
SENATE BILL 6738

State of Washington

59th Legislature

2006 Regular Session

By Senators Fairley, Mulliken and Haugen

Read first time 01/19/2006. Referred to Committee on Financial Institutions, Housing & Consumer Protection.

1 AN ACT Relating to small loan payment plans; and amending RCW
2 31.45.084.

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

4 **Sec. 1.** RCW 31.45.084 and 2003 c 86 s 12 are each amended to read
5 as follows:

6 (1) (~~A licensee and borrower may agree to a payment plan for a~~
7 ~~small loan at any time. After four successive loans and prior to~~
8 ~~default upon the last loan, each borrower may convert their small loan~~
9 ~~to a payment plan.)) If the borrower is unable to repay a small loan
10 in full on the due date, the licensee shall provide the borrower with
11 a loan repayment plan. The repayment plan shall be in the form of a
12 new loan with a principal balance in the amount of the outstanding
13 small loan minus any payments made on that loan. Each agreement for a
14 loan payment plan must be in writing and acknowledged by both the
15 borrower and the licensee. The licensee may charge the borrower, at
16 the time both parties enter into the payment plan, a one-time fee for
17 the payment plan in an amount up to the fee or interest on the
18 outstanding principal of the loan as allowed under RCW 31.45.073(3).
19 The licensee may not assess any other fee, interest charge, or other~~

1 charge on the borrower as a result of converting the small loan into a
2 payment plan. This payment plan must provide for the payment of the
3 total of payments due on the small loan over a period not less than
4 ~~((sixty))~~ ninety days in three or more payments, unless the borrower
5 and licensee agree to a shorter payment period. The borrower may pay
6 the total of payments at any time. The licensee may not charge any
7 penalty, fee, or charge to the borrower for prepayment of the loan
8 payment plan by the borrower. Each licensee shall conspicuously
9 disclose to each borrower in the small loan agreement or small loan
10 note that the borrower has access to such a payment plan ~~((after four
11 successive loans))~~. A licensee's violation of such a payment plan
12 constitutes a violation of this chapter.

13 (2) ~~((The licensee may take postdated checks at the initiation of
14 the payment plan for the payments agreed to under the plan. If any
15 check accepted by the licensee as payment under the payment plan is
16 dishonored, the licensee may not charge the borrower any fee for the
17 dishonored check.))~~ Any outstanding check securing a small loan must
18 be returned to the borrower at the time the repayment plan is signed by
19 both the borrower and the licensee.

20 (3) If the borrower defaults on the payment plan, the licensee may
21 initiate action to collect the total of payments under RCW 31.45.082.
22 The licensee may charge the borrower a one-time payment plan default
23 fee of twenty-five dollars.

24 (4) If the licensee enters into a payment plan with the borrower
25 through an accredited third party, with certified credit counselors,
26 that is representing the borrower, the licensee's failure to comply
27 with the terms of that payment plan constitutes a violation of this
28 chapter.

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