
**Consumer Protection & Business
Committee**

HB 1910

Brief Description: Concerning pawnbroker fees and interest rates.

Sponsors: Representatives Walen, McClintock, Chapman, Cheney, Reeves and Hackney.

Brief Summary of Bill

- Modifies the loan term, interest, and fees that may be charged for pawnbroker loans.
- Allows pawnbrokers to accept certain payments by an online payment service.

Hearing Date: 1/10/24

Staff: Michelle Rusk (786-7153).

Background:

Washington regulates the business of pawnbrokers under the Pawnbrokers and Secondhand Dealers Act (Pawnbrokers Act). Under the Act, "pawnbroker" is defined as every person engaged, in whole or in part, in the business of loaning money on the security of pledges of personal property, or deposits or conditional sales of personal property, or the purchase or sale of personal property.

The statutory term of a pawnbroker loan is 90 days. Every loan transaction entered into by a pawnbroker must be a written agreement setting forth the terms of the loan, including all interest and fees that may be charged, and a copy must be furnished to the pledger of the property. If a pledged article is not redeemed within the 90-day term, the pawnbroker has all rights, title and

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interest of that item of personal property.

Loan Term, Interest, and Fees.

Interest may be charged every 30 days, and a document preparation fee may be charged once for the term of a loan, up to statutory limits. The Pawnbrokers Act establishes schedules for the maximum amount of interest and document preparation fees that pawnbrokers may charge.

The interest schedule includes 12 ranges, from a loan of less than \$10 to loans more than \$100, and allows for interest of \$1 every 30 days for a loan up to \$10, up to a charge of 4 percent of the loan amount per month for loans of \$100 or more.

The document preparation fee schedule includes 17 ranges, from loans less than \$5 to loans more than \$2,000. The fee for a loan of \$5 is \$1.50 and increases up to \$7.50 for a loan up to \$49.99. There is a sliding fee scale for loans starting at \$50 and going up to \$2,000 or more, with a fee of 15 percent for a \$50 loan, and a fee of 6 percent for a loan more than \$2,000.

For each 30-day period of a loan, pawnbrokers may also charge a storage fee of \$5, and an additional \$5 fee for storing a firearm.

Rewriting a Loan.

If a person who has entered into a loan transaction with a pawnbroker cannot redeem and repay the loan by the expiration of the loan term and wishes to rewrite the loan, and both the pawnbroker and individual mutually agree, an existing loan transaction may be rewritten into a new loan, either in person or by mail.

Summary of Bill:

Loan Interest and Fees.

The term of a loan is modified to a period of 60 days.

The interest rate for a loan of \$100 or more is 5 percent for each 30-day period of the loan.

The document preparation fee for any loan of \$50 or more is 15 percent.

A pawnbroker may charge a \$10 storage fee and may charge an additional \$10 fee for the storage of a gun.

Online Payment.

If a person wishes to rewrite a loan, and both the pawnbroker and individual mutually agree, an existing loan transaction may be rewritten into a new loan, and payment may be accepted in person, by mail, or through an online payment service.

If a pawnbroker elects to accept online payments, they may charge a reasonable fee, provided that pawnbrokers may not accept payment by credit card.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.