

# FINAL BILL REPORT

## ESSB 5415

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Synopsis as Enacted

**Brief Description:** Making loans under chapter 31.45 RCW to military borrowers.

**Sponsors:** Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Fairley and Kline).

**Senate Committee on Financial Institutions, Housing & Consumer Protection**  
**House Committee on Financial Institutions & Insurance**

**Background:** Washington State Department of Financial Institutions (DFI) regulates payday lenders. Recent studies indicate a high concentration of payday lending companies near military bases. Around the country, military commanders and military relief societies report cases of soldiers, sailors, and marines getting into financial difficulties when dealing with payday lenders, with reported stress to their fitness for duty, and negative consequences for their families.

In response, the payday lending industry, through its professional associations, worked with the military to address concerns. Payday lenders have developed a set of "Military Best Practices," reflecting standards for ethical military loans.

**Summary:** Payday loan "Military Best Practices" are established in statute. For loans to military borrowers, licensees (payday lenders licensed by DFI) are required to do the following:

- when collecting delinquent loans, refrain from garnishment of military wages;
- defer collection when a military borrower is deployed for combat/combat support;
- refrain from contacting a borrower's commanding officer in a effort to collect debt;
- honor repayment terms worked out with military or third-party credit counselors; and
- make no loans to known military borrowers if the base commander has declared the specific payday lending location "off limits, in writing".

**Votes on Final Passage:**

Senate	48	0	
House	66	28	(House amended)
Senate	43	0	(Senate concurred)

**Effective:** July 24, 2005