CERTIFICATION OF ENROLLMENT

HOUSE BILL 1205

Chapter 81, Laws of 2001

57th Legislature
2001 Regular Legislative Session

CONSUMER LOAN COMPANIES

EFFECTIVE DATE: 7/22/01

Passed by the House March 20, 2001
Yea 97  Nay 0

FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate April 6, 2001
Yea 45  Nay 0

BRAD OWEN
President of the Senate

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is HOUSE BILL 1205 as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER
Chief Clerk

TIMOTHY A MARTIN
Chief Clerk

Approved April 19, 2001

FILED
April 19, 2001 - 4:42 p.m.

GARY LOCKE
Governor of the State of Washington

Secretary of State
State of Washington
AN ACT Relating to licensing and regulation of consumer loan
companies; amending RCW 31.04.015, 31.04.025, 31.04.045, 31.04.055,
31.04.165, and 31.04.175; adding new sections to chapter 31.04 RCW; and
prescribing penalties.

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

Sec. 1.  RCW 31.04.015 and 1994 c 92 s 161 are each amended to read
as follows:

The definitions set forth in this section apply throughout this
chapter unless the context clearly requires a different meaning.
(1) "Person" includes individuals, partnerships, associations,
limited liability companies, limited liability partnerships, trusts,
corporations, and all other legal entities.
(2) "License" means a single license issued under the authority of
this chapter with respect to a single place of business.
(3) "Licensee" means a person to whom one or more licenses have
been issued.
(4) "Director" means the director of financial institutions.
(5) "Insurance" means life insurance, disability insurance, property insurance, involuntary unemployment insurance, and such other insurance as may be authorized by the insurance commissioner.

(6) "Add-on method" means the method of precomputing interest payable on a loan whereby the interest to be earned is added to the principal balance and the total plus any charges allowed under this chapter is stated as the loan amount, without further provision for the payment of interest except for failure to pay according to loan terms. The director may adopt by rule a more detailed explanation of the meaning and use of this method.

(7) "Simple interest method" means the method of computing interest payable on a loan by applying the annual percentage interest rate or its periodic equivalent to the unpaid balances of the principal of the loan outstanding for the time outstanding with each payment applied first to any unpaid penalties, fees, or charges, then to accumulated interest, and the remainder of the payment applied to the unpaid balance of the principal until paid in full. In using such method, interest shall not be payable in advance nor compounded, except that on a loan secured by real estate, a licensee may collect at the time of the loan closing up to but not exceeding forty-five days of prepaid interest. The director may adopt by rule a more detailed explanation of the meaning and use of this method.

(8) "Applicant" means a person applying for a license under this chapter.

(9) "Borrower" means any person who consults with or retains a licensee or person subject to this chapter in an effort to obtain or seek information about obtaining a loan, regardless of whether that person actually obtains such a loan.

(10) "Loan" means a sum of money lent at interest or for a fee or other charge and includes both open-end and closed-end loan transactions.

(11) "Loan originator" means a person employed, either directly or indirectly, or retained as an independent contractor by a licensee, to make or assist a person in applying to obtain a loan.

(12) "Making a loan" means closing a loan in a person’s name, or advancing, offering to advance, or making a commitment to advance funds to a borrower for a loan.

(13) "Mortgage broker" means the same as defined in RCW 19.146.010, except that for purposes of this chapter, a licensee or person subject
to this chapter cannot receive compensation as both a consumer loan
licensee making the loan and as a mortgage broker in the same loan
transaction.

(14) "Officer" means an official appointed by the company for the
purpose of making business decisions or corporate decisions.

(15) "Principal" means any person who controls, directly or
indirectly through one or more intermediaries, alone or in concert with
others, a ten percent or greater interest in a partnership; company;
association or corporation; or a limited liability company, and the
owner of a sole proprietorship.

(16) "Senior officer" means an officer of a licensee at the vice-

President level or above.

(17) "Third party service provider" means any person other than the
licensee or a mortgage broker who provides goods or services to the
licensee or borrower in connection with the preparation of the
borrower’s loan and includes, but is not limited to, credit reporting
agencies, real estate brokers or salespersons, title insurance
companies and agents, appraisers, structural and pest inspectors, or
escrow companies.

Sec. 2. RCW 31.04.025 and 1991 c 208 s 4 are each amended to read
as follows:

Each loan made to a resident of this state by a licensee is subject
to the authority and restrictions of this chapter, unless such loan is
made under the authority of another license issued pursuant to a law of
this state or under other authority of a law of this state. This
chapter shall not apply to any person doing business under and as
permitted by any law of this state or of the United States relating to
banks, savings banks, trust companies, savings and loan or building and
loan associations, or credit unions, nor to any pawnbroking business
lawfully transacted under and as permitted by any law of this state
regulating pawnbrokers, nor to any loan of credit made pursuant to a
credit card plan ((including but not restricted to plans having all of
the following characteristics:)

(1) Where credit cards are issued pursuant to a plan whereby the
organization issuing such cards shall be enabled to acquire those
certain obligations which its members in good standing incur with those
persons with whom the organization has entered into agreements setting
forth said plan, and where the obligations are incurred pursuant to
such agreements; or whereby the organization issuing such cards shall be enabled to extend credit to its members;

(2) Any fee for such credit cards is designed to cover only the administrative costs of the plan and does not exceed twenty-five dollars per year;

(3) Any charges, discounts, or fees resulting from the acquisition of such charges shall be paid to the organization issuing said credit cards (or to such other organizations as may be authorized by the issuing organization) by the persons, corporations, or associations with whom the organization has entered into such written agreements).

NEW SECTION. Sec. 3. A new section is added to chapter 31.04 RCW to read as follows:

It is a violation of this chapter for a licensee, its officers, directors, employees, or independent contractors, or any other person subject to this chapter to:

(1) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead any borrower, to defraud or mislead any lender, or to defraud or mislead any person;

(2) Directly or indirectly engage in any unfair or deceptive practice toward any person;

(3) Directly or indirectly obtain property by fraud or misrepresentation;

(4) Solicit or enter into a contract with a borrower that provides in substance that the consumer loan company may earn a fee or commission through the consumer loan company’s best efforts to obtain a loan even though no loan is actually obtained for the borrower;

(5) Solicit, advertise, or enter into a contract for specific interest rates, points, or other financing terms unless the terms are actually available at the time of soliciting, advertising, or contracting;

(6) Fail to make disclosures to loan applicants as required by section 9 of this act and any other applicable state or federal law;

(7) Make, in any manner, any false or deceptive statement or representation with regard to the rates, points, or other financing terms or conditions for a residential mortgage loan or engage in bait and switch advertising;

(8) Negligently make any false statement or knowingly and willfully make any omission of material fact in connection with any reports filed
with the department by a licensee or in connection with any investigation conducted by the department;

(9) Make any payment, directly or indirectly, to any appraiser of a property, for the purposes of influencing the independent judgment of the appraiser with respect to the value of the property; or

(10) Advertise any rate of interest without conspicuously disclosing the annual percentage rate implied by that rate of interest or otherwise fail to comply with any requirement of the truth in lending act, 15 U.S.C. Sec. 1601 and regulation Z, 12 C.F.R. Sec. 226, the real estate settlement procedures act, 12 U.S.C. Sec. 2601 and regulation X, 24 C.F.R. Sec. 3500, or the equal credit opportunity act, 15 U.S.C. Sec. 1691 and regulation B, Sec. 202.9, 202.11, and 202.12, or any other applicable federal statute, as now or hereafter amended, in any advertising of residential mortgage loans or any other consumer loan company activity.

Sec. 4. RCW 31.04.045 and 1994 c 92 s 162 are each amended to read as follows:

(1) Application for a license under this chapter must be in writing and in the form prescribed by the director. The application must contain at least the following information:

(a) The name and the business (and the residence) addresses of the applicant;

(b) If the applicant is a partnership or association, the name of every member;

(c) If the applicant is a corporation, the name, residence address, and telephone number of each officer and director;

(d) The street address, county, and municipality (where) from which business is to be conducted; and

(e) Such other information as the director may require by rule.

(2) At the time of filing an application for a license under this chapter, each applicant shall pay to the director an investigation fee and the (initial year’s) license fee in an amount determined by rule of the director to be sufficient to cover the director’s costs in administering this chapter.

(3) Each applicant shall file and maintain a surety bond, approved by the director, (in the penal sum of one hundred thousand dollars,) executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety, whose liability as
such surety shall not exceed in the aggregate the penal sum (in the aggregate) of the bond. The penal sum of the bond shall be one hundred thousand dollars for each licensed location up to and including five licensed locations, and an additional ten thousand dollars for each licensed location in excess of five licensed locations, except that a licensee who makes a loan secured by real property shall maintain at a minimum a surety bond with a penal sum of not less than four hundred thousand dollars. The bond shall run to the state of Washington as obligee for the use and benefit of the state and of any person or persons who may have a cause of action against the obligor under this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and abide by this chapter and all the rules adopted under this chapter. The bond will pay to the state and any person or persons having a cause of action against the obligor all moneys that may become due and owing to the state and those persons under and by virtue of this chapter. In lieu of a surety bond, if the applicant is a Washington business corporation, the applicant may maintain unimpaired capital, surplus, and long-term subordinated debt in an amount that at any time its outstanding promissory notes or other evidences of debt (other than long-term subordinated debt) in an aggregate sum do not exceed three times the aggregate amount of its unimpaired capital, surplus, and long-term subordinated debt. The director may define qualifying "long-term subordinated debt" for purposes of this section.

Sec. 5. RCW 31.04.055 and 1994 c 92 s 163 are each amended to read as follows:

(1) The director shall issue and deliver a license to the applicant to make loans in accordance with this chapter at the location specified in the application if, after investigation, the director finds that:

(a) The applicant has paid all required fees (has complied);

(b) The applicant has submitted a complete application in compliance with RCW 31.04.045 (and that);

(c) Neither the applicant nor its officers or principals have had a license issued under this section or any other section, in this state or another state, revoked or suspended within the last five years of the date of filing of the application;

(d) Neither the applicant nor any of its officers or principals have been convicted of a gross misdemeanor involving dishonesty or
financial misconduct or a felony or a violation of the banking laws of
this state or of the United States within seven years of the filing of
an application; and

(e) The financial responsibility, experience, character, and
general fitness of the applicant are such as to command the confidence
of the community and to warrant a belief that the business will be
operated honestly, fairly, and efficiently within the purposes of this
chapter.

(2) If the director does not find the conditions of subsection (1)
of this section have been met, the director shall not issue the
license. The director shall notify the applicant of the denial and
return to the applicant the bond posted and the sum paid by the
applicant as a license fee, retaining the investigation fee to cover
the costs of investigating the application. The director shall approve
or deny every application for license under this chapter within
((sixty)) ninety days from the filing of a complete application with
the fees and the approved bond.

Sec. 6. RCW 31.04.075 and 1994 c 92 s 164 are each amended to read
as follows:

The licensee may not maintain more than one place of business under
the same license, but the director may issue more than one license to
the same licensee upon application by the licensee in a form and manner
established by the director. ((A licensee who has five licensed
locations shall not be required to maintain a bond in a penal sum
exceeding ten thousand dollars for each additionally licensed
location.))

Whenever a licensee wishes to change the place of business to a
street address other than that designated in the license, the licensee
shall give written notice to the director as required by rule, pay the
license fee, and ((shall)) obtain the director’s approval.

Sec. 7. RCW 31.04.085 and 1994 c 92 s 165 are each amended to read
as follows:

A licensee shall, for each license held by any person, on or before
the ((twentieth)) first day of each ((December)) March, pay to the
director an annual ((license fee)) assessment as determined by rule by
the director. The licensee shall be responsible for payment of the
annual assessment for the previous calendar year if the licensee had a
license for any time during the preceding calendar year, regardless of
whether they surrendered their license during the calendar year or
whether their license was suspended or revoked. At the same time the
licensee shall file with the director the required bond or otherwise
demonstrate compliance with RCW 31.04.045.

Sec. 8. RCW 31.04.093 and 1994 c 92 s 166 are each amended to read
as follows:
(1) The director shall enforce all laws and rules relating to the
licensing and regulation of licensees and persons subject to this
chapter.
(2) The director may deny applications for licenses for:
   (a) Failure of the applicant to demonstrate within its application
       for a license that it meets the requirements for licensing in RCW
       31.04.045 and 31.04.055;
   (b) Violation of an order issued by the director under this chapter
       or another chapter administered by the director, including but not
       limited to cease and desist orders and temporary cease and desist
       orders;
   (c) Revocation or suspension of a license to conduct lending, or to
       provide settlement services associated with lending, by this state,
       another state, or by the federal government within five years of the
       date of submittal of a complete application for a license; or
   (d) Filing an incomplete application when that incomplete
       application has been filed with the department for sixty or more days,
       provided that the director has given notice to the licensee that the
       application is incomplete, informed the applicant why the application
       is incomplete, and allowed at least twenty days for the applicant to
       complete the application.
(3) The director may suspend or revoke a license issued under this
chapter if the director finds that:
   (a) The licensee has failed to pay any fee due the state of
       Washington, has failed to maintain in effect the bond or permitted
       substitute required under this chapter, or has failed to comply with
       any specific order or demand of the director lawfully made and directed
       to the licensee in accordance with this chapter;
   (b) The licensee, either knowingly or without the exercise of due
care, has violated any provision of this chapter or any rule adopted
under this chapter; or
(c) A fact or condition exists that, if it had existed at the time
of the original application for the license, clearly would have allowed
the director to deny the application for the original license. The
director may revoke or suspend only the particular license with respect
to which grounds for revocation or suspension may occur or exist unless
the director finds that the grounds for revocation or suspension are of
general application to all offices or to more than one office operated
by the licensee, in which case, the director may revoke or suspend all
of the licenses issued to the licensee.

((42)) (4) The director may impose fines of up to one hundred
doors per day upon the licensee, its employee or loan originator, or
other person subject to this chapter for:
   (a) Any violation of this chapter; or
   (b) Failure to comply with any order or subpoena issued by the
director under this chapter.

(5) The director may issue an order directing the licensee, its
employee or loan originator, or other person subject to this chapter to:
   (a) Cease and desist from conducting business in a manner that is
       injurious to the public or violates any provision of this chapter;
   (b) Take such affirmative action as is necessary to comply with
       this chapter; or
   (c) Make restitution to a borrower or other person who is damaged
       as a result of a violation of this chapter.

(6) The director may issue an order removing from office or
prohibiting from participation in the affairs of any licensee, or both,
any officer, principal, employee or loan originator, or any person
subject to this chapter for:
   (a) False statements or omission of material information from an
application for a license that, if known, would have allowed the
director to deny the original application for a license;
   (b) Conviction of a gross misdemeanor involving dishonesty or
financial misconduct or a felony;
   (c) Suspension or revocation of a license to engage in lending, or
perform a settlement service related to lending, in this state or
another state;
   (d) Failure to comply with any order or subpoena issued under this
chapter; or
   (e) A violation of section 3 of this act.
(7) Whenever the director determines that the public is likely to be substantially injured by delay in issuing a cease and desist order, the director may immediately issue a temporary cease and desist order. The order may direct the licensee to discontinue any violation of this chapter, to take such affirmative action as is necessary to comply with this chapter, and may include a summary suspension of the licensee’s license and may order the licensee to immediately cease the conduct of business under this chapter. The order shall become effective at the time specified in the order. Every temporary cease and desist order shall include a provision that a hearing will be held upon request to determine whether the order will become permanent. Such hearing shall be held within fourteen days of receipt of a request for a hearing unless otherwise specified in chapter 34.05 RCW.

(8) A licensee may surrender a license by delivering to the director written notice of surrender, but the surrender does not affect the licensee’s civil or criminal liability, if any, for acts committed before the surrender, including any administrative action initiated by the director to suspend or revoke a license, impose fines, compel the payment of restitution to borrowers or other persons, or exercise any other authority under this chapter.

((3))) (9) The revocation, suspension, or surrender of a license does not impair or affect the obligation of a preexisting lawful contract between the licensee and a borrower.

((4))) (10) Every license issued under this chapter remains in force and effect until it has been surrendered, revoked, or suspended in accordance with this chapter. However, the director may on his or her own initiative reinstate suspended licenses or issue new licenses to a licensee whose license or licenses have been revoked if the director finds that the licensee meets all the requirements of this chapter.

NEW SECTION. Sec. 9. A new section is added to chapter 31.04 RCW to read as follows:

Within three business days following receipt of a loan application, a licensee shall provide to each borrower a written disclosure containing an itemized estimation and explanation of all fees and costs that the borrower is required to pay in connection with obtaining a loan from the licensee. A good faith estimate of a fee or cost shall be provided if the exact amount of the fee or cost is not available.
when the disclosure is provided. Disclosure in a form which complies with the requirements of the truth in lending act, 15 U.S.C. Sec. 1601 and regulation Z, 12 C.F.R. Sec. 226, the real estate settlement procedures act and regulation X, 24 C.F.R. Sec. 3500, and all other applicable federal laws and regulations, as now or hereafter amended, shall be deemed to constitute compliance with the disclosure requirements of this section when it is provided to the borrower within three days of receipt of a loan application. Each licensee shall comply with all other applicable federal and state laws and regulations.

Sec. 10. RCW 31.04.105 and 1998 c 28 s 1 are each amended to read as follows:

Every licensee may:

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

(2) In connection with the making of a loan, charge the borrower a nonrefundable, prepaid, loan origination fee not to exceed four percent of the first twenty thousand dollars and two percent thereafter of the principal amount of the loan advanced to or for the direct benefit of the borrower, which fee may be included in the principal balance of the loan;

(3) Agree with the borrower for the payment of fees to third parties other than the licensee who provide goods or services to the licensee in connection with the preparation of the borrower’s loan, including, but not limited to, credit reporting agencies, title companies, appraisers, structural and pest inspectors, and escrow companies, when such fees are actually paid by the licensee to a third party for such services or purposes and may include such fees in the amount of the loan. However, no charge may be collected unless a loan is made, except for reasonable fees properly incurred in connection with the appraisal of property by a qualified, independent, professional, third-party appraiser selected by the borrower and approved by the lender or in the absence of borrower selection, selected by the lender;

(4) In connection with the making of a loan secured by real estate, when the borrower actually obtains a loan, agree with the borrower to pay a fee to a mortgage broker that is not owned by the licensee or
under common ownership with the licensee and that performed services in connection with the origination of the loan. A licensee may not receive compensation as a mortgage broker in connection with any loan made by the licensee;

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

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

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

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

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

Sec. 11. RCW 31.04.145 and 1995 c 9 s 2 are each amended to read as follows:

(1) For the purpose of discovering violations of this chapter or securing information lawfully required under this chapter, the director may at any time, either personally or by designees, investigate or examine the loans and business of every licensee and of every person who is engaged in the business making or assisting in the making of loans at interest rates authorized by this chapter, whether the person acts or claims to act as principal or agent, or under or without the authority of this chapter. For these purposes, the director or designated representatives shall have free access to the offices and places of business, books, accounts, papers, documents, other information, records, files, safes, and vaults of all such persons. The director or persons designated by the director may require the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or the subject matter of any investigation, examination, or hearing and may require such person to
produce books, accounts, papers, records, files, and any other
information the director or designated persons deem relevant to the
inquiry. The director may require the production of original books,
accounts, papers, records, files, and other information; may require
that such original books, accounts, papers, records, files, and other
information be copied; or may make copies himself or herself or by
designee of such original books, accounts, papers, records, files, or
other information. If a licensee or person does not attend and
testify, or does not produce the requested books, accounts, papers,
records, files, or other information, then the director or designated
persons may issue a subpoena or subpoena duces tecum requiring
attendance or compelling production of the books, accounts, papers,
records, files, or other information.

(2) The director shall make such periodic examinations of
the affairs, business, office, and records of each licensee as
determined by rule.

(3) Every licensee examined or investigated by the director
or the director’s designee shall pay to the director the actual
cost of the examination or investigation of each licensed place of business as determined by rule by the
director.

Sec. 12. RCW 31.04.155 and 1994 c 92 s 170 are each amended to
read as follows:

The licensee shall keep and use in the business such books,
accounts, records, papers, documents, files, and other
information as will enable the director to determine whether the
licensee is complying with this chapter and with the rules adopted by
the director under this chapter. The director shall have free access
to such books, accounts, records, papers, documents, files, and
other information wherever located. Every licensee shall preserve the
books, accounts, records, papers, documents, files, and other
information relevant to a loan for at least twenty-five
months after making the final entry on any loan.

No licensee or person subject to examination or investigation under
this chapter shall withhold, abstract, remove, mutilate, destroy, or
secrete any books, accounts, records, papers, documents, files, or
other information.
Each licensee shall, on or before the first day of March of each year, file a report with the director giving such relevant information as the director may reasonably require concerning the business and operations (during the preceding calendar year) of each licensed place of business conducted (by the licensee within the state) during the preceding calendar year. The report must be made under oath and must be in the form prescribed by the director, who shall make and publish annually an analysis and recapitulation of the reports. Every licensee that fails to file a report that is required to be filed by this chapter within the time required under this chapter is subject to a penalty of fifty dollars per day for each day’s delay. The attorney general may bring a civil action in the name of the state for recovery of any such penalty.

Sec. 13. RCW 31.04.165 and 1994 c 92 s 171 are each amended to read as follows:

(1) The director has the power, and broad administrative discretion, to administer and interpret this chapter to facilitate the delivery of financial services to the citizens of this state by loan companies subject to this chapter. The director shall adopt all rules necessary to administer this chapter and to ensure complete and full disclosure by licensees of lending transactions governed by this chapter.

(2) If it appears to the director that a licensee is conducting business in an injurious manner or is violating any provision of this chapter, the director may order or direct the discontinuance of any such injurious or illegal practice.

(3) For purposes of this section, "conducting business in an injurious manner" means conducting business in a manner that violates any provision of this chapter, or that creates the reasonable likelihood of a violation of any provision of this chapter.

(4) The director or designated persons, with or without prior administrative action, may bring an action in superior court to enjoin the acts or practices that constitute violations of this chapter and to enforce compliance with this chapter or any rule or order made under this chapter. Upon proper showing, injunctive relief or a temporary restraining order shall be granted. The director shall not be required to post a bond in any court proceedings.
Sec. 14. RCW 31.04.175 and 1994 c 92 s 172 are each amended to read as follows:

(1) (Every licensee that fails to file a report that is required to be filed by this chapter within the time required under this chapter is subject to a penalty of fifty dollars per day for each day's delay. The attorney general may bring a civil action in the name of the state for recovery of any such penalty.

(2) A person who violates, or knowingly aids or abets in the violation of any provision of this chapter, for which no penalty has been prescribed, and a person who fails to perform any act that it is his or her duty to perform under this chapter and for which failure no penalty has been prescribed, is guilty of a gross misdemeanor. (No person who has been convicted for the violation of the banking laws of this state or of the United States may be permitted to engage in the business, or become an officer or official, of any licensee in this state.

NEW SECTION. Sec. 15. A new section is added to chapter 31.04 RCW to read as follows:

The proceedings for denying license applications, issuing cease and desist orders, suspending or revoking licenses, and imposing civil penalties or other remedies under this chapter, and any review or appeal of such action, shall be governed by the provisions of the administrative procedure act, chapter 34.05 RCW.

NEW SECTION. Sec. 16. A new section is added to chapter 31.04 RCW to read as follows:

The director or designated persons may, at his or her discretion, take such action as provided for in this chapter to enforce this chapter. If the person subject to such action does not appear in person or by counsel at the time and place designated for any administrative hearing that may be held on the action, then the person shall be deemed to consent to the action. If the person subject to the action consents, or if after hearing the director finds by a
preponderance of the evidence that any grounds for sanctions under this chapter exist, then the director may impose any sanction authorized by this chapter.

NEW SECTION.  Sec. 17. A new section is added to chapter 31.04 RCW to read as follows:

The legislature finds that the practices governed by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. Any violation of this chapter is not reasonable in relation to the development and preservation of business and is an unfair and deceptive act or practice and unfair method of competition in the conduct of trade or commerce in violation of RCW 19.86.020. Remedies provided by chapter 19.86 RCW are cumulative and not exclusive.

Passed the Senate April 6, 2001.
Approved by the Governor April 19, 2001.
Filed in Office of Secretary of State April 19, 2001.