

WSR 25-04-038  
PERMANENT RULES  
DEPARTMENT OF

FINANCIAL INSTITUTIONS

(Division of Consumer Services)

[Filed January 28, 2025, 4:30 p.m., effective March 1, 2025]

Effective Date of Rule: March 1, 2025.

Purpose: Since January 1, 2010, borrowers are not permitted to receive more than eight small loans from any payday lender in any 12-month period (RCW 31.45.073(4)). Payday lenders are required to verify the number of small loans a borrower has received to ensure the eight small loan limit is not exceeded by checking the required information database (RCW 31.45.093; WAC 208-630-555 and 208-630-556). Payday lenders must pay one dollar per small loan registered (WAC 208-630-556). This one-dollar fee has not been amended or increased since 2010. The division of consumer services is increasing the fee to ensure the information database can continue to be used to assist and inform lenders of a borrower's eligibility to take out a small loan.

Citation of Rules Affected by this Order: Amending WAC 208-630-556.

Statutory Authority for Adoption: RCW 31.45.093, 31.45.200, and 43.320.040.

Adopted under notice filed as WSR 24-24-103 on December 4, 2024.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 1, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 1, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: January 28, 2025.

Charlie Clark  
Director

**OTS-5983.1**

AMENDATORY SECTION (Amending WSR 16-10-046, filed 4/29/16, effective 6/1/16)

**WAC 208-630-556 How do I use the database system for small loan transactions?** (1) Beginning January 1, 2010, each small loan transaction must be registered with the database system and receive a database system-generated transaction authorization number. The transaction authorization number demonstrates that the transaction has been recorded in the database prior to you making the small loan to the borrower.

(2) **Do I have to buy any equipment, hardware, or software to use the database system?** You must have a computer with access to the internet and Microsoft Internet Explorer 6 or higher. Dial-up capacity of at least 56 kps is sufficient. DSL or broadband access will provide faster access and response. It is also possible to interface directly with the database system; the database vendor can provide you with information about that process.

(3) **How and when may I access the database system?**

(a) The database system is the means by which real-time access to the data is made available to you through your internet connection.

(b) You must use a computer and the internet to access the database system.

(c) The database system will be accessible (~~(twenty-four)~~) 24 hours a day every day of the year, except for routine scheduled system maintenance and upgrades performed by the database vendor.

(4) **What must I do to maintain confidentiality of the borrower's information provided to the database?** In order to maintain the confidentiality and security of the borrower's information, you must not transmit information to the database system using publicly accessible computers, computers that are not under your control, unsecured wireless connections, or other connections that are not secure. Maintaining a secure connection includes, but is not limited to, installing and regularly updating antivirus and antispyware software and a firewall.

(5) **How do I use the database system to determine a borrower's eligibility for a small loan?** You must:

(a) Access the database system using the assigned user identification and password provided by the security administrator of your company;

(b) Enter the borrower's Social Security number, individual tax identification number (ITIN), or alien identification number, and the borrower's gross monthly income into the system.

(6) **What information will the database system give me when an eligibility search is conducted?** The database system will state a borrower's eligibility or ineligibility for a small loan and will give a reason for the eligibility determination. If the borrower is eligible for a small loan, the database system will provide the dollar amount the borrower is eligible to receive.

(7) **What must I do once the initial search determines that the borrower is eligible for a small loan?**

(a) If you receive an initial indication from the database vendor that the borrower is eligible for a small loan, you must then submit all of the required borrower information necessary to register the transaction in the database, as prescribed by the database vendor.

(b) When the required information has been submitted to the database, the database system will confirm the initial borrower search. If the borrower's eligibility is confirmed, the small loan transaction will be recorded as open and assigned a transaction authorization number evidencing that the transaction has been authorized by the database system. You must place the transaction authorization number on the small loan agreement.

(8) **What must I do if the borrower is determined to be ineligible for a small loan?** If the borrower is deemed ineligible you will be provided with a printable message with a reason for the determination. The message will also include the name, address, and toll-free support number of the database vendor. You must provide a copy of the printable message to the borrower.

(9) **If I make a mistake entering data and must void the transaction, what do I do?** Follow the database vendor's instructions to administratively void the transaction.

(10) **If the database system is inaccessible via the internet, how do I access the database?**

(a) You will be given at least (~~(twenty-four)~~) 24 hours notice for scheduled maintenance or system upgrades. The notice will be by electronic mail to the designated security administrator, or by a broadcast message on the database vendor's website.

(b) In the event the database system is unavailable, you must adhere to the following procedures:

(i) Confirm that the database system remains unavailable by attempting to access the database system with every borrower seeking a new small loan transaction. You need not comply with this procedure if you have been notified via electronic mail by the database vendor of an expected period of time necessary to correct whatever problem is causing the database system to remain unavailable;

(ii) Contact the database vendor's toll-free help desk or voice response system to obtain a temporary transaction authorization number directly from the database vendor; and

(iii) Enter the remaining transactional data into the database system within (~~(twenty-four)~~) 24 hours of obtaining the temporary transaction authorization number from the database vendor.

(c) In the event that either the department of financial institutions or the database vendor notifies you that the database system is unavailable and that all alternative methods for registering a transaction and receiving a transaction authorization number are also unavailable:

(i) You are authorized to conduct transactions during the specific period of unavailability, after receiving written authorization, via electronic mail or facsimile from either the department of financial institutions or the database vendor with the department of financial institutions' consent.

(ii) Copies of the written authorization for any transactions conducted during an unavailability period must be attached to the small loan agreement for those transactions. One copy of the authorization must be provided to the borrower and another copy must be kept as an audit record.

(d) Transactions created during a period of authorized unavailability must be registered with the database within (~~(twenty-four)~~) 24 hours of notification that the database system is available; provided, however, that if the database system is unavailable for more than (~~(twenty-four)~~) 24 hours, then the period for registration shall be extended by (~~(twenty-four)~~) 24 hours for each additional (~~(twenty-four)~~) 24-hour period of unavailability.

(e) Once the transaction has been registered with the database, the transaction number assigned to that transaction must be placed on the licensee's record copy of the small loan agreement signed by the borrower for that transaction. If the borrower requests that transaction number at any time, the licensee must provide it to the borrower.

(11) **Once a loan is made, how can it be canceled or rescinded as authorized under RCW 31.45.086?** A borrower may rescind a small loan agreement before the close of business on the next day of business after the date of the transaction without incurring a transaction fee. If a borrower elects to cancel a small loan agreement you must close the transaction on the database as soon as practicable after the borrower rescinds the small loan transaction. A loan that has been re-

scinded does not count toward the eight loan limit; nor will you incur a ((~~one~~)) two dollar transaction fee on that loan. For the purpose of rescinding a loan, the date of the transaction is the date the borrower actually receives the proceeds either in person or by direct deposit or other electronic transfer of funds into the borrower's bank account.

**(12) When must I update information on the database system?**

(a) When a borrower's small loan is paid (date of cash received, check deposited, or ACH authorization initiated), you must update open transactions on the database system as soon as practicable to ensure that all identifying information regarding both the borrower and the transaction are accurate, including any comments on the transaction which you deem relevant. You must input the date and time a transaction closes, as well as the payment method, unless you previously entered the payment method.

(b) When a small loan that was in default is paid, it is considered paid when the loaned amount and default fee is paid.

(c) When a loan is in default, you must mark the loan in the database as in default as soon as practicable after the default as follows:

(i) A small loan is in default if not paid on the date and by the time indicated in the small loan agreement. If no time is indicated the small loan is in default the first day after the due date.

(ii) A small loan in an installment plan is in default if unpaid on the 11th day after the due date, with the due date being day zero. If the due date for an installment plan payment is January 1st and is not paid, the loan is considered in default and the database must be updated on January 11th.

(d) When you receive formal notice that a small loan has been discharged in bankruptcy you must close the loan as having been paid, leaving a comment in the comment box about the bankruptcy. Do not administratively close the loan. The loan must continue to count toward the borrower's eight loan limit.

**(13) How much will each database transaction cost me?** The database vendor's transaction fee is ((~~one-dollar~~)) two dollars per loan registered. The database vendor will assess this fee for each transaction that has been registered on the database.

**(14) What happens if I do not pay the database fees to the database vendor?** The database vendor will lock you out of the database system.

**(15) What happens if I do not receive training and become certified in using the database?** If you or another designated person in the company do not receive training and certification to use the database, you will not be given an access number for the database.