
SENATE BILL 5483

State of Washington

59th Legislature

2005 Regular Session

By Senators Fairley, Kline and Franklin

Read first time 01/26/2005. Referred to Committee on Financial Institutions, Housing & Consumer Protection.

1 AN ACT Relating to small loans; and amending RCW 31.45.073.

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

3 **Sec. 1.** RCW 31.45.073 and 2003 c 86 s 8 are each amended to read
4 as follows:

5 (1) No licensee may engage in the business of making small loans
6 without first obtaining a small loan endorsement to its license from
7 the director in accordance with this chapter. An endorsement will be
8 required for each location where a licensee engages in the business of
9 making small loans, but a small loan endorsement may authorize a
10 licensee to make small loans at a location different than the licensed
11 locations where it cashes or sells checks. A licensee may have more
12 than one endorsement.

13 (2) The termination date of a small loan may not exceed the
14 origination date of that same small loan by more than forty-five days,
15 including weekends and holidays, unless the term of the loan is
16 extended by agreement of both the borrower and the licensee and no
17 additional fee or interest is charged. The borrower shall be
18 affirmatively and actively offered the option of skipping a payday, and
19 having the loan repaid out of a subsequent paycheck within forty-five

1 days, at no additional fee or interest. The maximum principal amount
2 of any small loan, or the outstanding principal balances of all small
3 loans made by a licensee to a single borrower at any one time, may not
4 exceed seven hundred dollars.

5 (3) A licensee that has obtained the required small loan
6 endorsement may charge interest or fees for small loans not to exceed
7 in the aggregate fifteen percent of the first five hundred dollars of
8 principal. If the principal exceeds five hundred dollars, a licensee
9 may charge interest or fees not to exceed in the aggregate ten percent
10 of that portion of the principal in excess of five hundred dollars. If
11 a licensee makes more than one loan to a single borrower, and the
12 aggregated principal of all loans made to that borrower exceeds five
13 hundred dollars at any one time, the licensee may charge interest or
14 fees not to exceed in the aggregate ten percent on that portion of the
15 aggregated principal of all loans at any one time that is in excess of
16 five hundred dollars. The director may determine by rule which fees,
17 if any, are not subject to the interest or fee limitations described in
18 this section. It is a violation of this chapter for any licensee to
19 knowingly loan to a single borrower at any one time, in a single loan
20 or in the aggregate, more than the maximum principal amount described
21 in this section.

22 (4) In connection with making a small loan, a licensee may advance
23 moneys on the security of a postdated check. The licensee may not
24 accept any other property, title to property, or other evidence of
25 ownership of property as collateral for a small loan. The licensee may
26 accept only one postdated check per loan as security for the loan. A
27 licensee may permit a borrower to redeem a postdated check with a
28 payment of cash or the equivalent of cash. The licensee may disburse
29 the proceeds of a small loan in cash, in the form of a check, or in the
30 form of the electronic equivalent of cash or a check.

31 (5) No person may at any time cash or advance any moneys on a
32 postdated check or draft in excess of the amount of goods or services
33 purchased without first obtaining a small loan endorsement to a check
34 casher or check seller license.

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