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SENATE BILL 5879

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State of Washington

56th Legislature

1999 Regular Session

By Senators Prentice and Winsley

Read first time 02/15/1999. Referred to Committee on Commerce, Trade, Housing & Financial Institutions.

1 AN ACT Relating to loan origination fees on consumer loans; and  
2 amending RCW 31.04.105.

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

4 **Sec. 1.** RCW 31.04.105 and 1998 c 28 s 1 are each amended to read  
5 as follows:

6 Every licensee may:

7 (1) Lend money at a rate that does not exceed twenty-five percent  
8 per annum as determined by the simple interest method of calculating  
9 interest owed;

10 (2) In connection with the making of a loan, charge the borrower a  
11 nonrefundable, prepaid, loan origination fee not to exceed ((four)) six  
12 percent ((of the first twenty thousand dollars and two percent  
13 thereafter)) of the principal amount of the loan advanced to or for the  
14 direct benefit of the borrower, which fee may be included in the  
15 principal balance of the loan;

16 (3) Agree with the borrower for the payment of fees to third  
17 parties other than the licensee who provide goods or services to the  
18 licensee in connection with the preparation of the borrower's loan,  
19 including, but not limited to, credit reporting agencies, title

1 companies, appraisers, structural and pest inspectors, and escrow  
2 companies, when such fees are actually paid by the licensee to a third  
3 party for such services or purposes and may include such fees in the  
4 amount of the loan. However, no charge may be collected unless a loan  
5 is made, except for reasonable fees properly incurred in connection  
6 with the appraisal of property by a qualified, independent,  
7 professional, third-party appraiser selected by the borrower and  
8 approved by the lender or in the absence of borrower selection,  
9 selected by the lender;

10 (4) Charge and collect a penalty of ten cents or less on each  
11 dollar of any installment payment delinquent ten days or more;

12 (5) Collect from the debtor reasonable attorneys' fees, actual  
13 expenses, and costs incurred in connection with the collection of a  
14 delinquent debt, a repossession, or a foreclosure when a debt is  
15 referred for collection to an attorney who is not a salaried employee  
16 of the licensee;

17 (6) Make open-end loans as provided in this chapter;

18 (7) Charge and collect a fee for dishonored checks in an amount  
19 approved by the director; and

20 (8) In accordance with Title 48 RCW, sell insurance covering real  
21 and personal property, covering the life or disability or both of the  
22 borrower, and covering the involuntary unemployment of the borrower.

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