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**SENATE BILL 6081**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Senators Kuderer, Stanford, Dhingra, Liias, Salomon, Shewmake, Valdez, Wellman, C. Wilson, and J. Wilson

AN ACT Relating to plain language requirements for consumer contracts; and adding a new section to chapter 19.86 RCW.

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

NEW SECTION. **Sec.**  A new section is added to chapter 19.86 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, every consumer contract must be written in plain language and must be appropriately divided and captioned by its various sections.

(2) Subsection (1) of this section does not apply to:

(a) Any consumer contract for which a federal or state statute, rule, or regulation prescribes standards of readability applicable to the entire contract; or

(b) Particular words, phrases, provisions, or forms of agreement specifically required, recommended, or endorsed by a state or federal statute, rule, or regulation.

(3) A consumer contract may include technical terms to describe the services or property which are the subject of the contract if the terms are customarily used by consumers in connection with the services or property.

(4)(a) Any violation of subsection (1) of this section constitutes an unfair or deceptive act or practice under this chapter.

(b)(i) In addition to the remedies provided in this chapter, a court reviewing a consumer contract may reform or limit a provision so as to avoid an unfair result if it finds that:

(A) A material provision of the contract violates subsection (1) of this section;

(B) The violation caused the consumer to be substantially confused about any of the rights, obligations, or remedies of the contract; and

(C) The violation has caused or is likely to cause financial detriment to the consumer.

(ii) If the court reforms or limits a provision of a consumer contract, the court must also make orders necessary to avoid unjust enrichment.

(iii) Bringing a claim for relief pursuant to subsection (1) of this section does not entitle a consumer to withhold performance of an otherwise valid contractual obligation.

(iv) No relief may be granted pursuant to subsection (1) of this section unless the claim is brought before the obligations of the contract have been fully performed.

(5)(a) In any proceeding in which civil penalties are claimed from a party for a violation of subsection (1) of this section, it is a defense to the claim that the party made a good faith and reasonable effort to comply with subsection (1) of this section. A party who has made a good faith and reasonable effort to comply with subsection (1) of this section may not be assessed attorneys' fees or costs of investigation in an action for violating subsection (1) of this section.

(b) In any class action or series of class actions which arise from the use by a person of a particular consumer contract found to violate subsection (1) of this section, the amount of attorneys' fees and costs of investigation assessed against that person and in favor of the consumer class or classes may not exceed $15,000.

(c) A violation of subsection (1) of this section is not a defense to a claim arising from a consumer's breach of a consumer contract. A consumer may recover actual damages caused by a violation of subsection (1) of this section only if the violation caused the consumer to be substantially confused about the rights, obligations, or remedies of the contract.

(d) Any claim that a consumer contract violates subsection (1) of this section must be raised within six years of the date the contract is executed by the consumer.

(6) Any provision of a consumer contract which waives or attempts to waive any provision of this section is void.

(7) This section does not affect any consumer contract executed before the effective date of this section. A previously existing consumer contract renewed after the effective date of this section is subject to the provisions of this section. No provision for renewal of a consumer contract is invalid merely because compliance with this section changes the form of the renewal agreement. For the purposes of this section periodic tenancies renew at the commencement of each rental period.

(8) Unless the context clearly requires otherwise, the definitions in this subsection apply throughout this section.

(a) "Consumer" means any individual who, primarily for personal, family, or household purposes:

(i) Gives consideration for an interest in any services or personal property, including money;

(ii) Transfers or authorizes a security interest on any personal property; or

(iii) Leases residential premises for a term not exceeding three years.

(b) "Consumer contract" means any written contract with a consumer except a:

(i) Contract where the price, excluding interest or finance charges, is more than $50,000;

(ii) Contract through which a consumer mortgages an interest in realty or obtains money or credit to be used to purchase or refinance an interest in realty;

(iii) Contract in which the sale of personal property is merely incidental to the sale of an interest in realty;

(iv) Written agreement involving a transaction in securities with a broker-dealer or investment advisor registered with the federal securities and exchange commission; or

(v) Transaction in commodities with a futures commission merchant registered with the United States commodities futures trading commission.

(c) "Plain language" means writing in a clear and coherent manner using words with common and everyday meanings.

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