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SENATE BILL 5613

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State of Washington

64th Legislature

2015 Regular Session

By Senator Benton

Read first time 01/26/15. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to the cap on the total number of small loans a  
2 borrower may have in a twelve-month period; and amending RCW  
3 31.45.073.

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

5 **Sec. 1.** RCW 31.45.073 and 2009 c 510 s 3 are each amended to  
6 read as follows:

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

15 (2) A licensee must set the due date of a small loan on or after  
16 the date of the borrower's next pay date. If a borrower's next pay  
17 date is within seven days of taking out the loan, a licensee must set  
18 the due date of a small loan on or after the borrower's second pay  
19 date after the date the small loan is made. The termination date of a  
20 small loan may not exceed the origination date of that same small  
21 loan by more than forty-five days, including weekends and holidays,

1 unless the term of the loan is extended by agreement of both the  
2 borrower and the licensee and no additional fee or interest is  
3 charged. The maximum principal amount of any small loan, or the  
4 outstanding principal balances of all small loans made by all  
5 licensees to a single borrower at any one time, may not exceed seven  
6 hundred dollars or thirty percent of the gross monthly income of the  
7 borrower, whichever is lower. A licensee is prohibited from making a  
8 small loan to a borrower who is in default on another small loan  
9 until after that loan is paid in full or two years have passed from  
10 the origination date of the small loan, whichever occurs first.

11 (3) A licensee is prohibited from making a small loan to a  
12 borrower in an installment plan with any licensee until after the  
13 plan is paid in full or two years have passed from the origination  
14 date of the installment plan, whichever occurs first.

15 (4) A borrower is prohibited from receiving more than ~~((eight))~~  
16 sixteen small loans from all licensees in any twelve-month period. A  
17 licensee is prohibited from making a small loan to a borrower if  
18 making that small loan would result in a borrower receiving more than  
19 ~~((eight))~~ sixteen small loans from all licensees in any twelve-month  
20 period.

21 (5) A licensee that has obtained the required small loan  
22 endorsement may charge interest or fees for small loans not to exceed  
23 in the aggregate fifteen percent of the first five hundred dollars of  
24 principal. If the principal exceeds five hundred dollars, a licensee  
25 may charge interest or fees not to exceed in the aggregate ten  
26 percent of that portion of the principal in excess of five hundred  
27 dollars. If a licensee makes more than one loan to a single borrower,  
28 and the aggregated principal of all loans made to that borrower  
29 exceeds five hundred dollars at any one time, the licensee may charge  
30 interest or fees not to exceed in the aggregate ten percent on that  
31 portion of the aggregated principal of all loans at any one time that  
32 is in excess of five hundred dollars. The director may determine by  
33 rule which fees, if any, are not subject to the interest or fee  
34 limitations described in this section. It is a violation of this  
35 chapter for any licensee to knowingly loan to a single borrower at  
36 any one time, in a single loan or in the aggregate, more than the  
37 maximum principal amount described in this section.

38 (6) In connection with making a small loan, a licensee may  
39 advance moneys on the security of a postdated check. The licensee may  
40 not accept any other property, title to property, or other evidence

1 of ownership of property as collateral for a small loan. The licensee  
2 may accept only one postdated check per loan as security for the  
3 loan. A licensee may permit a borrower to redeem a postdated check  
4 with a payment of cash or the equivalent of cash. The licensee may  
5 disburse the proceeds of a small loan in cash, in the form of a  
6 check, or in the form of the electronic equivalent of cash or a  
7 check.

8 (7) No person may at any time cash or advance any moneys on a  
9 postdated check or draft in excess of the amount of goods or services  
10 purchased without first obtaining a small loan endorsement to a check  
11 casher or check seller license.

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