

FINAL BILL REPORT

HB 1771

C 187 L 95

Synopsis as Enacted

Brief Description: Requiring a handling fee to be paid when a check is dishonored.

Sponsors: Representatives Hickel, Basich, Padden, Kremen, Chappell and Carrell.

House Committee on Law & Justice

Senate Committee on Financial Institutions & Housing

Background: Damages are statutorily provided for the holder of a bad check. These damages are in addition to recovery of the value of the check itself and a reasonable handling fee.

If the holder has sent a notice to the drawer of the check, and the drawer has not paid within 15 days of the notice, the holder may also recover:

- o Interest at 12 percent per year; and
- o Up to the lesser of \$40 or the value of the check as collection costs.

If the holder prevails in a lawsuit and has given the 15-day notice, the holder may also recover:

- o Prevailing party "costs;"
- o Reasonable attorneys' fees; and
- o Up to the lesser of \$300 or the value of the check.

The court "costs" that a prevailing party may recover include:

- o Filing fees;
- o Service of process fees;
- o Service by publication;
- o Notary fees;
- o Reasonable expenses for reports and records that are introduced at trial; and
- o Statutory attorneys' fees.

"Statutory" attorneys' fees are \$125. "Reasonable" attorneys' fees are set by the court based on a variety of factors including the amount of time spent on a case and the customary hourly rate charged by attorneys in the area.

If the holder of a bad check has filed a lawsuit, but it has not yet gone to trial, the drawer can satisfy the claim by paying:

- o The face value of the check;
- o A reasonable handling fee;
- o Accrued interest;
- o Up to the lesser of \$40 or the value of the check as collection costs; and
- o Incurred court and service "costs."

There has been some uncertainty about whether statutory attorneys' fees are recoverable as "incurred" costs when a lawsuit has not gone to trial.

Summary: The amount that the drawer of a bad check must pay before trial in order to satisfy the claim of a holder who has filed suit is explicitly expanded to include statutory attorneys' fees of \$125.

Votes on Final Passage:

House	87	11
Senate	41	3

Effective: July 23, 1995