
SENATE BILL 5293

State of Washington 52nd Legislature 1991 Regular Session

By Senators Matson, Madsen and Newhouse; by request of Department of Licensing.

Read first time January 28, 1991. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to debt adjusting; amending RCW 18.28.010; adding
2 a new section to chapter 18.28 RCW; and repealing RCW 18.28.020,
3 18.28.030, 18.28.040, 18.28.045, 18.28.050, 18.28.060, 18.28.070,
4 18.28.080, 18.28.090, 18.28.100, 18.28.110, 18.28.120, 18.28.130,
5 18.28.140, 18.28.150, 18.28.160, 18.28.165, 18.28.170, 18.28.180,
6 18.28.185, 18.28.190, 18.28.200, 18.28.210, 18.28.220, 18.28.900, and
7 18.28.910.

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

9 **Sec. 1.** RCW 18.28.010 and 1979 c 156 s 1 are each amended to read
10 as follows:

11 (~~Unless a different meaning is plainly required by the context,~~)
12 The following words and phrases as hereinafter used in this chapter
13 shall have the following meanings:

14 (1) "Debt adjusting" means the managing, counseling, settling,
15 adjusting, prorating, or liquidating of the indebtedness of a debtor,

1 or receiving funds for the purpose of distributing said funds among
2 creditors in payment or partial payment of obligations of a debtor.

3 ~~((2) "Debt adjuster", which includes any person known as a debt~~
4 ~~pooler, debt manager, debt consolidator, debt prorater, or credit~~
5 ~~counselor, is any person engaging in or holding himself out as engaging~~
6 ~~in the business of debt adjusting for compensation.))~~ The term shall
7 not include the activities conducted by the following:

8 (a) Attorneys at law, escrow agents, accountants, broker-dealers in
9 securities, or investment advisors in securities, while performing
10 services solely incidental to the practice of their professions;

11 (b) Any person, partnership, association, or corporation doing
12 business under and as permitted by any law of this state or of the
13 United States relating to banks, ~~((small loan companies))~~ consumer
14 finance businesses, industrial loan companies, trust companies, mutual
15 savings banks, savings and loan associations, building and loan
16 associations, credit unions, crop credit associations, development
17 credit corporations, industrial development corporations, title
18 insurance companies, or insurance companies;

19 (c) Persons who, as employees on a regular salary or wage of an
20 employer not engaged in the business of debt adjusting, perform credit
21 services for their employer;

22 (d) Public officers while acting in their official capacities and
23 persons acting under court order;

24 (e) Any person while performing services incidental to the
25 dissolution, winding up or liquidation of a partnership, corporation,
26 or other business enterprise;

27 (f) Nonprofit organizations dealing exclusively with debts owing
28 from commercial enterprises to business creditors;

1 (g) Nonprofit organizations engaged in debt adjusting (~~(and)~~) which
2 (~~do not assess against the debtor a service charge in excess of~~
3 ~~fifteen dollars per month~~) meet the following conditions:

4 (i) No payment, service charge, or charge for any reason is
5 assessed against a debtor in excess of twenty dollars per month;

6 (ii) No contribution in excess of twenty dollars per month is
7 accepted from or on behalf of a debtor;

8 (iii) No moneys or credit from a debtor are paid or assessed
9 through a third party; and

10 (iv) Charges, other than the charges addressed in (g)(i) of this
11 subsection, do not exceed fifty dollars total for the lifetime of the
12 plan;

13 (h) Any person or guardian appointed by the state and who contracts
14 with the department of social and health services to perform the
15 protective payee services provided for under RCW 74.08.280, if, in
16 addition to the protective payee services, such person or guardian does
17 not engage in any debt adjusting activity as defined in this chapter.

18 ~~((3))~~ (2) "Debt adjusting agency" is any partnership,
19 corporation, or association engaging in or holding itself out as
20 engaging in the business of debt adjusting.

21 ~~((4))~~ "License" means a debt adjuster license or debt adjusting
22 agency license issued under the provisions of this chapter.

23 (5) "Licensee" means a debt adjuster or debt adjusting agency to
24 whom a license has been issued under the provisions of this chapter.

25 (6) "Director" means the director of the department of licensing.)

26 (3) "Person" includes natural persons, corporations, partnerships,
27 associations, and other organizations.

28 NEW SECTION. Sec. 2. A new section is added to chapter 18.28 RCW
29 to read as follows:

1 No person shall conduct debt adjusting activities or the business
2 of a debt adjusting agency. Debt adjusting is a matter affecting the
3 public interest for the purpose of applying the consumer protection
4 act, chapter 19.86 RCW. A violation of this chapter constitutes an
5 unfair or deceptive act or practice or unfair method of competition in
6 the conduct of trade or commerce for the purpose of applying the
7 consumer protection act, chapter 19.86 RCW.

8 NEW SECTION. **Sec. 3.** The following acts or parts of acts are each
9 repealed:

- 10 (1) RCW 18.28.020 and 1967 c 201 s 2;
- 11 (2) RCW 18.28.030 and 1985 c 7 s 18, 1975 1st ex.s. c 30 s 23, 1971
12 ex.s. c 266 s 6, & 1967 c 201 s 3;
- 13 (3) RCW 18.28.040 and 1967 c 201 s 4;
- 14 (4) RCW 18.28.045 and 1979 c 156 s 2;
- 15 (5) RCW 18.28.050 and 1967 c 201 s 5;
- 16 (6) RCW 18.28.060 and 1979 c 156 s 3, 1971 ex.s. c 292 s 20, 1967
17 ex.s. c 141 s 1, & 1967 c 201 s 6;
- 18 (7) RCW 18.28.070 and 1967 c 201 s 7;
- 19 (8) RCW 18.28.080 and 1979 c 156 s 4, 1967 ex.s. c 141 s 2, & 1967
20 c 201 s 8;
- 21 (9) RCW 18.28.090 and 1967 c 201 s 9;
- 22 (10) RCW 18.28.100 and 1979 c 156 s 5 & 1967 c 201 s 10;
- 23 (11) RCW 18.28.110 and 1979 c 156 s 6 & 1967 c 201 s 11;
- 24 (12) RCW 18.28.120 and 1967 c 201 s 12;
- 25 (13) RCW 18.28.130 and 1967 c 201 s 13;
- 26 (14) RCW 18.28.140 and 1967 c 201 s 14;
- 27 (15) RCW 18.28.150 and 1979 c 156 s 8 & 1967 c 201 s 15;
- 28 (16) RCW 18.28.160 and 1967 c 201 s 16;
- 29 (17) RCW 18.28.165 and 1979 c 156 s 7;

- 1 (18) RCW 18.28.170 and 1979 c 156 s 9 & 1967 c 201 s 17;
- 2 (19) RCW 18.28.180 and 1967 c 201 s 18;
- 3 (20) RCW 18.28.185 and 1979 c 156 s 10;
- 4 (21) RCW 18.28.190 and 1967 c 201 s 19;
- 5 (22) RCW 18.28.200 and 1967 c 201 s 20;
- 6 (23) RCW 18.28.210 and 1967 c 201 s 21;
- 7 (24) RCW 18.28.220 and 1967 c 201 s 22;
- 8 (25) RCW 18.28.900 and 1967 c 201 s 23; and
- 9 (26) RCW 18.28.910 and 1967 c 201 s 24.