

SB 5692-S - DIGEST

(DIGEST AS ENACTED)

Requires that, at the time a borrower applies for a refund anticipation loan, a facilitator shall clearly disclose to the borrower, separately from the loan application: (1) The refund anticipation loan fee schedule;

(2) A written statement containing the following elements: (a) That a refund anticipation loan is a loan, and is not the borrower's actual income tax refund; (b) that the taxpayer can file an income tax return electronically without applying for a refund anticipation loan; (c) the average times according to the internal revenue service within which a taxpayer who does not obtain a refund anticipation loan can expect to receive a refund if the taxpayer's return is (i) filed electronically and the refund is directly deposited to the taxpayer's bank account or mailed to the taxpayer, and (ii) mailed to the internal revenue service and the refund is directly deposited to the taxpayer's bank account or mailed to the taxpayer; (d) that the internal revenue service does not guarantee that it will pay the full amount of the anticipated refund and it does not guarantee a specific date that a refund will be deposited into a taxpayer's financial institution account or mailed to a taxpayer; (e) that the borrower is responsible for repayment of the loan and related fees in the event that the tax refund is not paid or paid in full; (f) the estimated time within which the loan proceeds will be paid to the borrower if the loan is approved; and (g) the fee that will be charged, if any, if the borrower's loan is not approved.

Provides that a borrower may rescind a loan, on or before the close of business on the next day of business, by either returning the original check issued for the loan or providing the amount of the loan in cash to the lender or the facilitator. The facilitator may not charge the borrower a fee for rescinding the loan or a refund anticipation loan fee if the loan is rescinded but may charge the borrower the administrative cost of establishing a bank account to electronically receive the refund.

Declares that it is unlawful for a facilitator of a refund anticipation loan to engage in any of the following activities: (1) Misrepresent a material factor or condition of a refund anticipation loan;

(2) Fail to process the application for a refund anticipation loan promptly after the consumer applies for the loan;

(3) Engage in any dishonest, fraudulent, unfair, unconscionable, or unethical practice or conduct in connection with a refund anticipation loan;

(4) Arrange for a creditor to take a security interest in any property of the consumer other than the proceeds of the consumer's tax refund to secure payment of the loan; and

(5) Offer a refund anticipation loan that, including any refund anticipation loan fee or any other fee related to the loan or tax preparation, exceeds the amount of the anticipated tax refund.

Provides that any person who knowingly and willfully violates this chapter is guilty of a misdemeanor and shall be fined up to five hundred dollars for each offense.

Finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW.