

RCW 19.230.350 Third-party account administrators—Licensure

required—Requirements. (1) A third-party account administrator must be licensed as a money transmitter under this chapter and comply with the following additional requirements:

(a) A debtor's funds must be held in an account at an insured financial institution;

(b) A debtor owns the funds held in the account and must be paid accrued interest on the account, if any;

(c) A third-party account administrator may not be owned or controlled by, or in any way affiliated with, a debt adjuster;

(d) A third-party account administrator may not give or accept any money or other compensation in exchange for referrals of business involving a debt adjuster;

(e) A debtor may withdraw from the service provided by a third-party account administrator at any time without penalty and must receive all funds in the account, other than funds earned by a debt adjuster in compliance with chapter 18.28 RCW, within seven business days of the debtor's request; and

(f) A contract between a third-party account administrator and a debtor must disclose in precise terms the rate and amount of all charges and fees. In addition, the contract must include a statement that is substantially similar to the following: "Under the Washington Debt Adjusting Act, the total fees you are charged for debt adjusting services may not exceed fifteen percent of the total amount of debt you listed on your contract with the debt adjuster. This includes fees charged by a debt adjuster, a third-party account administrator, and a financial institution." The disclosures required by this subsection (1)(f) must be on the front page of the contract and must be in at least twelve-point type.

(2) The legislature finds and declares that any violation of this section substantially affects the public interest and is an unfair and deceptive act or practice and [an] unfair method of competition in the conduct of trade or commerce as set forth in RCW 19.86.020. In addition to all remedies available in chapter 19.86 RCW, a person injured by a violation of this section may bring a civil action to recover the actual damages proximately caused by a violation of this section, or one thousand dollars, whichever is greater.

(3) For purposes of this section and RCW 19.230.360:

(a) "Debt adjuster" has the same meaning as defined in RCW 18.28.010;

(b) "Third-party account administrator" means an independent entity that holds or administers a dedicated bank account for fees and payments to creditors, debt collectors, debt adjusters, or debt adjusting agencies in connection with the renegotiation, settlement, reduction, or other alteration of the terms of payment or other terms of a debt. "Third-party account administrator" does not include an entity that is otherwise exempt from this chapter under RCW 19.230.020. [2012 c 56 s 3.]

Information—Report—2012 c 56: "(1) Any person or entity that provides debt adjusting services, as defined in RCW 18.28.010, in this state shall provide the following information to the department of financial institutions by September 1, 2012:

(a) The percentage of Washington debtors for whom the debt adjuster provides or provided debt adjusting services in the previous three years who canceled, terminated, or otherwise stopped using the

debt adjuster's services without settlement of all of the debtor's debts;

(b) The total fees collected from Washington debtors during the previous three years; and

(c) For each debtor for whom the debt adjuster provides debt adjusting services:

(i) The number of debts included in the contract between the debt adjuster and the debtor;

(ii) The principal amount of each debt at the time the contract was signed;

(iii) Whether each debt is active, terminated, or settled;

(iv) If a debt has been settled, the settlement amount of the debt and the savings amount; and

(v) The total fees charged to the debtor and how the fees were calculated.

(2) The department of financial institutions shall submit a report to the appropriate committees of the legislature summarizing the information received under subsection (1) of this section by December 1, 2012." [2012 c 56 s 5.]