
SENATE BILL 5279

State of Washington

54th Legislature

1995 Regular Session

By Senators Prentice, Roach, Prince, Spanel, Hale, Heavey, Kohl, Sellar and C. Anderson

Read first time 01/18/95. Referred to Committee on Financial Institutions & Housing.

1 AN ACT Relating to fees for making small loans; and amending RCW
2 31.04.005 and 31.04.105.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 31.04.005 and 1991 c 208 s 1 are each amended to read
5 as follows:

6 The legislature finds that borrowers who represent a higher than
7 average credit risk are unable to obtain credit except at interest
8 rates higher than permitted under other statutory provisions governing
9 interest rates for loans. Further, the legislature finds that
10 borrowers with limited access to credit have difficulty in obtaining
11 short-term cash to meet emergency needs. Therefore, it is the purpose
12 of this chapter to authorize higher interest rates and fees for certain
13 types of loans, subject to the conditions and limitations contained in
14 this chapter in order to ensure credit availability.

15 **Sec. 2.** RCW 31.04.105 and 1994 c 92 s 167 are each amended to read
16 as follows:

17 Every licensee may:

1 (1) Lend money at a rate that does not exceed twenty-five percent
2 per annum as determined by the simple interest method of calculating
3 interest owed;

4 (2) In connection with the making of a loan, charge the borrower a
5 nonrefundable, prepaid, loan origination fee not to exceed fifteen
6 dollars per hundred dollars up to five hundred dollars of principal,
7 and, for loans of five hundred dollars or more, four percent of the
8 first twenty thousand dollars and two percent thereafter of the
9 principal amount of the loan advanced to or for the direct benefit of
10 the borrower, which fee may be included in the principal balance of the
11 loan;

12 (3) Agree with the borrower for the payment of fees for title
13 insurance, appraisals, recording, reconveyance, and releasing when such
14 fees are actually paid by the licensee to a third party for such
15 services or purposes and may include such fees in the amount of the
16 loan. However, no charge may be collected unless a loan is made,
17 except for reasonable fees properly incurred in connection with the
18 appraisal of property by a qualified, independent, professional, third-
19 party appraiser selected by the borrower and approved by the lender or
20 in the absence of borrower selection, selected by the lender;

21 (4) Charge and collect a penalty of ten cents or less on each
22 dollar of any installment payment delinquent ten days or more;

23 (5) Collect from the debtor reasonable attorneys' fees, actual
24 expenses, and costs incurred in connection with the collection of a
25 delinquent debt, a repossession, or a foreclosure when a debt is
26 referred for collection to an attorney who is not a salaried employee
27 of the licensee;

28 (6) Make open-end loans as provided in this chapter;

29 (7) Charge and collect a fee for dishonored checks in an amount
30 approved by the director; and

31 (8) In accordance with Title 48 RCW, sell insurance covering real
32 and personal property, covering the life or disability or both of the
33 borrower, and covering the involuntary unemployment of the borrower.

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