
HOUSE BILL 1685

State of Washington

61st Legislature

2009 Regular Session

By Representative Kirby

Read first time 01/27/09. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to adding an additional sixty day payment plan
2 option for 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 or
14 interest on the outstanding principal of the loan as allowed under RCW
15 31.45.073(3). The licensee may not assess any other fee, interest
16 charge, or other charge on the borrower as a result of converting the
17 small loan into a payment plan. ~~((This))~~

18 (3) A borrower may convert the unpaid principal and fee authorized
19 by RCW 31.45.082 into a no additional cost payment plan. Except as

1 authorized by subsection (10) of this section, the licensee may not
2 assess any additional charge to convert a loan into a no additional
3 cost payment plan under this subsection. A licensee is only obligated
4 to extend to each borrower one no additional cost payment plan during
5 any twelve-month period of time. A new twelve-month period begins on
6 the date that any prior no additional cost payment plan is paid in
7 full.

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

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

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

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

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

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

35 ~~((+2))~~ (9) The licensee may take postdated checks at the
36 initiation of ~~((the))~~ a payment plan for the payments agreed to under
37 ~~((the))~~ a plan. If any check accepted by the licensee as payment under

1 the payment plan is dishonored, the licensee may not charge the
2 borrower any fee for the dishonored check.

3 ~~((3))~~ (10) If the borrower defaults on the payment plan, the
4 licensee may initiate action to collect the total of payments under RCW
5 31.45.082. The licensee may charge the borrower a one-time payment
6 plan default fee of twenty-five dollars.

7 ~~((4))~~ (11) If the licensee enters into a payment plan with the
8 borrower through an accredited third party, with certified credit
9 counselors, that is representing the borrower, the licensee's failure
10 to comply with the terms of that payment plan constitutes a violation
11 of this chapter.

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

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

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

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

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