

FINAL BILL REPORT

SSB 5452

C 86 L 03
Synopsis as Enacted

Brief Description: Regulating check cashers and sellers.

Sponsors: Senate Committee on Financial Services, Insurance & Housing (originally sponsored by Senators Winsley, Benton, Prentice, Keiser and Reardon; by request of Governor Locke).

Senate Committee on Financial Services, Insurance & Housing
House Committee on Financial Institutions & Insurance

Background: Check cashers and sellers are legitimate businesses that provide short-term loans to individuals. Concern exists that some individuals who make use of "pay day loans" may find themselves in a cycle of debt and financial distress. It is believed by some that consumer protection would be enhanced by increased regulation of check cashers and sellers.

Summary: Borrowers who make use of "pay day loans" have a statutory right to a payment plan after making four successive loans. The payment plan provides for payment of the balance of the loan over a minimum period of 60 days, for payment of an additional fee.

Pay day loans may be rescinded by the borrower at no cost, within one business day. Lenders are prohibited from taking personal property as collateral, or from collecting damages or fees beyond the \$40 cost of collection allowed under the Uniform Commercial Code.

Pay day lenders cannot collect more than one post-dated check per pay day loan. Loan amounts and terms are increased, but no more than \$700 may be loaned to a borrower at any one time.

The Department of Financial Institutions has increased enforcement capabilities.

Votes on Final Passage:

Senate	49	0
House	95	0

Effective: July 27, 2003
October 1, 2003 (Section 12)