

(6) Section 147, chapter 53, Laws of 1965 and RCW 23A.40.140; and  
(7) Section 156, chapter 53, Laws of 1965 and RCW 23A.44.090.

Passed the Senate March 1, 1979.

Passed the House February 27, 1979.

Approved by the Governor March 7, 1979.

Filed in Office of Secretary of State March 7, 1979.

CHAPTER 17

[Engrossed Senate Bill No. 2221]

HEALTH CARE PRACTITIONER DISCIPLINARY PROCEEDINGS—RECORDS  
OF COMMITTEE OR BOARD EMPLOYEES OR MEMBERS

AN ACT Relating to health care practitioner review boards; and amending section 1, chapter 144, Laws of 1971 ex. sess. as last amended by section 1, chapter 68, Laws of 1977 and RCW 4.24.250.

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

Section 1. Section 1, chapter 144, Laws of 1971 ex. sess. as last amended by section 1, chapter 68, Laws of 1977 and RCW 4.24.250 are each amended to read as follows:

Any health care practitioner as defined in RCW 7.70.020 (1) and (2) as now existing or hereafter amended who, in good faith, files charges or presents evidence against another member of their profession based on the claimed incompetency or gross misconduct of such person before a regularly constituted review committee or board of a professional society or hospital whose duty it is to evaluate the competency and qualifications of members of the profession, including limiting the extent of practice of such person in a hospital or similar institution, shall be immune from civil action for damages arising out of such activities. The written records of such committees or boards, or of a member, employee, staff person, or investigator of such a committee or board, shall not be subject to subpoena or discovery proceedings in any civil action, except actions arising out of the recommendations of such committees or boards.

Passed the Senate February 19, 1979.

Passed the House February 28, 1979.

Approved by the Governor March 7, 1979.

Filed in Office of Secretary of State March 7, 1979.

CHAPTER 18

[Senate Bill No. 2233]

CONSUMER FINANCE BUSINESS

AN ACT Relating to small loan companies; amending section 24, chapter 208, Laws of 1941 and RCW 31.08.270; amending section 27, chapter 208, Laws of 1941 and RCW 31.08-.920; amending section 13, chapter 208, Laws of 1941 as last amended by section 8,

chapter 150, Laws of 1977 ex. sess. and RCW 31.08.160; amending section 11, chapter 212, Laws of 1959 as amended by section 1, chapter 266, Laws of 1975 1st ex. sess. and RCW 31.08.175; amending section 3, chapter 208, Laws of 1941 as last amended by section 2, chapter 150, Laws of 1977 ex. sess. and RCW 31.08.030; and amending section 6, chapter 208, Laws of 1941 as amended by section 4, chapter 150, Laws of 1977 ex. sess. and RCW 31.08.070.

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

Section 1. Section 24, chapter 208, Laws of 1941 and RCW 31.08.270 are each amended to read as follows:

It shall be the duty of the supervisor to investigate and examine the practice of the ((small loan)) consumer finance business in this state, and to obtain statistics and data from other states with special reference to practices performed under this chapter and to interest rates charged for the purpose of determining abuses thereof which should be corrected. In order to carry out such investigation the supervisor shall have the power to subpoena witnesses and records, to administer oaths and examine persons under oath. He shall thereupon submit his findings to the next session of the legislature, and make such recommendations, and submit bills or amendments which in his opinion will correct any such abuses. It shall also be his duty to make findings regarding interest rates to be charged the public and to determine from these findings the lowest possible interest rate which should be legally charged which would be consistent with fairness to the ((small loan)) consumer finance business and the public.

Sec. 2. Section 27, chapter 208, Laws of 1941 and RCW 31.08.920 are each amended to read as follows:

This chapter shall be known as the ((small loan)) consumer finance act.

Sec. 3. Section 13, chapter 208, Laws of 1941 as last amended by section 8, chapter 150, Laws of 1977 ex. sess. 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 ~~((an amount equal to the portion of the precomputed charge applicable to the final installment period))~~ 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 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. 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. 4. Section 11, chapter 212, Laws of 1959 as amended by section 1, chapter 266, Laws of 1975 1st ex. sess. and RCW 31.08.175 are each amended to read as follows:

(1) No licensee shall require the purchasing of property insurance from the licensee or any employee, affiliate, or associate of the licensee or from any agent, broker, or insurance company designated by the licensee as a condition precedent to the making of a loan nor shall any licensee decline existing insurance which meets or exceeds the standards set forth in this section:

The licensee may require a borrower to insure tangible property offered as security for a loan hereunder against any substantial risk of loss, damage, or destruction for an amount not to exceed the reasonable value of the property insured or the amount of the loan and for the customary term approximating the term of the loan contract: PROVIDED, That no licensee hereunder may require such insurance on loans in an amount less than three hundred dollars. It shall be optional with the borrower to obtain such insurance in an amount greater than the amount of the loan or for a longer term. The premium for such insurance shall not exceed that fixed by current applicable manual of a recognized standard insurance rating bureau and such insurance shall be written by or through a duly licensed insurance agent or broker.

(2) A licensee may insure the life of one borrower, but only one of them if there are two or more obligors, for the unpaid principal balance scheduled to be outstanding; and regardless of the the premium paid by the licensee, the licensee may charge not more than sixty cents per one hundred dollars per year computed on the original principal amount of the loan, excluding charges for the loan, when the loan contract requires substantially equal and consecutive monthly installments of principal and charges combined, and such charge may be in the same proportions for different payment schedules, maturities, and principal amounts: PROVIDED, HOWEVER, That if both husband and wife sign an obligation to repay the loan, each may be an insured borrower hereunder and a single identifiable insurance charge may be made by the licensee for the two jointly under a plan whereby both lives are insured but a death benefit is paid only upon the

death of the spouse dying first. For such joint spouse coverage, the licensee may charge not more than one dollar per one hundred dollars per year computed on the same basis as herein prescribed for life insurance on one borrower. Such charge may be deducted from the principal of the loan when the loan is made. Only one such charge may be made in connection with any loan contract irrespective of the number of obligors, and only one obligor need be insured. If the insured obligor dies during the term of the loan contract, the insurance must pay the principal balance of the loan outstanding on the day of his death without any exception or reservation. The insurance shall be in force as soon as the loan is made. If the loan contract is prepaid in full by cash, a new loan, renewal, refinancing, or otherwise, a portion of such life insurance charge shall be rebated according to the method established in paragraphs (a) and (b) of subsection (3) of RCW 31.08.160. When charges for the loan are precomputed in accordance with subsection (3) of RCW 31.08.160, any required rebate and any permitted deferment charge may be computed on the combined total of the precomputed charge and the life insurance charge.

(3) A licensee may insure against the disability of the borrower, but only one of them if there are two or more obligors, pursuant to chapter 48-.34 RCW, and may deduct from the principal of the loan and retain an amount equal to the premium lawfully charged by the insurance company.

(4) If a borrower procures any insurance by or through a licensee, the statement required by RCW 31.08.170 shall disclose the cost to the borrower and the type of insurance, and the licensee shall cause to be delivered to the borrower a copy of the policy, certificate, or other evidence thereof within a reasonable time.

Notwithstanding any other provision of this chapter, any gain or advantage in any form whatsoever to the licensee or to any employee, affiliate, or associate of the licensee from any insurance or its sale or provision shall not be deemed to be additional or further interest, consideration, charges, or fee in connection with such loan.

Nothing in this section shall be deemed to alter, amend or repeal any provision of the insurance code.

No insurance shall be required, requested, sold, or offered for sale in connection with any loan made under this chapter, except as and to the extent authorized by this section.

Sec. 5. Section 3, chapter 208, Laws of 1941 as last amended by section 2, chapter 150, Laws of 1977 ex. sess. and RCW 31.08.030 are each amended to read as follows:

Application for such license shall be in writing, under oath, and in the form, if any, prescribed by the supervisor, and shall contain the name and the address (both of the residence and place of business) of the applicant, and if the applicant is a copartnership or association, of every member thereof, and if a corporation, of each officer and director thereof; also the

county and municipality with street and number, if any, where the business is to be conducted and such further relevant information as the supervisor may require. Such applicant at the time of making such application shall pay to the supervisor the sum of two hundred and fifty dollars as a fee for investigating the application and the additional sum of one hundred dollars as an annual license fee for a period terminating on the last day of the current calendar year.

Every applicant shall also prove, in form satisfactory to the supervisor, that he or it has available for the operation of such business at the location specified in the application, liquid assets of at least fifty thousand dollars.

At the time of filing of the application, the applicant shall also file with the supervisor a bond to be approved by the supervisor in the penal sum of ~~((one))~~ two thousand five hundred dollars, executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety, whose liability as such surety shall not exceed the said sum in the aggregate. Such bond shall run to the state of Washington as obligee for the use and benefit of the state and of any person or persons who may have cause of action against the obligor of said bond under the provisions of this chapter. Such bond shall be conditioned that said obligor as licensee hereunder will faithfully conform to and abide by the provisions of this chapter and of all general rules and regulations lawfully made by the supervisor hereunder and will pay to the state and any such person or persons any and all moneys that may become due and owing to the state from such obligor under and by virtue of the provisions of this chapter.

Sec. 6. Section 6, chapter 208, Laws of 1941 as amended by section 4, chapter 150, Laws of 1977 ex. sess. and RCW 31.08.070 are each amended to read as follows:

If the supervisor shall find at any time that the bond is insecure, depleted, exhausted, or otherwise doubtful, an additional bond of the character specified in RCW 31.08.030, to be approved by him, in the sum of not more than ~~((one))~~ two thousand five hundred dollars, shall be filed by the licensee within ten days after written demand upon the licensee by the supervisor.

Every licensee shall maintain at all times assets of at least fifty thousand dollars for each licensed place of business either in liquid form available for the operation of or actually used in the conduct of such business at the location specified in the license.

Passed the Senate February 19, 1979.

Passed the House February 28, 1979.

Approved by the Governor March 7, 1979.

Filed in Office of Secretary of State March 7, 1979.