

(2) Before any certificate of competency shall be revoked, the holder thereof shall be given written notice of the department's intention to do so, mailed by registered mail, return receipt requested, to said holder's last known address. Said notice shall enumerate the allegations against such holder, and shall give him the opportunity to request a hearing before the advisory board. At such hearing, the department and the holder shall have opportunity to produce witnesses and give testimony. The hearing shall be conducted in accordance with the provisions of chapter 34.04 RCW. The board shall render its decision based upon the testimony and evidence presented, and shall notify the parties immediately upon reaching its decision. A majority of the board shall be necessary to render a decision.

Sec. 10. Section 16, chapter 175, Laws of 1973 1st ex. sess. and RCW 18.106-.160 are each amended to read as follows:

~~((Violation of this chapter or of the department rules and regulations provided for in this chapter by a person, firm, or corporation, shall be punishable by a fine of not more than fifty dollars. Each day of such violation constitutes a separate offense))~~ The attorney general or the appropriate county prosecutor may bring a civil action in the superior court to enforce the provisions of this chapter and the rules and regulations promulgated thereunder and may recover as damages on behalf of the state of Washington a civil penalty of one hundred dollars per day of each violation, not to exceed the sum of five hundred dollars per violation.

NEW SECTION. Sec. 11. There is added to chapter 18.106 RCW a new section to read as follows:

The director may, upon payment of the appropriate fees, grant a certificate of competency without examination to any applicant who is a registered journeyman plumber or specialty plumber in any other state whose requirements for registration are at least substantially equivalent to the requirements of this state, and which extends the same privileges of reciprocity to journeymen plumbers or specialty plumbers registered in this state.

Passed the Senate May 2, 1977.

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CHAPTER 150

[Engrossed Senate Bill No. 2453]

SMALL LOAN COMPANIES

AN ACT Relating to small loan companies; amending section 2, chapter 208, Laws of 1941 as amended by section 1, chapter 212, Laws of 1959 and RCW 31.08.020; amending section 3, chapter 208, Laws of 1941 as amended by section 2, chapter 212, Laws of 1959 and RCW 31.08.030; amending section 4, chapter 208, Laws of 1941 and RCW 31.08.050; amending section 6, chapter 208, Laws of 1941 and RCW 31.08.070; amending section 7, chapter 208, Laws of 1941 and RCW 31.08.080; amending section 8, chapter 208, Laws of 1941 and RCW 31.08.090; amending section 12, chapter 208, Laws of 1941 as amended by section 4, chapter 212, Laws of 1959 and RCW 31.08.150; amending section 13, chapter 208, Laws of 1941 as amended by section 5, chapter 212, Laws of 1959 and RCW 31.08.160; amending section 10, chapter 212, Laws of 1959 and RCW 31.08.173; amending section 15, chapter 208, Laws of 1941 as amended by section 7, chapter 212, Laws of 1959 and RCW 31.08.180; amending section 16, chapter 208, Laws of 1941 as amended by section

8, chapter 212, Laws of 1959 and RCW 31.08.190; and amending section 17, chapter 208, Laws of 1941 as last amended by section 1, chapter 180, Laws of 1967 and RCW 31.08.200.

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

Section 1. Section 2, chapter 208, Laws of 1941 as amended by section 1, chapter 212, Laws of 1959 and RCW 31.08.020 are each amended to read as follows:

No person shall engage in the business of making secured or unsecured loans of money, credit, goods, or things in action in the amount or of the value of ~~((one))~~ two thousand five hundred dollars or less and charge, contract for, or receive a greater rate of interest, discount, or consideration therefor than the lender would be permitted by law to charge if he were not a licensee hereunder except as authorized by this chapter and without first obtaining a license from the supervisor.

Sec. 2. Section 3, chapter 208, Laws of 1941 as amended by section 2, chapter 212, Laws of 1959 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 ~~((one hundred))~~ two hundred and fifty dollars as a fee for investigating the application and the additional sum of ~~((fifty))~~ one hundred dollars as an annual license fee for a period terminating on the last day of the current calendar year ~~((:PROVIDED, That if the application is filed after June 30th in any year such additional sum shall be only twenty-five dollars))~~.

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 ~~((ten))~~ 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 thousand 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. 3. Section 4, chapter 208, Laws of 1941 and RCW 31.08.050 are each amended to read as follows:

Upon the filing of such application and the payment of such fees and the approval of such bond the supervisor shall investigate the facts and if he shall find

that the financial responsibility, experience, character, and general fitness of the applicant, and of the members thereof if the applicant be a copartnership or association, and of the officers and directors thereof if the applicant be a corporation, are such as to command the confidence of the community and to warrant belief that the business will be operated honestly, fairly, and efficiently within the purposes of this chapter, and that allowing such applicant to engage in business, will promote the convenience and advantage of the community in which the business of the applicant is to be conducted, and that the applicant has available for the operation of such business at the specified location liquid assets of at least ~~((ten))~~ fifty thousand dollars, (the foregoing facts being conditions precedent to the issuance of a license under this chapter), he shall thereupon issue and deliver a license to the applicant to make loans in accordance with the provisions of this chapter at the location specified in the said application, which license shall remain in full force and effect until it is surrendered by the licensee or revoked or suspended as hereinafter provided; if the supervisor shall not so find he shall not issue such license and he shall notify the applicant of the denial and return to the applicant the bond and sum paid by the applicant as a license fee, retaining the ~~((fifty))~~ two hundred and fifty dollars investigation fee to cover the costs of investigating the application. The supervisor shall approve or deny every application for license hereunder within sixty days from the filing thereof with the said fees and the said approved bond.

If the application is denied, the supervisor shall within twenty days thereafter file with the division of banking of the department of ~~((finance, budget and business))~~ general administration his order of denial together with his findings with respect thereto and the reasons supporting the order, and forthwith serve upon the applicant a copy thereof, from which order the applicant may ~~((appeal as provided in RCW 31.08.260))~~ request a hearing and appeal pursuant to chapter 34.04 RCW.

Sec. 4. Section 6, chapter 208, Laws of 1941 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 thousand 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 ~~((ten))~~ 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.

Sec. 5. Section 7, chapter 208, Laws of 1941 and RCW 31.08.080 are each amended to read as follows:

Not more than one place of business shall be maintained under the same license, but the supervisor may issue more than one license to the same licensee upon compliance with all the provisions of this chapter governing an original issuance of a license, for each such new license.

Whenever a licensee shall wish to change his place of business to a street address other than that designated in his license he shall give written notice thereof to the supervisor ~~((who))~~ and shall pay to the supervisor an investigation fee of one

hundred dollars. Upon receipt of such notice and fee the supervisor shall investigate the facts, and, if he shall find that allowing such licensee to engage in business in such new location will promote the convenience and advantage of the community in which the licensee desires to conduct his business, he shall attach to the license in writing his approval of the change and the date thereof, which shall be authority for the operation of such business under such license at such new location. If the supervisor shall not so find he shall deny the licensee permission so to change the location of his place of business, in the manner specified and subject to the provisions contained in the last paragraph of RCW 31.08.050.

Sec. 6. Section 8, chapter 208, Laws of 1941 and RCW 31.08.090 are each amended to read as follows:

Every licensee shall, for each license held by him, on or before the twentieth day of each December, pay to the supervisor the sum of ~~((fifty))~~ one hundred dollars as an annual license fee and shall at the same time file with the supervisor a bond to be approved by the supervisor in the same amount and of the same character as required by RCW 31.08.030.

Sec. 7. Section 12, chapter 208, Laws of 1941 as amended by section 4, chapter 212, Laws of 1959 and RCW 31.08.150 are each amended to read as follows:

No licensee or other person shall advertise, print, display, publish, distribute, broadcast, or televise or cause or permit to be advertised, printed, displayed, published, distributed, broadcast, or televised in any manner whatsoever any false, misleading, or deceptive statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action in the amount or of the value of ~~((one))~~ two thousand five hundred dollars or less. The supervisor may order any licensee to desist from any conduct which he shall find to be a violation of the foregoing provisions.

The supervisor may require that rates of charge, if stated by a licensee, be stated fully and clearly in such manner as he may deem necessary to prevent misunderstanding thereof by prospective borrowers.

No licensee shall conduct the business of making loans under this chapter within any office, room, or place of business in which any other business is solicited or transacted, or in association or conjunction therewith, if the supervisor shall find, after five days' written notice and after a hearing that the solicitation or transaction of such other business conceals evasion of this chapter by the licensee or is of such nature that such solicitation or transaction would facilitate evasion of this chapter or of the general rules and regulations lawfully made hereunder, and shall order such licensee in writing to desist from such conduct.

No licensee shall conduct, or advertise such business or make any loan provided for by this chapter under any other name or at any other place of business than that named in a license issued under this chapter.

No licensee shall take any confession of judgment or any power of attorney to confess judgment. No licensee shall take any note, promise to pay, or other obligation signed by the borrower that does not accurately disclose the actual amount of the loan, the time for which it is made, and the agreed rate of charge, nor any instrument in which blanks are left to be filled in after the proceeds of the loan are delivered. When charges are precomputed, as permitted by subsection (3) of RCW 31.08.160, the note shall disclose the amount of the precomputed charge.

Sec. 8. Section 13, chapter 208, Laws of 1941 as amended by section 5, chapter 212, Laws of 1959 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 ~~((one))~~ two thousand five hundred dollars in amount and may charge, contract for, and receive thereon charges at a rate not exceeding ~~((three))~~ two and one-half percent per month on that part of the unpaid principal balance of any loan not in excess of ~~((three))~~ five hundred dollars, one and one-half percent per month on that part of the unpaid principal balance of any loan in excess of ~~((three))~~ five hundred dollars and not in excess of ~~((five hundred))~~ one thousand dollars, and one percent per month on any remainder of such unpaid principal balance(~~(-PROVIDED, HOWEVER, That in lieu of said charges a licensee may charge one dollar per month, or fraction thereof, when said charges computed at the said rate amount to less than one dollar. AND PROVIDED FURTHER, That such charge of one dollar shall not be collected on more than one loan nor more than once from any one borrower during any period of one month))~~).

(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, ~~((excepting the minimum charge of one dollar provided in this section and excepting))~~ 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. 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. 9. Section 10, chapter 212, Laws of 1959 and RCW 31.08.173 are each amended to read as follows:

No contract made by a licensee under this chapter shall provide for a final maturity more than (~~twenty-five~~) forty-eight and one-half months from the date of making such contract.

Sec. 10. Section 15, chapter 208, Laws of 1941 as amended by section 7, chapter 212, Laws of 1959 and RCW 31.08.180 are each amended to read as follows:

No licensee shall directly or indirectly charge, contract for, or receive any interest, discount, or consideration greater than the lender would be permitted by law to charge if he were not a licensee hereunder upon the loan, use, or forbearance of money, goods, or things in action, or upon the loan, use, or sale of credit, of the amount or value of more than (~~one~~) two thousand five hundred dollars, exclusive of charges permitted by RCW 31.08.160.

Sec. 11. Section 16, chapter 208, Laws of 1941 as amended by section 8, chapter 212, Laws of 1959 and RCW 31.08.190 are each amended to read as follows:

The payment of (~~one~~) two thousand five hundred dollars or less in money, credit, goods, or things in action, as consideration for any sale or assignment of, or order for, the payment of wages, salary, commissions, or other compensation for services, whether earned or to be earned, shall for the purpose of regulation under this chapter be deemed a loan secured by such assignment, and the amount by which such assigned compensation retained by the assignee at the completion of the transaction exceeds the total amount of such consideration actually paid by the assignee to the assignor shall for the purpose of regulation under this chapter be deemed interest or charges upon such loan. Such transaction shall be governed by and subject to the provisions of this chapter.

Sec. 12. Section 17, chapter 208, Laws of 1941 as last amended by section 1, chapter 180, Laws of 1967 and RCW 31.08.200 are each amended to read as follows:

No person except as authorized by this chapter shall directly or indirectly charge, contract for, or receive any interest, discount, or consideration greater than the lender would be permitted by law to charge if he were not a licensee hereunder upon the loan, use, or forbearance of money, goods, or things in action, or upon the loan, use, or sale of credit of the amount or value of ~~((one))~~ two thousand five hundred dollars or less.

The foregoing prohibition shall apply to any person who by any device, subterfuge, or pretense whatsoever shall charge, contract for, or receive greater interest, consideration, or charges than is authorized by this chapter for any such loan, use, or forbearance of money, goods, or things in action or for any such loan, use, or sale of credit.

Interest rates for small loans as described in RCW 31.08.160 are hereby declared to be the maximum rates permissible under the public policy of the state of Washington. With respect to any loan of the amount or value of ~~((one))~~ two thousand five hundred dollars or less for which a greater rate of interest, consideration, or charges than is permitted by RCW 31.08.160 has been charged, contracted for, or received, the lender or his successor in interest shall not be entitled to collect or receive in this state: (1) any principal, interest, consideration or charges whatsoever if any part of the loan transaction occurred in this state; or (2) any interest, consideration or charges in excess of that stated in RCW 31.08.160 if no part of the loan transaction occurred in this state.

Passed the Senate May 24, 1977.

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CHAPTER 151

[Engrossed Substitute Senate Bill No. 2924]
DEPARTMENT OF TRANSPORTATION

AN ACT Relating to transportation; creating a department of transportation and prescribing its general structure, personnel, powers, duties, and functions; transferring to the jurisdiction of the department of transportation and/or the secretary of transportation certain powers, duties, and functions of the department of highways, the highway commission, the toll bridge authority, the aeronautics commission, the planning and community affairs agency, and the canal commission; transferring to the jurisdiction of the secretary of transportation certain powers, duties, and functions of certain state officials, boards, and commissions; providing the procedure for the aforesaid transfers; saving certain rights; abolishing certain state agencies and offices; renaming Title 47 RCW and adding certain code chapters thereto; amending section 1, chapter 7, Laws of 1977 and RCW 43.17.010; amending section 2, chapter 7, Laws of 1977 and RCW 43.17.020; amending section 47.01.070, chapter 13, Laws of 1961 and RCW 47.01.070; amending section 7, chapter 74, Laws of 1967 and RCW 43.63A.070; amending section 46.44.080, chapter 12, Laws of 1961 as amended by section 1, chapter 15, Laws of 1973 2nd ex. sess. and RCW 46.44.080; amending section 46.44.090, chapter 12, Laws of 1961 as amended by section 13, chapter 64, Laws of 1975-'76 2nd ex. sess. and RCW 46.44.090; amending section 46.44.091, chapter 12, Laws of 1961 as last amended by section 14, chapter 64, Laws of 1975-'76 2nd ex. sess. and RCW 46.44.091; amending section 46.44.092, chapter 12, Laws of 1961 as last amended by section 15, chapter 64, Laws of 1975-'76 2nd ex. sess. and RCW 46.44.092; amending section 46.44.095, chapter 12, Laws of 1961 as last amended by section 17, chapter 64, Laws of 1975-'76 2nd ex. sess. and RCW 46.44.095; amending section 2, chapter 16, Laws of 1963 as last amended by section 1, chapter 103, Laws of 1974 ex. sess. and RCW 46.61.405; amending section 3, chapter 16, Laws of 1963 as last amended by section 2, chapter 103, Laws of 1974 ex. sess. and RCW 46.61.410; amending section 4, chapter 16, Laws of 1963 as amended by section 3, chapter 103, Laws of 1974 ex. sess. and RCW 46.61.415; amending