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SENATE BILL 5150

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State of Washington

61st Legislature

2009 Regular Session

By Senators Kline, Pridemore, and Kohl-Welles

Read first time 01/15/09. Referred to Committee on Labor, Commerce & Consumer Protection.

1 AN ACT Relating to a maximum rate for interest or fees charged 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)) thirty-six percent per annum. The rate charged~~  
16 ~~on the outstanding balance after maturity may not be greater than the~~  
17 ~~rate charged during the original loan term.~~ The director may determine  
18 by rule which fees, if any, are not subject to the interest or fee  
19 limitations described in this section. It is a violation of this  
20 chapter for any licensee to knowingly loan to a single borrower at any  
21 one time, in a single loan or in the aggregate, more than the maximum  
22 principal amount described in this section.

23 (4) In connection with making a small loan, a licensee may advance  
24 moneys on the security of a postdated check. The licensee may not  
25 accept any other property, title to property, or other evidence of  
26 ownership of property as collateral for a small loan. The licensee may  
27 accept only one postdated check per loan as security for the loan. A  
28 licensee may permit a borrower to redeem a postdated check with a  
29 payment of cash or the equivalent of cash. The licensee may disburse  
30 the proceeds of a small loan in cash, in the form of a check, or in the  
31 form of the 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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