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**SUBSTITUTE HOUSE BILL 1817**

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**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** House Committee on Insurance, Financial Services & Consumer Protection (originally sponsored by Representatives Kirby, Roach, Simpson, Strow, Santos, Rodne, Hurst, Kelley, Chase, Ericks, B. Sullivan, Hunt, Wallace, Haigh, Sells, Linville, Campbell, Green and Wood)

READ FIRST TIME 02/19/07.

1       AN ACT Relating to adding an additional payment plan option for  
2 small loans; and amending RCW 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 small  
7 loan at any time.

8       (2) After four successive loans and prior to default upon the last  
9 loan, each borrower may convert their small loan to a payment plan.  
10 ((Each agreement for a loan payment plan must be in writing and  
11 acknowledged by both the borrower and the licensee.)) The licensee may  
12 charge the borrower ((, at the time both parties enter into the payment  
13 plan,)) a one-time fee for the payment plan in an amount up to the fee  
14 or interest on the outstanding principal of the loan as allowed under  
15 RCW 31.45.073(3). The one-time fee for the payment plan may not be  
16 assessed at the time the parties enter into the agreement; it must be  
17 paid in equal installments over the term of the payment plan. The  
18 licensee may not assess any other fee, interest charge, or other charge

1 on the borrower as a result of converting the small loan into a payment  
2 plan. (~~This~~)

3 (3) Once every twelve months, a borrower may convert the unpaid  
4 principal and fee authorized by RCW 31.45.073 into a no additional cost  
5 payment plan. Except as authorized by subsection (10) of this section,  
6 the licensee may not assess any additional charge to convert a loan  
7 into a no additional cost payment plan under this subsection. A  
8 licensee is only obligated to extend to each borrower one no additional  
9 cost payment plan during any twelve-month period of time. A new  
10 twelve-month period begins on the date that any prior no additional  
11 cost payment plan is paid in full.

12 (4) To convert a small loan into a payment plan under subsection  
13 (2) or (3) of this section, a borrower must return to the licensee's  
14 point of sale location and request a payment plan no later than the  
15 close of business on the business day prior to the due date of the  
16 loan.

17 (5) Each agreement for a payment plan under this section must be in  
18 writing and acknowledged by both the borrower and the licensee. Any  
19 agreement entered into after default on a small loan is not a payment  
20 plan under this section.

21 (6) A payment plan must provide for the payment of the total of  
22 payments due on the small loan over a period not less than sixty days  
23 in (~~three~~) four or more payments, unless the borrower and licensee  
24 agree to a shorter payment period. The borrower may pay the total of  
25 payments at any time. The licensee may not charge any penalty, fee, or  
26 charge to the borrower for prepayment of the loan payment plan by the  
27 borrower.

28 (7) Each licensee shall conspicuously disclose to each borrower in  
29 the small loan agreement or small loan note that the borrower has  
30 access to (~~such a~~) payment plans (~~after four successive loans~~)  
31 under subsections (2) and (3) of this section. The disclosure must be:

- 32 (a) In twelve-point type;
- 33 (b) Surrounded by a border with no other loan term in that border;
- 34 and
- 35 (c) Located on the same page as information required to be  
36 disclosed by the federal truth in lending act.

37 (8) A licensee's violation of such a payment plan constitutes a  
38 violation of this chapter.

1       (~~(+2)~~) (9) The licensee may take postdated checks at the  
2 initiation of (~~(the)~~) a payment plan for the payments agreed to under  
3 (~~(the)~~) a plan. If any check accepted by the licensee as payment under  
4 the payment plan is dishonored, the licensee may not charge the  
5 borrower any fee for the dishonored check.

6       (~~(+3)~~) (10) If the borrower defaults on the payment plan, the  
7 licensee may initiate action to collect the total of payments under RCW  
8 31.45.082. The licensee may charge the borrower a one-time payment  
9 plan default fee of twenty-five dollars.

10       (~~(+4)~~) (11) If the licensee enters into a payment plan with the  
11 borrower through an accredited third party, with certified credit  
12 counselors, that is representing the borrower, the licensee's failure  
13 to comply with the terms of that payment plan constitutes a violation  
14 of this chapter.

15       (12) For the purposes of this section, "licensee's point of sale"  
16 means:

17       (a) The licensee's store where the borrower obtained the loan;

18       (b) Any other store operated by the licensee in Washington; or

19       (c) The method the borrower used to obtain the loan, including but  
20 not limited to an internet web site, telephone number, or other remote  
21 means or method of communication.

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