
HOUSE BILL 2392

State of Washington

60th Legislature

2007 Regular Session

By Representatives Kelley and Green

Read first time 03/19/2007. Referred to Committee on Insurance,
Financial Services & Consumer Protection.

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

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

11 (2) The licensee may take postdated checks at the initiation of the
12 payment plan for the payments agreed to under the plan. If any check
13 accepted by the licensee as payment under the payment plan is
14 dishonored, the licensee may not charge the borrower any fee for the
15 dishonored check.

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

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

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