
HOUSE BILL 2103

State of Washington

64th Legislature

2015 Regular Session

By Representatives Kirby and Vick

Read first time 02/12/15. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to the collection of fees in connection with
2 making consumer loans; amending RCW 31.04.105; and creating a new
3 section.

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

5 **Sec. 1.** RCW 31.04.105 and 2013 c 29 s 7 are each amended to read
6 as follows:

7 Every licensee may:

8 (1) Lend money at a rate that does not exceed (~~twenty-five~~)
9 thirty percent per annum as determined by the simple interest method
10 of calculating interest owed;

11 (2) In connection with the making of a loan, charge the borrower
12 a nonrefundable, prepaid, loan origination fee not to exceed six
13 percent of the first five thousand dollars, four percent of the
14 amount over five thousand dollars up to the first twenty thousand
15 dollars, and two percent thereafter of the principal amount of the
16 loan advanced to or for the direct benefit of the borrower, which fee
17 may be included in the principal balance of the loan;

18 (3) Agree with the borrower for the payment of fees to third
19 parties other than the licensee who provide goods or services to the
20 licensee in connection with the preparation of the borrower's loan,
21 including, but not limited to, credit reporting agencies, title

1 companies, appraisers, structural and pest inspectors, and escrow
2 companies, when such fees are actually paid by the licensee to a
3 third party for such services or purposes and may include such fees
4 in the amount of the loan. However, no charge may be collected unless
5 a loan is made, except for reasonable fees properly incurred in
6 connection with the appraisal of property by a qualified,
7 independent, professional, third-party appraiser selected by the
8 borrower and approved by the lender or in the absence of borrower
9 selection, selected by the lender;

10 (4) In connection with the making of a loan secured by real
11 estate, when the borrower actually obtains a loan, agree with the
12 borrower to pay a fee to a mortgage broker that is not owned by the
13 licensee or under common ownership with the licensee and that
14 performed services in connection with the origination of the loan. A
15 licensee may not receive compensation as a mortgage broker in
16 connection with any loan made by the licensee;

17 (5) Collect at the time of the loan closing up to but not
18 exceeding forty-five days of prepaid interest;

19 (6) Charge and collect a penalty of not more than ten percent of
20 any installment payment delinquent ten days or more;

21 (7) Collect from the debtor reasonable attorneys' fees, actual
22 expenses, and costs incurred in connection with the collection of a
23 delinquent debt, a repossession, or a foreclosure when a debt is
24 referred for collection to an attorney who is not a salaried employee
25 of the licensee;

26 (8) Make open-end loans as provided in this chapter;

27 (9) Charge and collect a fee for dishonored checks in an amount
28 approved by the director; and

29 (10) In accordance with Title 48 RCW, sell insurance covering
30 real and personal property, covering the life or disability or both
31 of the borrower, and covering the involuntary unemployment of the
32 borrower.

33 NEW SECTION. **Sec. 2.** The department of financial institutions
34 shall monitor the impact on consumers of removing the origination fee
35 limit for nonreal estate loans under this act, particularly the
36 relationship between the interest rate charged and origination fees.

1 The department shall report to the financial institutions committees
2 of the legislature by October 1, 2019.

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