

FORM OF ORDER AND TRANSMITTAL BY AGENCY HAVING SINGLE HEAD

State of Washington

DEPARTMENT OF GENERAL ADMINISTRATION, Division of Banking
(agency name)

Administrative Order No. 43

(1) I, MICHAEL D. EDWARDS Supervisor, Director of Banking

do promulgate and adopt at Olympia, Washington (place)

the annexed rules relating to: Written notes and instruments used by and charges made by industrial loan companies under chapter 31.04 RCW.

(2) ALTERNATIVE A. Use only for Adoption of Permanent Rules.

This action is taken pursuant to Notice No. WSR 80-09-113 filed with the code reviser on July 23, 1980. Such rules shall take effect: [X] pursuant to RCW 34.04.040(2). [ ] at a later date, such date being

(2) ALTERNATIVE B. Use only for Adoption of Emergency Rules.

I, find that an emergency exists and that the foregoing order is necessary for the preservation of the public health, safety, or general welfare and that observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to public interest. A statement of the facts constituting such emergency is:

Such rules are therefore adopted as emergency rules to take effect upon filing with the code reviser.

(3) Pursuant to the requirements of RCW 34.04. (1977 c 19 § 2) that "every agency shall incorporate the most specific, but in no case omit all, of the following language alternatives when adopting or amending rules" (fill in statement (a), (b), or (c) as appropriate):

[X] (a) This rule is promulgated pursuant to RCW 31.04.150(2) and is intended to administratively implement that statute.

[ ] (b) This rule is promulgated pursuant to RCW which directs that the

(agency) has authority to implement the provisions of

(name of act or RCW citation)

[ ] (c) This rule is promulgated under the general rule-making authority of the

(agency) as authorized in RCW

(4) The undersigned hereby declares that he has complied with the provisions of the Open Public Meetings Act (chapter 42.30 RCW), the Administrative Procedure Act (chapter 34.04 RCW) or the Higher Education Administrative Procedure Act (chapter 28B.19 RCW), as appropriate, and the State Register Act (chapter 34.08 RCW).

(5) This order after being first recorded in the order register of this agency is herewith transmitted to the Code Reviser for filing pursuant to chapter 34.04 RCW and chapter 1-12 WAC.

STATE OF WASHINGTON

APPROVED AND ADOPTED September 9 19 80.

SEP 9 1980

By MICHAEL D. EDWARDS, Supervisor of Banking

Title

CODE REVISER'S OFFICE WSR 80-13-024

AMENDATORY SECTION (Amending Order No. 5 filed December 4, 1969)

WAC 50-20-020 THE NOTE. (1) Specimen forms of the written instrument or note evidencing any loan under this act shall be filed with the Supervisor of Banking.

(2) The written instrument or note shall carry on the face thereof the following:

(a) The number and date of the loan.

(b) Total amount to be repaid.

(c) The manner in which it is to be repaid.

(d) Adequate description of any collateral security deposited with the company.

(e) Maturity date.

(f) The rate of interest to be collected after original maturity date.

~~((g)--No-note-or-other-evidence-of-debt-shall-be-written-for-a-term-longer-than-two-years-from-date-of-the-note.))~~

AMENDATORY SECTION (Amending Order No. 40 filed March 23, 1979)

WAC 50-20-050 RESTRICTIONS AS TO CHARGES. (1) No company shall charge the borrower for notarial fees.

(2) No industrial loan company shall require the purchasing of property insurance from the company or any employee, affiliate or associate of the company or from any agent, broker, or insurance company designated by the company as a condition precedent to the making of a loan nor shall any company decline existing insurance which meets or exceeds the standards set forth in this section.

~~((A company may insure the life of one borrower, but only one of them, if there are two or more obligors, for the unpaid principal balance scheduled to be outstanding.))~~

A company may insure the life of one borrower, or the borrower and the spouse of the borrower if both are obligors, for the unpaid principal balance scheduled to be outstanding.

If the loan contract is prepaid in full by cash, a new loan, renewal, refinancing, or otherwise, a portion of the credit life and/or accident and health insurance charge shall be rebated according to the method established under paragraph (5) of this section.

(3) No company shall make any charge for the filing, recording or releasing of mortgages or other instruments or for transferring title certificates to automobiles unless such charges are or are in fact to be paid out by the company to the proper officials for such filing, recording, transferring or releasing thereof.

(4) In the event a company makes a new loan where any part of the proceeds are used to pay the amount due it on an existing loan within four months from date of the existing loan, no charge for investigation fee shall be permitted.

(5) Any note which is prepaid in full by cash, a new loan, refinancing, or otherwise before the final due date, the unearned portion of the interest shall be refunded using the sum of the digits method commonly known as the "Rule of 78's". In computing any required rebate, any prepayment made on or before the fifteenth day following the scheduled payment date on the investment certificate shall be deemed to have been made on the payment date preceding such prepayment. In the case of prepayment prior to the first installment date, the company may retain an amount not to exceed 1/30 of the first month's interest charge for each date between the origination date of the loan and the actual date of prepayment.