

# HOUSE BILL REPORT

## SSB 5279

---

---

### As Reported By House Committee On:

Financial Institutions & Insurance

**Title:** An act relating to small loans by licensed check cashers and sellers.

**Brief Description:** Making small loans.

**Sponsors:** Senate Committee on Financial Institutions & Housing (originally sponsored by Senators Prentice, Roach, Prince, Spanel, Hale, Heavey, Kohl, Sellar and C. Anderson).

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 3/16/95, 3/20/95 [DP].

---

## HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 12 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benton; Campbell; Costa; Dellwo; Dyer; Huff; Kessler and Pelesky.

**Staff:** Charlie Gavigan (786-7340).

**Background:** Small loans generally can be made by financial institutions, consumer loan companies, and pawnbrokers. Check cashers and sellers, which are licensed and regulated by the Department of Financial Institutions, cannot make loans.

**Summary of Bill:** Check cashers and sellers are authorized to make loans of up to \$500 for a period of 31 days or less, and may accept post-dated checks from the borrowers as security for the loans. Check cashers and sellers who wish to make small loans must obtain an endorsement on their license for each location where they will make these loans.

Total interest and fees is limited to 15 percent of the amount loaned.

To obtain a license endorsement to allow them to make loans, a check casher or seller must obtain a bond or other approved financial security device in an amount and format determined by the director of the Department of Financial Institutions. This

bond or other device is in addition to the financial security required for the underlying license. Anyone damaged by violations of the act by a check casher or seller can make a claim against the bond or other security for actual damages.

Certain parts of the application for a small loan endorsement are exempt from the Public Disclosure Act.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill allows check cashers to make small loans using checks, which helps address a need for small, short-term loans. It is better to allow this activity and regulate it than to simply ignore it or prohibit it.

**Testimony Against:** None.

**Testified:** Senators M. Prentice and P. Hale, sponsors; Dennis Bassford, Washington Check Cashiers; and Mark Thomson, Department of Financial Institutions.