
HOUSE BILL 2363

State of Washington 59th Legislature 2006 Regular Session

By Representatives Appleton, Moeller, Morrell, Lantz, McIntire,
Schual-Berke and Green

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Committee on Financial Institutions & Insurance.

1 AN ACT Relating to using postdated checks or drafts as security for
2 small loans; and amending RCW 31.45.073.

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

4 **Sec. 1.** RCW 31.45.073 and 2003 c 86 s 8 are each amended to read
5 as follows:

6 (1) No licensee may engage in the business of making small loans
7 without first obtaining a small loan endorsement to its license from
8 the director in accordance with this chapter. An endorsement will be
9 required for each location where a licensee engages in the business of
10 making small loans, but a small loan endorsement may authorize a
11 licensee to make small loans at a location different than the licensed
12 locations where it cashes or sells checks. A licensee may have more
13 than one endorsement.

14 (2) The termination date of a small loan may not exceed the
15 origination date of that same small loan by more than forty-five days,
16 including weekends and holidays, unless the term of the loan is
17 extended by agreement of both the borrower and the licensee and no
18 additional fee or interest is charged. The maximum principal amount of

1 any small loan, or the outstanding principal balances of all small
2 loans made by a licensee to a single borrower at any one time, may not
3 exceed seven hundred dollars.

4 (3) A licensee that has obtained the required small loan
5 endorsement may charge interest or fees for small loans not to exceed
6 in the aggregate fifteen percent of the first five hundred dollars of
7 principal. If the principal exceeds five hundred dollars, a licensee
8 may charge interest or fees not to exceed in the aggregate ten percent
9 of that portion of the principal in excess of five hundred dollars. If
10 a licensee makes more than one loan to a single borrower, and the
11 aggregated principal of all loans made to that borrower exceeds five
12 hundred dollars at any one time, the licensee may charge interest or
13 fees not to exceed in the aggregate ten percent on that portion of the
14 aggregated principal of all loans at any one time that is in excess of
15 five hundred dollars. The director may determine by rule which fees,
16 if any, are not subject to the interest or fee limitations described in
17 this section. It is a violation of this chapter for any licensee to
18 knowingly loan to a single borrower at any one time, in a single loan
19 or in the aggregate, more than the maximum principal amount described
20 in this section.

21 (4) In connection with making a small loan, a licensee may advance
22 moneys on the security of a postdated check. The licensee may not
23 accept any other property, title to property, or other evidence of
24 ownership of property as collateral for a small loan. The licensee may
25 accept only one postdated check per loan as security for the loan. A
26 licensee may permit a borrower to redeem a postdated check with a
27 payment of cash or the equivalent of cash. A licensee must deposit all
28 postdated checks or drafts as soon as practicable after the date of the
29 check or draft has passed. The licensee may disburse the proceeds of
30 a small loan in cash, in the form of a check, or in the form of the
31 electronic equivalent of cash or a check.

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

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