
ENGROSSED HOUSE BILL 1411

State of Washington

55th Legislature

1997 Regular Session

By Representatives L. Thomas, Grant, Zellinsky, DeBolt and Benson

Read first time 01/24/97. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to authorizing the collection of fees in connection
2 with making consumer loans; amending RCW 31.04.105; and creating a new
3 section.

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

5 **Sec. 1.** RCW 31.04.105 and 1994 c 92 s 167 are each amended to read
6 as follows:

7 Every licensee may:

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

11 (2)(a)(i) Until June 30, 2002, in connection with the making of a
12 loan that is secured primarily by real estate, charge the borrower a
13 nonrefundable loan origination fee, which may be included in the
14 principal balance of the loan;

15 (ii) After June 30, 2002, in connection with the making of a loan
16 that is secured primarily by real estate, charge the borrower a
17 nonrefundable loan origination fee not to exceed four percent of the
18 first twenty thousand dollars and two percent thereafter of the
19 principal amount of the loan advanced to or for the direct benefit of

1 the borrower, which fee may be included in the principal balance of the
2 loan;

3 (b) In connection with the making of a loan that is not secured
4 primarily by real estate, charge the borrower a nonrefundable(~~(~~
5 ~~prepaid~~~~),~~) loan origination fee not to exceed four percent of the first
6 twenty thousand dollars and two percent thereafter of the principal
7 amount of the loan advanced to or for the direct benefit of the
8 borrower, which fee may be included in the principal balance of the
9 loan;

10 (3) Agree with the borrower for the payment of fees (~~(for title~~
11 ~~insurance, appraisals, recording, reconveyance, and releasing)~~) to
12 third parties who provide goods or services in connection with the
13 preparation of the borrower's loan, including, but not limited to,
14 credit reporting agencies, title companies, appraisers, structural and
15 pest inspectors, and escrow companies, when such fees are actually paid
16 by the licensee to a third party for such services or purposes and may
17 include such fees in the amount of the loan. However, no charge may be
18 collected unless a loan is made, except for reasonable fees properly
19 incurred in connection with the appraisal of property by a qualified,
20 independent, professional, third-party appraiser selected by the
21 borrower and approved by the lender or in the absence of borrower
22 selection, selected by the lender;

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

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

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

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

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

36 NEW SECTION. Sec. 2. The department of financial institutions
37 shall monitor the impact on consumers of removing the origination fee
38 limit for real estate loans under this act, particularly the

1 relationship between the interest rate charged and origination fees.
2 The department shall report to the financial institutions committees of
3 the legislature by October 1, 2001.

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