
SUBSTITUTE HOUSE BILL 1535

State of Washington 62nd Legislature 2011 Regular Session

By House Business & Financial Services (originally sponsored by Representatives Condotta, Kirby, and Bailey)

READ FIRST TIME 02/10/11.

1 AN ACT Relating to procedures for written business contracts; and
2 adding a new chapter to Title 19 RCW.

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

4 NEW SECTION. **Sec. 1.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Authorized business representative" means a natural person
7 authorized to conduct business on behalf of a business entity,
8 including a limited liability company, corporation, or nonprofit
9 corporation, registered in Washington or another state.

10 (2) "Business payment contract containing a personal guarantee"
11 means a written agreement between two or more parties in which at least
12 one party is an authorized business representative who, as
13 consideration for the agreement, promises to guarantee the debt of a
14 business entity.

15 NEW SECTION. **Sec. 2.** Any business payment contract containing a
16 personal guarantee must contain the following for each authorized
17 business representative who is a party to the agreement and who is
18 making a personal guarantee:

1 (1) A separate signature line, directly following and on the same
2 page as any other signature line or lines that the authorized business
3 representative must sign to signal his or her acceptance of the
4 agreement;

5 (2) The signature line must be preceded directly on the same page
6 by the phrase, "DISCLOSURE: By signing this contract you, the
7 undersigned, are agreeing to PERSONALLY GUARANTEE payment according to
8 the terms of this contract." The phrase must be written in bold,
9 fourteen-point or larger font in clearly visible ink.

10 NEW SECTION. **Sec. 3.** The personal guarantee of an authorized
11 business representative in a business payment contract containing a
12 personal guarantee found not to meet the requirements of section 2 of
13 this act is against the public policy of this state and is to that
14 extent unenforceable.

15 NEW SECTION. **Sec. 4.** This chapter applies to business payment
16 contracts containing a personal guarantee executed on or after January
17 1, 2012.

18 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act constitute
19 a new chapter in Title 19 RCW.

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