

RCW 31.45.084 Small loan installment plan—Terms—Restrictions.

(1) If a borrower notifies a licensee that the borrower will be or is unable to repay a loan when it is due, the licensee must inform the borrower that the borrower may convert their small loan to an installment plan. The licensee must convert the small loan to an installment plan at the borrower's request. Each agreement for a loan installment plan must be in writing and acknowledged by both the borrower and the licensee. The licensee may not assess any other fee, interest charge, or other charge on the borrower as a result of converting the small loan into an installment plan. This installment plan must provide for the payment of the total of payments due on the small loan over a period not less than ninety days for a loan amount of up to and including four hundred dollars. For a loaned amount over four hundred dollars, the installment plan must be a period not less than one hundred eighty days. The borrower may pay the total of installments at any time. The licensee may not charge any penalty, fee, or charge to the borrower for prepayment of the loan installment plan by the borrower. Each licensee shall conspicuously disclose to each borrower in the small loan agreement or small loan note that the borrower has access to such an installment plan. A licensee's violation of such an installment plan constitutes a violation of this chapter.

(2) The licensee must return any postdated checks that the borrower has given to the licensee for the original small loan at the initiation of the installment plan.

(3) A licensee may take postdated checks for installment plan payments at the time the installment plan is originated. If any check accepted as payment under the installment plan is dishonored, the licensee may not charge the borrower any fee for the dishonored check. If a borrower defaults on the installment plan, the licensee may charge the borrower a one-time installment plan default fee of twenty-five dollars.

(4) If the licensee enters into an installment plan with the borrower through an accredited third party, with certified credit counselors, that is representing the borrower, the licensee's failure to comply with the terms of that installment plan constitutes a violation of this chapter. [2009 c 510 § 4; 2003 c 86 § 12.]

Finding—Intent—Liberal construction—2009 c 510: See note following RCW 31.45.010.

Effective date—2003 c 86 § 12: "Section 12 of this act takes effect October 1, 2003." [2003 c 86 § 20.]