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**SUBSTITUTE HOUSE BILL 2299**

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**State of Washington**

**52nd Legislature**

**1992 Regular Session**

**By** House Committee on Commerce & Labor (originally sponsored by Representatives Heavey, Franklin, McLean, R. King, Lisk and Jones)

Read first time 01/20/92.

1 AN ACT Relating to lease-purchase agreements; amending RCW  
2 62A.1-201, 63.10.020, and 63.14.010; reenacting and amending RCW  
3 19.52.010; and adding a new chapter to Title 63 RCW.

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

5 NEW SECTION. **Sec. 1.** This act may be known and cited as the  
6 Washington lease-purchase agreement act.

7 NEW SECTION. **Sec. 2.** As used in this chapter, unless the  
8 context otherwise requires:

9 (1) "Advertisement" means a commercial message in any medium that  
10 aids, promotes, or assists, directly or indirectly, a lease-purchase  
11 agreement.

1 (2) "Cash price" means the price at which the lessor would have  
2 sold the property to the consumer for cash on the date of the lease-  
3 purchase agreement.

4 (3) "Consumer" means a natural person who rents personal property  
5 under a lease-purchase agreement to be used primarily for personal,  
6 family, or household purposes.

7 (4) "Consummation" means the time a consumer becomes contractually  
8 obligated on a lease-purchase agreement.

9 (5) "Lease-purchase agreement" means an agreement for the use of  
10 personal property by a natural person primarily for personal, family,  
11 or household purposes, for an initial period of four months or less  
12 that is automatically renewable with each payment after the initial  
13 period, but does not obligate or require the consumer to continue  
14 leasing or using the property beyond the initial period, and that  
15 permits the consumer to become the owner of the property.

16 (6) "Lessor" means a person who regularly provides the use of  
17 property through lease-purchase agreements and to whom lease payments  
18 are initially payable on the face of the lease-purchase agreement.

19 NEW SECTION. **Sec. 3.** (1) Lease-purchase agreements that  
20 comply with this chapter are not governed by the laws relating to:

21 (a) A consumer lease as defined in chapter 63.10 RCW;

22 (b) A retail installment sale of goods or services as regulated  
23 under chapter 63.14 RCW;

24 (c) A security interest as defined in Title 62A RCW; or

25 (d) Loans, forbearances of money, goods, or things in action as  
26 governed by chapter 19.52 RCW.

27 (2) This chapter does not apply to the following:

1 (a) Lease-purchase agreements primarily for business, commercial,  
2 or agricultural purposes, or those made with governmental agencies or  
3 instrumentalities or with organizations;

4 (b) A lease of a safe deposit box;

5 (c) A lease or bailment of personal property that is incidental to  
6 the lease of real property, and that provides that the consumer has no  
7 option to purchase the leased property; or

8 (d) A lease of an automobile.

9 NEW SECTION. **Sec. 4.** (1) The lessor shall disclose to the  
10 consumer the information required under this chapter. In a transaction  
11 involving more than one lessor, only one lessor need make the  
12 disclosures, but all lessors shall be bound by such disclosures.

13 (2) The disclosure shall be made at or before consummation of the  
14 lease-purchase agreement.

15 (3) The disclosure shall be made clearly and conspicuously in  
16 writing and a copy of the lease-purchase agreement provided to the  
17 consumer. The disclosures required under section 5(1) of this act  
18 shall be made on the face of the contract above the line for the  
19 consumer's signature.

20 (4) If a disclosure becomes inaccurate as the result of any act,  
21 occurrence, or agreement by the consumer after delivery of the required  
22 disclosures, the resulting inaccuracy is not a violation of this  
23 chapter.

24 NEW SECTION. **Sec. 5.** (1) For each lease-purchase agreement,  
25 the lessor shall disclose in the agreement the following items, as  
26 applicable:

27 (a) The total number, total amount, and timing of all payments  
28 necessary to acquire ownership of the property;

1 (b) A statement that the consumer will not own the property until  
2 the consumer has made the total payment necessary to acquire ownership;

3 (c) A statement that the consumer is responsible for the fair  
4 market value of the property if, and as of the time, it is lost,  
5 stolen, damage, or destroyed;

6 (d) A brief description of the leased property, sufficient to  
7 identify the property to the consumer and the lessor, including an  
8 identification number, if applicable, and a statement indicating  
9 whether the property is new or used, but a statement that indicates new  
10 property is used is not a violation of this chapter;

11 (e) A brief description of any damage to the leased property;

12 (f) A statement of the cash price of the property. Where the  
13 agreement involves a lease of five or more items as a set, in one  
14 agreement, a statement of the aggregate cash price of all items shall  
15 satisfy this requirement;

16 (g) The total of initial payments paid or required at or before  
17 consummation of the agreement or delivery of the property, whichever is  
18 later;

19 (h) A statement that the total of payments does not include other  
20 charges, such as late payment, default, pickup, and reinstatement fees,  
21 which fees shall be separately disclosed in the contract;

22 (i) A statement clearly summarizing the terms of the consumer's  
23 option to purchase, including a statement that the consumer has the  
24 right to exercise an early purchase option and the price, formula, or  
25 method for determining the price at which the property may be so  
26 purchased;

27 (j) A statement identifying the party responsible for maintaining  
28 or servicing the property while it is being leased, together with a  
29 description of that responsibility, and a statement that if any part of  
30 a manufacturer's express warranty covers the lease property at the time

1 the consumer acquires ownership of the property, it shall be  
2 transferred to the consumer, if allowed by the terms of the warranty;

3 (k) The date of the transaction and the identities of the lessor  
4 and consumer;

5 (l) A statement that the consumer may terminate the agreement  
6 without penalty by voluntarily surrendering or returning the property  
7 in good repair upon expiration of any lease term along with any past  
8 due rental payments; and

9 (m) Notice of the right to reinstate an agreement as herein  
10 provided.

11 (2) With respect to matters specifically governed by the federal  
12 consumer credit protection act, compliance with the act satisfies the  
13 requirements of this section.

14 NEW SECTION. **Sec. 6.** A lease-purchase agreement may not  
15 contain:

16 (1) A confession of judgment;

17 (2) A negotiable instrument;

18 (3) A security interest or any other claim of a property interest  
19 in any goods except those goods delivered by the lessor pursuant to the  
20 lease-purchase agreement;

21 (4) A wage assignment;

22 (5) A waiver by the consumer of claims or defenses; or

23 (6) A provision authorizing the lessor or a person acting on the  
24 lessor's behalf to enter upon the consumer's premises or to commit any  
25 breach of the peace in the repossession of goods.

26 NEW SECTION. **Sec. 7.** (1) A consumer who fails to make a  
27 timely rental payment may reinstate the agreement, without losing any  
28 rights or options that exist under the agreement, by the payment of:

1 (a) All past due rental charges;

2 (b) If the property has been picked up, the reasonable costs of  
3 pickup and redelivery; and

4 (c) Any applicable late fee, within ten days of the renewal date if  
5 the consumer pays monthly, or within five days of the renewal date if  
6 the consumer pays more frequently than monthly.

7 (2) In the case of a consumer who has paid less than two-thirds of  
8 the total of payments necessary to acquire ownership and where the  
9 consumer has returned or voluntarily surrendered the property, other  
10 than through judicial process, during the applicable reinstatement  
11 period set forth in subsection (1) of this section, the consumer may  
12 reinstate the agreement during a period of not less than twenty-one  
13 days after the date of the return of the property.

14 (3) In the case of a consumer who has paid two-thirds or more of  
15 the total of payments necessary to acquire ownership, and where the  
16 consumer has returned or voluntarily surrendered the property, other  
17 than through judicial process, during the applicable period set forth  
18 in subsection (1) of this section, the consumer may reinstate the  
19 agreement during a period of not less than forty-five days after the  
20 date of the return of the property.

21 (4) Nothing in this section shall prevent a lessor from attempting  
22 to repossess property during the reinstatement period, but such a  
23 repossession shall not affect the consumer's right to reinstate. Upon  
24 reinstatement, the lessor shall provide the consumer with the same  
25 property or substitute property of comparable quality and condition.

26 NEW SECTION. **Sec. 8.** A lessor shall provide the consumer a  
27 written receipt for each payment made by cash or money order.

1        NEW SECTION.    **Sec. 9.**        (1) A renegotiation shall occur when an  
2 existing lease-purchase agreement is satisfied and replaced by a new  
3 agreement undertaken by the same lessor and consumer. A renegotiation  
4 shall be considered a new agreement requiring new disclosures.  
5 However, events such as the following shall not be treated as  
6 renegotiations:

7        (a) The addition or return of property in a multiple-item agreement  
8 or the substitution of the lease property, if in either case the  
9 average payment allocable to a payment period is not changed by more  
10 than twenty-five percent;

11        (b) A deferral or extension of one or more periodic payments, or  
12 portions of a periodic payment;

13        (c) A reduction in charges in the lease or agreement; and

14        (d) A lease or agreement involved in a court proceeding.

15        (2) No disclosures are required for any extension of a lease-  
16 purchase agreement.

17        NEW SECTION.    **Sec. 10.**        (1) If an advertisement for a lease-  
18 purchase agreement refers to or states the dollar amount of any payment  
19 and the right to acquire ownership for any one specific item, the  
20 advertisement shall also clearly and conspicuously state the following  
21 items, as applicable:

22        (a) That the transaction advertised is a lease-purchase agreement;

23        (b) The total of payments necessary to acquire ownership; and

24        (c) That the consumer acquires no ownership rights if the total  
25 amount necessary to acquire ownership is not paid.

26        (2) Any owner or personnel of any medium in which an advertisement  
27 appears or through which it is disseminated shall not be liable under  
28 this section.

1 (3) The provisions of subsection (1) of this section shall not  
2 apply to an advertisement that does not refer to or state the amount of  
3 any payment, or which is published in the yellow pages of a telephone  
4 directory or in any similar directory of business.

5 NEW SECTION. **Sec. 11.** Upon the return of leased upholstered  
6 furniture or bedding, the lessor shall sanitize the property. A lessor  
7 shall not lease used upholstered furniture or bedding that has not been  
8 sanitized.

9 NEW SECTION. **Sec. 12.** The Washington lease-purchase agreement  
10 act is a matter affecting the public interest for the purpose of  
11 applying chapter 19.86 RCW. The violation of this chapter is not  
12 reasonable in relation to the development and preservation of business.  
13 A violation of this chapter constitutes an unfair or deceptive act or  
14 practice in trade or commerce for the purpose of applying chapter 19.86  
15 RCW.

16 **Sec. 13.** RCW 19.52.010 and 1983 c 309 s 1 and 1983 c 158 s 6 are  
17 each reenacted and amended to read as follows:

18 (1) Every loan or forbearance of money, goods, or thing in action  
19 shall bear interest at the rate of twelve percent per annum where no  
20 different rate is agreed to in writing between the parties: PROVIDED,  
21 That with regard to any transaction heretofore or hereafter entered  
22 into subject to this section, if an agreement in writing between the  
23 parties evidencing such transaction provides for the payment of money  
24 at the end of an agreed period of time or in installments over an  
25 agreed period of time, then such agreement shall constitute a writing  
26 for purposes of this section and satisfy the requirements thereof. The  
27 discounting of commercial paper, where the borrower makes himself



1 liable as maker, guarantor, or indorser, shall be considered as a loan  
2 for the purposes of this chapter.

3 (2) A lease shall not be considered a loan or forbearance for the  
4 purposes of this chapter if:

5 (a) It constitutes a "consumer lease" as defined in RCW 63.10.020;  
6 ~~((or))~~

7 (b) It constitutes a lease-purchase agreement under chapter 63.--  
8 RCW (sections 1 through 12 of this act); or

9 (c) It would constitute such "consumer lease" but for the fact  
10 that:

11 (i) The lessee was not a natural person;

12 (ii) The lease was not primarily for personal, family, or household  
13 purposes; or

14 (iii) The total contractual obligation exceeded twenty-five  
15 thousand dollars.

16 **Sec. 14.** RCW 62A.1-201 and 1990 c 228 s 1 are each amended to read  
17 as follows:

18 Subject to additional definitions contained in the subsequent  
19 Articles of this Title which are applicable to specific Articles or  
20 Parts thereof, and unless the context otherwise requires, in this  
21 Title:

22 (1) "Action" in the sense of a judicial proceeding includes  
23 recoupment, counterclaim, set-off, suit in equity and any other  
24 proceedings in which rights are determined.

25 (2) "Aggrieved party" means a party entitled to resort to a remedy.

26 (3) "Agreement" means the bargain of the parties in fact as found  
27 in their language or by implication from other circumstances including  
28 course of dealing or usage of trade or course of performance as  
29 provided in this Title (RCW 62A.1-205 and RCW 62A.2-208). Whether an

1 agreement has legal consequences is determined by the provisions of  
2 this Title, if applicable; otherwise by the law of contracts (RCW  
3 62A.1-103). (Compare "Contract".)

4 (4) "Bank" means any person engaged in the business of banking.

5 (5) "Bearer" means the person in possession of an instrument,  
6 document of title, or certificated security payable to bearer or  
7 indorsed in blank.

8 (6) "Bill of lading" means a document evidencing the receipt of  
9 goods for shipment issued by a person engaged in the business of  
10 transporting or forwarding goods, and includes an airbill. "Airbill"  
11 means a document serving for air transportation as a bill of lading  
12 does for marine or rail transportation, and includes an air consignment  
13 note or air waybill.

14 (7) "Branch" includes a separately incorporated foreign branch of  
15 a bank.

16 (8) "Burden of establishing" a fact means the burden of persuading  
17 the triers of fact that the existence of the fact is more probable than  
18 its non-existence.

19 (9) "Buyer in ordinary course of business" means a person who in  
20 good faith and without knowledge that the sale to him is in violation  
21 of the ownership rights or security interest of a third party in the  
22 goods buys in ordinary course from a person in the business of selling  
23 goods of that kind but does not include a pawnbroker. All persons who  
24 sell minerals or the like (including oil and gas) at wellhead or  
25 minehead shall be deemed to be persons in the business of selling goods  
26 of that kind. "Buying" may be for cash or by exchange of other  
27 property or on secured or unsecured credit and includes receiving goods  
28 or documents of title under a pre-existing contract for sale but does  
29 not include a transfer in bulk or as security for or in total or  
30 partial satisfaction of a money debt.

1 (10) "Conspicuous": A term or clause is conspicuous when it is so  
2 written that a reasonable person against whom it is to operate ought to  
3 have noticed it. A printed heading in capitals (as: NON-NEGOTIABLE  
4 BILL OF LADING) is conspicuous. Language in the body of a form is  
5 "conspicuous" if it is in larger or other contrasting type or color.  
6 But in a telegram any stated term is "conspicuous". Whether a term or  
7 clause is "conspicuous" or not is for decision by the court.

8 (11) "Contract" means the total legal obligation which results from  
9 the parties' agreement as affected by this Title and any other  
10 applicable rules of law. (Compare "Agreement".)

11 (12) "Creditor" includes a general creditor, a secured creditor, a  
12 lien creditor and any representative of creditors, including an  
13 assignee for the benefit of creditors, a trustee in bankruptcy, a  
14 receiver in equity and an executor or administrator of an insolvent  
15 debtor's or assignor's estate.

16 (13) "Defendant" includes a person in the position of defendant in  
17 a cross-action or counterclaim.

18 (14) "Delivery" with respect to instruments, documents of title,  
19 chattel paper, or certificated securities means voluntary transfer of  
20 possession.

21 (15) "Document of title" includes bill of lading, dock warrant,  
22 dock receipt, warehouse receipt or order for the delivery of goods, and  
23 also any other document which in the regular course of business or  
24 financing is treated as adequately evidencing that the person in  
25 possession of it is entitled to receive, hold and dispose of the  
26 document and the goods it covers. To be a document of title a document  
27 must purport to be issued by or addressed to a bailee and purport to  
28 cover goods in the bailee's possession which are either identified or  
29 are fungible portions of an identified mass.

30 (16) "Fault" means wrongful act, omission or breach.

1 (17) "Fungible" with respect to goods or securities means goods or  
2 securities of which any unit is, by nature or usage of trade, the  
3 equivalent of any other like unit. Goods which are not fungible shall  
4 be deemed fungible for the purposes of this Title to the extent that  
5 under a particular agreement or document unlike units are treated as  
6 equivalents.

7 (18) "Genuine" means free of forgery or counterfeiting.

8 (19) "Good faith" means honesty in fact in the conduct or  
9 transaction concerned.

10 (20) "Holder" with respect to an instrument, certificated security,  
11 or document of title means the person in possession if (a) in the case  
12 of an instrument, it is payable to bearer or to the order of the person  
13 in possession, (b) in the case of a security, the person in possession  
14 is the registered owner, or the security has been indorsed to the  
15 person in possession by the registered owner, or the security is in  
16 bearer form, or (c) in the case of a document of title, the goods are  
17 deliverable to bearer or to the order of the person in possession.

18 (21) To "honor" is to pay or to accept and pay, or where a credit  
19 so engages to purchase or discount a draft complying with the terms of  
20 the credit.

21 (22) "Insolvency proceedings" includes any assignment for the  
22 benefit of creditors or other proceedings intended to liquidate or  
23 rehabilitate the estate of the person involved.

24 (23) A person is "insolvent" who either has ceased to pay his debts  
25 in the ordinary course of business or cannot pay his debts as they  
26 become due or is insolvent within the meaning of the federal bankruptcy  
27 law.

28 (24) "Money" means a medium of exchange authorized or adopted by a  
29 domestic or foreign government or intergovernmental organization.

1 (25) A person has "notice" of a fact when (a) he has actual  
2 knowledge of it; or

3 (b) he has received a notice or notification of it; or

4 (c) from all the facts and circumstances known to him at the time  
5 in question he has reason to know that it exists.

6 A person "knows" or has "knowledge" of a fact when he has actual  
7 knowledge of it. "Discover" or "learn" or a word or phrase of similar  
8 import refers to knowledge rather than to reason to know. The time and  
9 circumstances under which a notice or notification may cease to be  
10 effective are not determined by this Title.

11 (26) A person "notifies" or "gives" a notice or notification to  
12 another by taking such steps as may be reasonably required to inform  
13 the other in ordinary course whether or not such other actually comes  
14 to know of it. A person "receives" a notice or notification when

15 (a) it comes to his attention; or

16 (b) it is duly delivered at the place of business through which the  
17 contract was made or at any other place held out by him as the place  
18 for receipt of such communications.

19 (27) Notice, knowledge or a notice or notification received by an  
20 organization is effective for a particular transaction from the time  
21 when it is brought to the attention of the individual conducting that  
22 transaction, and in any event from the time when it would have been  
23 brought to his attention if the organization had exercised due  
24 diligence. An organization exercises due diligence if it maintains  
25 reasonable routines for communicating significant information to the  
26 person conducting the transaction and there is reasonable compliance  
27 with the routines. Due diligence does not require an individual acting  
28 for the organization to communicate information unless such  
29 communication is part of his regular duties or unless he has reason to

1 know of the transaction and that the transaction would be materially  
2 affected by the information.

3 (28) "Organization" includes a corporation, government or  
4 governmental subdivision or agency, business trust, estate, trust,  
5 partnership or association, two or more persons having a joint or  
6 common interest, or any other legal or commercial entity.

7 (29) "Party", as distinct from "third party", means a person who  
8 has engaged in a transaction or made an agreement within this Title.

9 (30) "Person" includes an individual or an organization (See RCW  
10 62A.1-102).

11 (31) "Presumption" or "presumed" means that the trier of fact must  
12 find the existence of the fact presumed unless and until evidence is  
13 introduced which would support a finding of its nonexistence.

14 (32) "Purchase" includes taking by sale, discount, negotiation,  
15 mortgage, pledge, lien, issue or re-issue, gift or any other voluntary  
16 transaction creating an interest in property.

17 (33) "Purchaser" means a person who takes by purchase.

18 (34) "Remedy" means any remedial right to which an aggrieved party  
19 is entitled with or without resort to a tribunal.

20 (35) "Representative" includes an agent, an officer of a  
21 corporation or association, and a trustee, executor or administrator of  
22 an estate, or any other person empowered to act for another.

23 (36) "Rights" includes remedies.

24 (37) "Security interest" means an interest in personal property or  
25 fixtures which secures payment or performance of an obligation, except  
26 for lease-purchase agreements under chapter 63.-- RCW (sections 1  
27 through 12 of this act). The retention or reservation of title by a  
28 seller of goods notwithstanding shipment or delivery to the buyer (RCW  
29 62A.2-401) is limited in effect to a reservation of a "security  
30 interest". The term also includes any interest of a buyer of accounts

1 or chattel paper which is subject to Article 9. The special property  
2 interest of a buyer of goods on identification of such goods to a  
3 contract for sale under RCW 62A.2-401 is not a "security interest", but  
4 a buyer may also acquire a "security interest" by complying with  
5 Article 9. Unless a lease or consignment is intended as security,  
6 reservation of title thereunder is not a "security interest" but a  
7 consignment is in any event subject to the provisions on consignment  
8 sales (RCW 62A.2-326). Whether a lease is intended as security is to  
9 be determined by the facts of each case; however, (a) the inclusion of  
10 an option to purchase does not of itself make the lease one intended  
11 for security, and (b) an agreement that upon compliance with the terms  
12 of the lease the lessee shall become or has the option to become the  
13 owner of the property for no additional consideration or for a nominal  
14 consideration does make the lease one intended for security.

15 (38) "Send" in connection with any writing or notice means to  
16 deposit in the mail or deliver for transmission by any other usual  
17 means of communication with postage or cost of transmission provided  
18 for and properly addressed and in the case of an instrument to an  
19 address specified thereon or otherwise agreed, or if there be none to  
20 any address reasonable under the circumstances. The receipt of any  
21 writing or notice within the time at which it would have arrived if  
22 properly sent has the effect of a proper sending.

23 (39) "Signed" includes any symbol executed or adopted by a party  
24 with present intention to authenticate a writing.

25 (40) "Surety" includes guarantor.

26 (41) "Telegram" includes a message transmitted by radio, teletype,  
27 cable, any mechanical method of transmission, or the like.

28 (42) "Term" means that portion of an agreement which relates to a  
29 particular matter.

1 (43) "Unauthorized" signature means one made without actual,  
2 implied or apparent authority and includes a forgery.

3 (44) "Value". Except as otherwise provided with respect to  
4 negotiable instruments and bank collections (RCW 62A.3-303, RCW 62A.4-  
5 208 and RCW 62A.4-209) a person gives "value" for rights if he acquires  
6 them

7 (a) in return for a binding commitment to extend credit or for the  
8 extension of immediately available credit whether or not drawn upon and  
9 whether or not a charge-back is provided for in the event of  
10 difficulties in collection; or

11 (b) as security for or in total or partial satisfaction of a  
12 preexisting claim; or

13 (c) by accepting delivery pursuant to a pre-existing contract for  
14 purchase; or

15 (d) generally, in return for any consideration sufficient to  
16 support a simple contract.

17 (45) "Warehouse receipt" means a receipt issued by a person engaged  
18 in the business of storing goods for hire.

19 (46) "Written" or "writing" includes printing, typewriting or any  
20 other intentional reduction to tangible form.

21 **Sec. 15.** RCW 63.10.020 and 1983 c 158 s 2 are each amended to read  
22 as follows:

23 As used in this chapter, unless the context otherwise requires:

24 (1) The term "consumer lease" means a contract of lease or bailment  
25 for the use of personal property by a natural person for a period of  
26 time exceeding four months, and for a total contractual obligation not  
27 exceeding twenty-five thousand dollars, primarily for personal, family,  
28 or household purposes, whether or not the lessee has the option to  
29 purchase or otherwise become the owner of the property at the



1 expiration of the lease, except that such term shall not include any  
2 lease which meets the definition of a retail installment contract under  
3 RCW 63.14.010 or the definition of a lease-purchase agreement under  
4 chapter 63.-- RCW (sections 1 through 12 of this act). The inclusion  
5 in a lease of a provision whereby the lessee's or lessor's liability,  
6 at the end of the lease period or upon an earlier termination, is based  
7 on the value of the leased property at that time, shall not be deemed  
8 to make the transaction other than a consumer lease. The term  
9 "consumer lease" does not include a lease for agricultural, business,  
10 or commercial purposes, or to a government or governmental agency or  
11 instrumentality, or to an organization.

12 (2) The term "lessee" means a natural person who leases or is  
13 offered a consumer lease.

14 (3) The term "lessor" means a person who is regularly engaged in  
15 leasing, offering to lease, or arranging to lease under a consumer  
16 lease.

17 **Sec. 16.** RCW 63.14.010 and 1984 c 280 s 1 are each amended to read  
18 as follows:

19 In this chapter, unless the context otherwise requires:

20 (1) "Goods" means all chattels personal when purchased primarily  
21 for personal, family, or household use and not for commercial or  
22 business use, but not including money or, except as provided in the  
23 next sentence, things in action. The term includes but is not limited  
24 to merchandise certificates or coupons, issued by a retail seller, to  
25 be used in their face amount in lieu of cash in exchange for goods or  
26 services sold by such a seller and goods which, at the time of sale or  
27 subsequently, are to be so affixed to real property as to become a part  
28 thereof, whether or not severable therefrom;

1 (2) "Lender credit card" means a card or device under a lender  
2 credit card agreement pursuant to which the issuer gives to a  
3 cardholder residing in this state the privilege of obtaining credit  
4 from the issuer or other persons in purchasing or leasing property or  
5 services, obtaining loans, or otherwise, and the issuer of which is  
6 not: (a) Principally engaged in the business of selling goods; or (b)  
7 a financial institution;

8 (3) "Lender credit card agreement" means an agreement entered into  
9 or performed in this state prescribing the terms of retail installment  
10 transactions pursuant to which the issuer may, with the buyer's  
11 consent, purchase or acquire one or more retail sellers' indebtedness  
12 of the buyer under a sales slip or memorandum evidencing the purchase,  
13 lease, loan, or otherwise to be paid in accordance with the agreement.  
14 The issuer of a lender credit card agreement shall not be principally  
15 engaged in the business of selling goods or be a financial institution;

16 (4) "Financial institution" means any bank or trust company, mutual  
17 savings bank, credit union, or savings and loan association organized  
18 pursuant to the laws of any one of the United States of America or the  
19 United States of America, or the laws of a foreign country if also  
20 qualified to conduct business in any one of the United States of  
21 America or pursuant to the laws of the United States of America;

22 (5) "Services" means work, labor, or services of any kind when  
23 purchased primarily for personal, family, or household use and not for  
24 commercial or business use whether or not furnished in connection with  
25 the delivery, installation, servicing, repair, or improvement of goods  
26 and includes repairs, alterations, or improvements upon or in  
27 connection with real property, but does not include services for which  
28 the price charged is required by law to be determined or approved by or  
29 to be filed, subject to approval or disapproval, with the United States

1 or any state, or any department, division, agency, officer, or official  
2 of either as in the case of transportation services;

3 (6) "Retail buyer" or "buyer" means a person who buys or agrees to  
4 buy goods or obtain services or agrees to have services rendered or  
5 furnished, from a retail seller;

6 (7) "Retail seller" or "seller" means a person engaged in the  
7 business of selling goods or services to retail buyers;

8 (8) "Retail installment transaction" means any transaction in which  
9 a retail buyer purchases goods or services from a retail seller  
10 pursuant to a retail installment contract, a retail charge agreement,  
11 or a lender credit card agreement, as defined in this section, which  
12 provides for a service charge, as defined in this section, and under  
13 which the buyer agrees to pay the unpaid balance in one or more  
14 installments or which provides for no service charge and under which  
15 the buyer agrees to pay the unpaid balance in more than four  
16 installments;

17 (9) "Retail installment contract" or "contract" means a contract,  
18 other than a retail charge agreement, a lender credit card agreement,  
19 or an instrument reflecting a sale made pursuant thereto, entered into  
20 or performed in this state for a retail installment transaction. The  
21 term "retail installment contract" may include a chattel mortgage, a  
22 conditional sale contract, and a contract in the form of a bailment or  
23 a lease if the bailee or lessee contracts to pay as compensation for  
24 their use a sum substantially equivalent to or in excess of the value  
25 of the goods sold and if it is agreed that the bailee or lessee is  
26 bound to become, or for no other or a merely nominal consideration, has  
27 the option of becoming the owner of the goods upon full compliance with  
28 the provisions of the bailment or lease. The term "retail installment  
29 contract" does not include: (a) A "consumer lease," heretofore or  
30 hereafter entered into, as defined in RCW 63.10.020; ((or)) (b) a lease

1 which would constitute such "consumer lease" but for the fact that:  
2 (i) It was entered into before April 29, 1983; (ii) the lessee was not  
3 a natural person; (iii) the lease was not primarily for personal,  
4 family, or household purposes; or (iv) the total contractual  
5 obligations exceeded twenty-five thousand dollars; or (c) a lease-  
6 purchase agreement under chapter 63.-- RCW (sections 1 through 12 of  
7 this act);

8 (10) "Retail charge agreement," "revolving charge agreement," or  
9 "charge agreement" means an agreement entered into or performed in this  
10 state prescribing the terms of retail installment transactions which  
11 may be made thereunder from time to time and under the terms of which  
12 a service charge, as defined in this section, is to be computed in  
13 relation to the buyer's unpaid balance from time to time;

14 (11) "Service charge" however denominated or expressed, means the  
15 amount which is paid or payable for the privilege of purchasing goods  
16 or services to be paid for by the buyer in installments over a period  
17 of time. It does not include the amount, if any, charged for insurance  
18 premiums, delinquency charges, attorneys' fees, court costs, or  
19 official fees;

20 (12) "Sale price" means the price for which the seller would have  
21 sold or furnished to the buyer, and the buyer would have bought or  
22 obtained from the seller, the goods or services which are the subject  
23 matter of a retail installment transaction. The sale price may include  
24 any taxes, registration and license fees, and charges for transferring  
25 vehicle titles, delivery, installation, servicing, repairs,  
26 alterations, or improvements;

27 (13) "Official fees" means the amount of the fees prescribed by law  
28 for filing, recording, or otherwise perfecting, and releasing or  
29 satisfying, a retained title, lien, or other security interest created  
30 by a retail installment transaction;

1 (14) "Time balance" means the principal balance plus the service  
2 charge;

3 (15) "Principal balance" means the sale price of the goods or  
4 services which are the subject matter of a retail installment contract  
5 less the amount of the buyer's down payment in money or goods or both,  
6 plus the amounts, if any, included therein, if a separate identified  
7 charge is made therefor and stated in the contract, for insurance and  
8 official fees;

9 (16) "Person" means an individual, partnership, joint venture,  
10 corporation, association, or any other group, however organized;

11 (17) "Rate" means the percentage which, when multiplied times the  
12 outstanding balance for each month or other installment period, yields  
13 the amount of the service charge for such month or period.

14 NEW SECTION. **Sec. 17.** Sections 1 through 12 of this act shall  
15 constitute a new chapter in Title 63 RCW.

16 NEW SECTION. **Sec. 18.** If any provision of this act or its  
17 application to any person or circumstance is held invalid, the  
18 remainder of the act or the application of the provision to other  
19 persons or circumstances is not affected.