

(3) The committee may adopt rules necessary to carry out the purposes of RCW 41.04.250 and 41.04.260.

Passed the Senate March 26, 1983.

Passed the House April 20, 1983.

Approved by the Governor May 16, 1983.

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CHAPTER 227

[Substitute Senate Bill No. 4066]

CONSUMER FINANCE COMPANIES—CHARGES ALLOWED—DUTIES OF LICENSEES

AN ACT Relating to consumer finance companies; amending section 13, chapter 208, Laws of 1941 as last amended by section 3, chapter 18, Laws of 1979 and RCW 31.08.160; and amending section 14, chapter 208, Laws of 1941 as amended by section 6, chapter 212, Laws of 1959 and RCW 31.08.170.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 13, chapter 208, Laws of 1941 as last amended by section 3, chapter 18, Laws of 1979 and RCW 31.08.160 are each amended to read as follows:

(1) Every licensee hereunder may lend any sum of money not to exceed two thousand five hundred dollars in amount and may charge, contract for, and receive thereon charges at a rate not exceeding two and one-half percent per month on that part of the unpaid principal balance of any loan not in excess of five hundred dollars, one and one-half percent per month on that part of the unpaid principal balance of any loan in excess of five hundred dollars and not in excess of one thousand dollars, and one percent per month on any remainder of such unpaid principal balance.

(2) Charges on loans made under this chapter shall not be paid, deducted, discounted, or received in advance, or compounded, but the rate of charge authorized by this section may be precomputed as provided in subsection (3) of this section. Charges on loans made under this chapter, except as permitted by subsection (3) hereof, (a) shall be computed and paid only as a percentage per month of the unpaid principal balance or portions thereof, and (b) shall be so expressed in every obligation signed by the borrower. For the purpose of this section a month shall be that period of time from any date in a month to the corresponding date in the next month and if there is no such corresponding date then to the last day of the next month; and a day shall be considered one-thirtieth of a month when computation is made for a fraction of a month.

(3) When the loan contract requires repayment in substantially equal and consecutive monthly installments of principal and charges combined, the charges may be precomputed at the monthly rate on scheduled unpaid principal balances according to the terms of the contract and added to the

principal of the loan. Every payment may be applied to the combined total of principal and precomputed charge until the contract is fully paid. The acceptance or payment of charges on loans made under the provisions of this subsection shall not be deemed to constitute payment, deduction, or receipt thereof in advance nor compounding under subsection (2) above. Such precomputed charge shall be subject to the following adjustments:

(a) The portion of the precomputed charge applicable to any particular monthly installment period shall bear the same ratio to the total precomputed charge, excluding any adjustment made under paragraph (f) of this subsection, as the balance scheduled to be outstanding during that monthly period bears to the sum of all monthly balances scheduled originally by the contract of loan.

(b) If the loan contract is prepaid in full by cash, a new loan, refinancing, or otherwise before the final installment date, the portion of the precomputed charge applicable to the full installment periods following the installment date nearest the date of such prepayment shall be rebated. In computing any required rebate, any prepayment made on or before the fifteenth day following an installment date shall be deemed to have been made on the installment date preceding such prepayment. If prepayment in full occurs before the first installment date an additional rebate of one-thirtieth of the portion of the precomputed charge applicable to a first installment period of one month shall be made for each day from the date of such prepayment to the first scheduled installment date. If judgment is obtained before the final installment date, the contract balance shall be reduced by the rebate of precomputed charge which would be required for prepayment in full as of the date judgment is obtained.

(c) If the payment date of all wholly unpaid installments on which no default charge has been collected is deferred one or more full months and the contract so provides, the licensee may charge and collect a deferment charge. Such deferment charge shall not exceed the portion of the precomputed charge applicable under the original contract of loan to the first month of the deferment period multiplied by the number of months in said period. The deferment period is the month or months in which no scheduled payment has been made or in which no payment is to be required by reason of the deferment. In computing any default charge, or required rebate, the portion of the precomputed charge applicable to each deferred balance and installment period following the deferment period and prior to the deferred maturity shall remain the same as that applicable to such balances and periods under the original contract of loan. Such charge may be collected at the time of deferment or at any time thereafter. If a loan is prepaid in full during a deferment period, the borrower shall receive, in addition to the rebate required under paragraph (b) of this subsection, a rebate of that portion of the deferment charge applicable to any unexpired months of the deferment period.

(d) If the payment in full of any scheduled installment is in default more than seven days and the contract so provides, the licensee may charge and collect a default charge not exceeding five percent of the unpaid amount of the installment or five dollars, whichever is less. Said charge may not be collected more than once for the same default and may be collected when such default occurs or any time thereafter. If such default charge is deducted from any payment received after default occurs and such deduction results in the default of a subsequent installment, no charge may be made for the resulting default.

(e) If two or more full installments are in default for one full month or more at any installment date and if the contract so provides, the licensee may reduce the contract balance by the rebate which would be required for prepayment in full on such installment date. Thereafter, charges may be received at the agreed rate computed on actual unpaid balances of the contract for the time outstanding until the contract is fully paid. Charges so collected shall be in lieu of any deferment or default charges which otherwise would accrue on the contract after such installment date.

(f) A licensee and borrower may agree that the first installment due date may be not more than fifteen days more than one month and the amount of such installment may be increased by one-thirtieth of the portion of the precomputed charge applicable to a first installment of one month for each extra day.

(4) No licensee shall induce or permit any borrower to split up or divide any loan, nor induce or permit any person, nor any husband or wife jointly or severally, to become obligated, directly or contingently or both, under more than one contract of loan at the same time, for the purpose or with the result of obtaining a higher rate of charge than would otherwise be permitted by this section. If part or all of the consideration for a loan contract is the unpaid principal balance of a prior loan with the same licensee, then the principal amount payable under such loan contract shall not include any unpaid charges on the prior loan, except charges which have accrued within sixty days before the making of such loan contract and may include the balance of a precomputed contract which remains after giving the rebate required by subsection (3) hereof.

(5) No licensee shall directly or indirectly charge, contract for, or receive any charges or fees except charges authorized by this chapter, the reasonable actual costs paid by the licensee to foreclose, repossess or otherwise realize on the security, reasonable attorney fees and court costs incurred by the licensee and the lawful fees, if any, actually and necessarily paid out by the licensee to any public officer for the transferring of title or for filing, recording, or releasing in any public office, any instrument securing the loan, which fees may be collected when the loan is made, or at any time thereafter. If any payment on a loan is made by check and payment of that check is refused because there was no account or due to insufficient

funds, the licensee may contract for and receive a charge in an amount authorized under rule by the supervisor of banking. A bona fide error in the calculation of charges or in the recording of such charges in any statement or receipt delivered to the borrower or in the licensee's records shall not be deemed to be a violation of this chapter if the licensee corrects the error.

Sec. 2. Section 14, chapter 208, Laws of 1941 as amended by section 6, chapter 212, Laws of 1959 and RCW 31.08.170 are each amended to read as follows:

It shall be the duty of every licensee to:

(1) Deliver to the borrower or anyone thereof, if several, at the time any loan is made under this chapter, a statement ~~((; upon which there shall be printed in the English language a copy of subsections (1) and (5) of RCW 31.08.160;))~~ showing in clear and distinct terms the ~~((principal))~~ amount ~~((of the loan excluding charges))~~ financed, the date of the loan, the agreed schedule of payments, the nature of the security, if any, for the loan, the name and address of the licensee, and the ~~((agreed rate of))~~ finance charges. ~~((When charges are precomputed, the statement shall show the amount of the precomputed charge and shall contain a copy of paragraphs (a) and (b) of subsection (3) of RCW 31.08.160.))~~ The licensee shall provide to the borrower at the time the loan is made a copy of RCW 31.08.160.

(2) Give to the party making any payment a plain and complete receipt for each payment made on account of any such loan at the time such payment is made, or a periodic statement at least once each forty-five days showing such payment, specifying the amount applied to charges and the amount, if any, applied to principal, and stating the unpaid principal balance, if any, of such loan; a receipt shall be given at the time any cash payment is made: PROVIDED, That if the charges were precomputed the receipt or statement need not be itemized, and no receipt or statement shall be required where payment is made by check or money order and the full amount of such check or money order is applied to the loan: PROVIDED FURTHER, That when a default or deferment charge is collected, a receipt or statement shall be given showing the amount applied to the loan and the amount applied to the default or deferment charge;

(3) Permit payment to be made in advance in any amount on any such loan at any time during regular business hours, but the licensee may apply such payment first to all charges at the agreed rate up to the date of such payment: PROVIDED, That when charges are precomputed such payment shall be equal to one or more full scheduled installments;

(4) Upon payment of the loan in full, mark indelibly every obligation signed by the borrower with the word "paid" or "canceled" and release any mortgage and restore all notes and collateral which no longer secures a loan

and to which the borrower may be lawfully entitled: PROVIDED, HOWEVER, That in case any such document or obligation is in custodia legis these requirements shall not be applicable; and

(5) Obtain from the borrower prior to making the loan a statement signed by the borrower setting forth the borrower's then current financial condition (~~(and containing a statement that the borrower recognizes)~~) and describing the penalties and defenses resulting from giving false ((statement of)) financial ((condition)) information, all on a form approved by the supervisor. A copy of the statement ((required to)) shall be delivered to the borrower when the loan is made ((shall be acknowledged in writing by the licensee and the borrower, and a copy thereof shall be retained by the licensee)).

Passed the Senate April 23, 1983.

Passed the House April 21, 1983.

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CHAPTER 228

[Engrossed Substitute Senate Bill No. 4101]

HORSE RACES—PERCENTAGE OF GROSS RECEIPTS WHICH MAY BE RETAINED—CONDITIONS

AN ACT Relating to horse racing; amending section 5, chapter 31, Laws of 1979 and RCW 67.16.170.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 5, chapter 31, Laws of 1979 and RCW 67.16.170 are each amended to read as follows:

(1) Race meets which have gross receipts of all parimutuel machines averaging more than five hundred thousand dollars for each authorized day of racing may retain the following from the daily gross receipts of all parimutuel machines:

(a) From the first five hundred thousand dollars, the licensee may retain ten and one-half percent of such gross receipts; and

(b) From any amount above the first five hundred thousand dollars, the licensee may retain ten percent of such gross receipts.

(2) Race meets which have gross receipts of all parimutuel machines (~~(averaging)~~) from four hundred thousand one dollars to five hundred thousand dollars ((or less)) for each authorized day of racing may retain eleven percent from such gross receipts of any parimutuel machine.

(3) Race meets which have gross receipts of all parimutuel machines from three hundred thousand one dollars to four hundred thousand dollars for each authorized day of racing may retain eleven and one-half percent from such gross receipts of any parimutuel machine.