six
15 hundred dollars for up to thirty-one days.

16 (3) A bank may charge fees or interest for small loans under this
17 section not to exceed in the aggregate ten percent of the principal
18 amount borrowed.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 31.12 RCW
2 to read as follows:

3 (1) A credit union may make a small loan by advancing moneys on the
4 security of a postdated check or draft delivered at the time, provided
5 the time period between the date the loan is granted and the postdated
6 check does not exceed thirty-one days. All postdated checks or drafts
7 under this section shall be deposited as soon as practicable after the
8 date of the check or draft has passed.

9 (2) "Small loan" as used in this section means a loan of up to six
10 hundred dollars for up to thirty-one days.

11 (3) A credit union may charge fees or interest for small loans
12 under this section not to exceed in the aggregate ten percent of the
13 principal amount borrowed.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 32.04 RCW
15 to read as follows:

16 (1) A savings bank may make a small loan by advancing moneys on the
17 security of a postdated check or draft delivered at the time, provided
18 the time period between the date the loan is granted and the postdated
19 check does not exceed thirty-one days. All postdated checks or drafts
20 under this section shall be deposited as soon as practicable after the
21 date of the check or draft has passed.

22 (2) "Small loan" as used in this section means a loan of up to six
23 hundred dollars for up to thirty-one days.

24 (3) A savings bank may charge fees or interest for small loans
25 under this section not to exceed in the aggregate ten percent of the
26 principal amount borrowed.

27 **Sec. 4.** RCW 31.45.010 and 1995 c 18 s 1 are each amended to read
28 as follows:

29 Unless the context clearly requires otherwise, the definitions in
30 this section apply throughout this chapter.

31 (1) "Check casher" means an individual, partnership, unincorporated
32 association, or corporation that, for compensation, engages, in whole
33 or in part, in the business of cashing checks, drafts, money orders, or
34 other commercial paper serving the same purpose.

35 (2) "Check seller" means an individual, partnership, unincorporated
36 association, or corporation that, for compensation, engages, in whole

1 or in part, in the business of or selling checks, drafts, money orders,
2 or other commercial paper serving the same purpose.

3 (3) "Licensee" means a check casher or seller licensed by the
4 director to engage in business in accordance with this chapter. For
5 purposes of the enforcement powers of this chapter, including the power
6 to issue cease and desist orders under RCW 31.45.110, "licensee" also
7 means a check casher or seller who fails to obtain the license required
8 by this chapter.

9 (4) "Small loan" means a loan of up to (~~five~~) six hundred dollars
10 for a period of thirty-one days or less.

11 (5) "Director" means the director of financial institutions.

12 **Sec. 5.** RCW 31.45.073 and 1995 c 18 s 2 are each amended to read
13 as follows:

14 (1) No licensee may engage in the business of making small loans
15 without first obtaining a small loan endorsement to its license from
16 the director in accordance with this chapter. An endorsement will be
17 required for each location where a licensee engages in the business of
18 making small loans, but a small loan endorsement may authorize a
19 licensee to make small loans at a location different than the licensed
20 locations where it cashes or sells checks or drafts. A licensee may
21 have more than one endorsement.

22 (2) A licensee that has obtained the required small loan
23 endorsement may charge interest or fees for small loans not to exceed
24 in the aggregate (~~fifteen~~) ten percent of the principal amount
25 borrowed. The director may determine by rule which fees, if any, are
26 not subject to the fifteen percent limitation.

27 (3) In connection with making a small loan, a licensee may advance
28 moneys on the security of a postdated check or draft provided the time
29 period between the date the loan is granted and the date of the
30 postdated check does not exceed thirty-one days. A licensee shall
31 deposit all postdated checks or drafts as soon as practicable after the
32 date of the check or draft has passed.

33 (4) No person may at any time cash or advance any moneys on a
34 postdated check or draft in excess of the amount of goods or services
35 purchased without first obtaining a small loan endorsement to a check
36 casher or check seller license.

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