

CHAPTER 2
[Initiative Measure No. 245]
REDUCING MAXIMUM RETAIL SERVICE CHARGES

AN ACT amending the present state law regulating retail installment sales of goods and services by reducing the maximum amount which may be legally assessed as a service charge in connection with retail installment transactions from 18% per year computed monthly on the unpaid balance (1½% per month) to 12% per year computed monthly (1% per month); reducing from \$15.00 to \$10.00 the alternative service charge that may be assessed on a retail installment contract notwithstanding the 12% maximum; and eliminating two other methods of computing service charges on such contracts which are permitted under the present law.

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

Section 1. Section 4 of chapter 236, Laws of 1963, as last amended by section 3 of chapter 234, Laws of 1967, RCW 63.14.040, is hereby amended to read as follows:

(1) The retail installment contract shall contain the names of the seller and the buyer, the place of business of the seller, the residence or other address of the buyer as specified by the buyer and a description or identification of the goods sold or to be sold, or service furnished or rendered or to be furnished or rendered. The contract also shall contain the following items, which shall be set forth in the sequence appearing below:

(1) (a) The cash sale price of each item of goods or services;

(2) (b) The amount of the buyer's down payment, if any, identifying the amounts paid in money and allowed for goods traded in;

(3) (c) The difference between items (1) (a) and (2) (b);

(4) (d) The aggregate amount, if any, included for insurance, specifying the type or types of insurance and the terms of coverage;

(5) (e) The aggregate amount of official fees, if any;

(6) (f) The principal balance, which is the sum of items

(3) (c), (4) (d) and (5) (e);

(7) (g) The dollar amount or rate of the service charge;

(8) (h) The amount of the time balance owed by the buyer to the seller, which is the sum of items (6) (f) and (7) (g), if (7) (g) is stated in a dollar amount; and

(9) (i) Except as otherwise provided in the next two sentences, the maximum number of installment payments required and the amount of each installment and the due date of each payment necessary to pay such balance. If installment payments other than the final payment are stated as a series of equal scheduled amounts and if the amount of the final installment payment does not substantially exceed the scheduled amount of each preceding installment payment, the maximum number of payments and the amount and due date of each payment need not be separately stated and the amount of the scheduled final installment payment may be stated as the remaining unpaid balance. The due date of the first installment payment may be fixed by a day or date or may be fixed by reference to the date of the contract or to the time of delivery or installation.

Additional items may be included to explain the calculations involved in determining the balance to be paid by the buyer.

(2) Every retail installment contract shall contain the following notice in ten point bold face type or larger directly above the space reserved in the contract for the signature of the buyer:

"NOTICE TO BUYER:

(a) Do not sign this contract before you read it or if any spaces intended for the agreed terms, except as to unavailable information, are blank.

(b) You are entitled to a copy of this contract at the time you sign it.

(c) You may at any time pay off the full unpaid balance due under this contract, and in so doing you may receive a partial rebate of the service charge.

(d) The service charge does not exceed . . . % (must be

filled in) per annum computed monthly and may not lawfully exceed twelve per cent per annum computed monthly.

(e) You may cancel this contract and return any goods received, if it is solicited in person, and you sign it, at a place other than the seller's business address shown on the contract, by sending notice of such cancellation by certified mail return receipt requested to the seller at his address shown on the contract, which notice shall be posted not later than the next business day following your signing this contract: PROVIDED, That at the time of sending notice of cancellation you have not received and accepted a substantial part of the goods or services which the seller is required to furnish under this contract."

Clause (2) (e) needs to be included in the notice only if the contract is solicited in person by the seller or his representative, and the buyer signs it, at a place other than the seller's business address shown on the contract.

Sec. 2. Section 12 of chapter 236, Laws of 1963, as last amended by section 7 of chapter 234, Laws of 1967, RCW 63.14.120, is hereby amended to read as follows:

(1) At or prior to the time a retail charge agreement is made the seller shall advise the buyer in writing, on the application form or otherwise, or orally that a service charge will be computed on the outstanding balance for each month (which need not be a calendar month) or other regular period agreed upon, the schedule or rate by which the service charge will be computed, and that the buyer may at any time pay his total unpaid balance: PROVIDED, That if this information is given orally, the seller shall, upon approval of the buyer's credit, deliver to the buyer or mail to him at his address, a memorandum setting forth this information.

(2) The seller or holder of a retail charge agreement shall promptly supply the buyer with a statement as of the end of each monthly period (which need not be a calendar month) or other regular period agreed upon, in which there is any unpaid balance thereunder,

which statement shall set forth the following:

- (a) The unpaid balance under the retail charge agreement at the beginning and at the end of the period;
- (b) Unless otherwise furnished by the seller to the buyer by sales slip, memorandum, or otherwise, a description or identification of the goods or services purchased during the period, the cash sale price and the date of each purchase;
- (c) The payments made by the buyer to the seller and any other credits to the buyer during the period;
- (d) The amount, if any, of any service charge for such period; and
- (e) A legend to the effect that the buyer may at any time pay his total unpaid balance.

(3) Every retail charge agreement shall contain the following notice in ten point bold face type or larger directly above the space reserved in the charge agreement for the signature of the buyer:

NOTICE TO BUYER:

- (a) Do not sign this retail charge agreement before you read it or if any spaces intended for the agreed terms are left blank.
- (b) You are entitled to a copy of this charge agreement at the time you sign it.
- (c) You may at any time pay off the full unpaid balance under this charge agreement.
- (d) The monthly service charge may not lawfully exceed the greater of one per cent of the outstanding balance (twelve per cent per year computed monthly) or one dollar.
- (e) You may cancel any purchases made under this charge agreement and return the goods so purchased, if the seller or his representative solicited in person such purchase, and you sign an agreement for such purchase, at a place other than the seller's business address shown on the charge agreement, by sending notice of such cancellation by certified mail return receipt requested to the seller at his address shown on the charge agreement, which notice shall be

posted not later than the next business day following your signing of the purchase agreement: PROVIDED, That at the time of sending notice of rescission you have not received and accepted a substantial part of the goods or services which you agreed to purchase.

Sec. 3. Section 13 of chapter 236, Laws of 1963, as last amended by section 8, chapter 234, Laws of 1967, RCW 63.14.130, is hereby amended to read as follows:

The service charge shall be inclusive of all charges incident to investigating and making the retail installment contract or charge agreement and for the privilege of making the installment payments thereunder and no other fee, expense or charge whatsoever shall be taken, received, reserved or contracted therefor from the buyer.

(1) The service charge, in a retail installment contract, shall not exceed the highest of the following:

(a) One percent per month on the outstanding unpaid balances;

or

(b) Ten dollars.

(2) The service charge in a retail charge agreement, revolving charge agreement or charge agreement, shall not exceed one percent per month on the outstanding unpaid balances. If the service charge so computed is less than one dollar for any month, then one dollar may be charged.

(3) A service charge may be computed on the median amount within a range which does not exceed ten dollars and which is a part of a published schedule of consecutive ranges applied to an outstanding balance, provided the median amount is used in computing the service charge for all balances within such range.

(4) The service charge in a retail installment contract or charge agreement shall not exceed the rate of twelve percent per annum, computed monthly. A service charge computed by one of the foregoing methods, or within the permitted minimum charges, shall be deemed not to be in excess of twelve percent per annum computed

monthly.

Filed in the office of the Secretary of State, April 4, 1968.
Passed by the vote of the people at the November 5, 1968 state
general election.
Proclamation signed by the Governor, December 5, 1968 declaring
measure effective law.

CHAPTER 3
[Senate Bill No. 275]
LEGISLATORS' SUBSISTENCE
AND LODGING ALLOWANCE

AN ACT Relating to state government; providing for the subsistence and lodging of members of the legislature and the president of the senate; creating a new section; amending section 1, chapter 173, Laws of 1941 as last amended by section 6, chapter 127, Laws of 1965 ex. sess. and RCW 44.04.080; and declaring an emergency.

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

NEW SECTION. Section 1. In view of the decreased purchasing power of the dollar and the concomitant increase in the cost of living during the past several years, the members of the legislature declare that the twenty-five dollar per diem allowance provided during the past several sessions in lieu of subsistence and lodging is inadequate to cover necessary expenses incurred while attending sessions of the legislature. The legislature further finds and declares that forty dollars per day is a fair and adequate allowance to cover such reimbursement.

Sec. 2. Section 1, chapter 173, Laws of 1941 as last amended by section 6, chapter 127, Laws of 1965 ex.sess., and RCW 44.04.080 are each amended to read as follows:

Members of the legislature including the president of the senate shall be paid not to exceed (~~twenty-five~~) forty dollars per day in lieu of subsistence and lodging during and while attending any legislative session. (~~The effective date of this section shall be January 1, 1967.~~)

NEW SECTION. Sec. 3. This act is necessary for the immediate preservation of the public peace, health and safety, the support of