

**HB 2360-S - DIGEST**

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Finds that there is inadequate information to determine the fairness or reasonableness of fees and interest associated with small loans, also known as payday loans.

Requires the director of the department of financial institutions to study the economics, business models, and practices associated with the small loan business operations of lenders with small loan endorsements under chapter 31.45 RCW. The director must determine break-even points for small loan businesses included in the study, grouped by size of operation and/or volume of business, where the revenue from small loan operations equals the expenses associated with small loan operations.

Authorizes the director to request from licensees information required to complete the study and report to the legislature. Licensees are required to provide the information requested. A licensee's unreasonable failure to provide the information requested by the director shall be grounds for an enforcement action against the licensee under RCW 31.45.110 (1)(j) and the imposition of the sanctions set forth in RCW 31.45.110(2).

Requires the director to report the findings of this study to the legislature no later than November 30, 2006. The director may also study other issues related to small loans and include those issues in the report. The director may include recommendations based upon the findings in the report.