

FORM OF ORDER AND TRANSMITTAL BY AGENCY HAVING SINGLE HEAD

State of Washington

DIVISION OF BANKING, DEPT. OF GENERAL ADMINISTRATION

(agency name)

Administrative Order No. 65

(1) I, L. O. MALMBERG, director of the Division of Banking, Department of General Administration, do promulgate and adopt at Olympia, Washington (place)

the annexed rules relating to:

Industrial loan companies amending section WAC 50-20-055 concerning computation of simple interest.

(2) ALTERNATIVE A. Use only for Adoption of Permanent Rules.

This action is taken pursuant to Notice No. 85-19-088 filed with the code reviser on 9/18/85. These rules shall take effect: [X] thirty days after they are filed with the code reviser pursuant to RCW 34.04.040(2). [ ] at a later date, such date being

(2) ALTERNATIVE B. Use only for Adoption of Emergency Rules.

I, find that an emergency exists and that this order is necessary for the preservation of the public health, safety, or general welfare and that observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to public interest. A statement of the facts constituting the emergency is:

These rules are therefore adopted as emergency rules to take effect upon filing with the code reviser.

(3) Pursuant to the requirements of RCW 34.04.026 that "every agency shall incorporate the most specific, but in no case omit all, of the following language alternatives when adopting or amending rules" fill in statement (a), (b), or (c) as appropriate:

[ ] (a) This rule is promulgated pursuant to RCW and is intended to administratively implement that statute.

[ ] (b) This rule is promulgated pursuant to RCW which directs that the

has authority to implement the provisions of (agency)

(name of act or RCW citation)

[X] (c) This rule is promulgated under the general rule-making authority of the Division of Banking, Department of General Administration (agency)

as authorized in RCW 31.04.150 (2)

(4) The undersigned hereby declares that the agency has complied with the provisions of the Open Public Meetings Act (chapter 42.30 RCW), the Administrative Procedure Act (chapter 34.04 RCW) and the State Register Act (chapter 34.08 RCW) in the adoption of these rules.

(5) This order, after being first recorded in the order register of this agency, is herewith transmitted to the Code Reviser for filing pursuant to chapter 34.04 RCW and chapter 1-12 WAC.

APPROVED AND ADOPTED October 22 19 85

FILED OCT 29 1985

By L. O. MALMBERG, Acting Supervisor Division of Banking Title

CODE REVISER'S OFFICE

WSR 85-22-014

AMENDATORY SECTION (Amending Order 48, filed 12/1/82)

WAC 50-20-055 ((ALTERNATE)) SIMPLE INTEREST ((CHARGES)) DEFINED.

(1) ((An industrial loan company may contract for and receive charges on a loan of money at an annual percentage rate not in excess of the rate which would produce at the scheduled maturity date of the loan the same total of charges including interest, the two percent initial charge deducted in advance and monthly service charge, as would be received on a loan with an equal net cash advance secured by an installment investment certificate made pursuant to RCW 31.04.090 at the maximum rates permitted, all calculations being based upon the assumption that the loan and purchase of the investment certificate are paid in accordance with their terms.

In such case, charges)) For purposes of RCW 31.04.090, simple interest shall be computed by applying the annual ((percentage)) simple interest rate to the unpaid balances of the ((cash advance)) principal of the loan outstanding for the time outstanding. Each payment shall be applied first to accumulated ((charges)) interest and the remainder of the payment shall be applied to the unpaid balance of the ((cash advance)) principal until paid in full.

((Charges shall)) Interest may not be payable in advance nor compounded; however, if part or all of the consideration for a new loan contract is the unpaid balance of a prior loan, then the original ((cash advance)) principal payable under such new loan contract may include, on a simple interest loan any unpaid interest or other charges which have accrued (the unpaid balance of ((the cash advance of)) a discounted loan shall be the balance due after giving effect to any required refund or credit of interest charged). For the purpose of computing ((charges on this alternative basis, the charges for each elapsed)) interest, a day shall be 1/365th of ((the annual rate)) a year. The term ((net cash advance)) "principal" as used herein means the sum of the "amount financed" and any "prepaid finance charge" disclosed to the borrower pursuant to the federal Truth-in-Lending Act.

(2) The provisions of RCW 31.04.090 as they relate to investment certificates are not applicable to loans upon which interest is computed and charged on this basis.