

The powers and duties of the board of psychologists examiners shall be terminated on June 30, 1986.

**NEW SECTION.** Sec. 95. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the House March 3, 1984.

Passed the Senate March 2, 1984.

Approved by the Governor March 29, 1984, with the exception of sections 64, 65(3), 66, 67, 70(3) and (4), which were vetoed.

Filed in Office of Secretary of State March 29, 1984.

Note: Governor's explanation of partial veto is as follows:

I am returning herewith, without my approval as to certain provisions, Substitute House Bill No. 1178, entitled:

"AN ACT Relating to the regulation of health and health-related professions and businesses."

Section 64 adds very detailed and inappropriate language to the statute regulating nursing home administrators.

Sections 64 and 65 (3) would exempt from all regulation the administrators of nursing homes operated by churches teaching healing by faith alone. I believe it is important to recognize that the regulation of nursing homes and their administrators deals with far more than medical treatment. Therefore, the current exemptions from medically-related regulations are more appropriate than blanket deregulation.

Sections 66 and 67 would raise the educational requirement for licensure of nursing home administrators from an associate degree to a bachelor's degree. This kind of educational requirement, unrelated to the practice of the occupation, is inappropriate because it tends to increase consumer costs and decrease job opportunities without promising any improvement in service.

Sections 70(3) and (4) would reduce the state's ability to discipline licensed nursing home administrators by removing the ability to discipline for knowing violations of the statute. Knowing violation should be retained as a basis of discipline.

With the exception of these provisions, Substitute House Bill No. 1178 is approved.

## CHAPTER 280

[Substitute House Bill No. 1163]

### CREDIT TRANSACTIONS

AN ACT Relating to credit transactions; amending section 1, chapter 236, Laws of 1963 as last amended by section 7, chapter 158, Laws of 1983 and RCW 63.14.010; amending section 9, chapter 236, Laws of 1963 and RCW 63.14.090; amending section 12, chapter 236, Laws of 1963 as last amended by section 4, chapter 77, Laws of 1981 and RCW 63.14.120; amending section 13, chapter 236, Laws of 1963 as last amended by section 5, chapter 77, Laws of 1981 and RCW 63.14.130; amending section 14, chapter 236, Laws of 1963 and RCW 63.14.140; amending section 15, chapter 236, Laws of 1963 as amended by section 9, chapter 234, Laws of 1967 and RCW 63.14.150; amending section 9, chapter 77, Laws of 1981 and RCW 63.14.151; amending section 16, chapter 236, Laws of 1963 and RCW 63.14.160; amending section 10, chapter 77, Laws of 1981 and RCW 63.14.165; amending section 18, chapter 236, Laws of 1963 as amended by section 10, chapter 234, Laws of 1967 and RCW 63.14.180; and adding new sections to chapter 236, Laws of 1963 and to chapter 63.14 RCW.

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

Sec. 1. Section 1, chapter 236, Laws of 1963 as last amended by section 7, chapter 158, Laws of 1983 and RCW 63.14.010 are each amended to read as follows:

In this chapter, unless the context otherwise requires:

(1) "Goods" means all chattels personal when purchased primarily for personal, family, or household use and not for commercial or business use, but not including money or, except as provided in the next sentence, things in action. The term includes but is not limited to merchandise certificates or coupons, issued by a retail seller, to be used in their face amount in lieu of cash in exchange for goods or services sold by such a seller and goods which, at the time of sale or subsequently, are to be so affixed to real property as to become a part thereof, whether or not severable therefrom;

(2) "Lender credit card" means a card or device under a lender credit card agreement pursuant to which the issuer gives to a cardholder residing in this state the privilege of obtaining credit from the issuer or other persons in purchasing or leasing property or services, obtaining loans, or otherwise, and the issuer of which is not: (a) Principally engaged in the business of selling goods; or (b) a financial institution;

(3) "Lender credit card agreement" means an agreement entered into or performed in this state prescribing the terms of retail installment transactions pursuant to which the issuer may, with the buyer's consent, purchase or acquire one or more retail sellers' indebtedness of the buyer under a sales slip or memorandum evidencing the purchase, lease, loan, or otherwise to be paid in accordance with the agreement. The issuer of a lender credit card agreement shall not be principally engaged in the business of selling goods or be a financial institution;

(4) "Financial institution" means any bank or trust company, mutual savings bank, credit union, or savings and loan association organized pursuant to the laws of any one of the United States of America or the United States of America, or the laws of a foreign country if also qualified to conduct business in any one of the United States of America or pursuant to the laws of the United States of America;

(5) "Services" means work, labor, or services of any kind when purchased primarily for personal, family, or household use and not for commercial or business use whether or not furnished in connection with the delivery, installation, servicing, repair, or improvement of goods and includes repairs, alterations, or improvements upon or in connection with real property, but does not include services for which the price charged is required by law to be determined or approved by or to be filed, subject to approval or disapproval, with the United States or any state, or any department, division, agency, officer, or official of either as in the case of transportation services;

~~((3))~~ (6) "Retail buyer" or "buyer" means a person who buys or agrees to buy goods or obtain services or agrees to have services rendered or furnished, from a retail seller;

~~((4))~~ (7) "Retail seller" or "seller" means a person engaged in the business of selling goods or services to retail buyers;

~~((5))~~ (8) "Retail installment transaction" means any transaction in which a retail buyer purchases goods or services from a retail seller pursuant to a retail installment contract ~~((or))~~, a retail charge agreement, or a lender credit card agreement, as defined in this section, which provides for a service charge, as defined in this section, and under which the buyer agrees to pay the unpaid balance in one or more installments or which provides for no service charge and under which the buyer agrees to pay the unpaid balance in more than four installments;

~~((6))~~ (9) "Retail installment contract" or "contract" means a contract, other than a retail charge agreement, a lender credit card agreement, or an instrument reflecting a sale made pursuant thereto, entered into or performed in this state for a retail installment transaction. The term "retail installment contract" may include a chattel mortgage, a conditional sale contract, and a contract in the form of a bailment or a lease if the bailee or lessee contracts to pay as compensation for their use a sum substantially equivalent to or in excess of the value of the goods sold and if it is agreed that the bailee or lessee is bound to become, or for no other or a merely nominal consideration, has the option of becoming the owner of the goods upon full compliance with the provisions of the bailment or lease. The term "retail installment contract" does not include: (a) A "consumer lease," heretofore or hereafter entered into, as defined in RCW 63.10.020; or (b) a lease which would constitute such "consumer lease" but for the fact that: (i) It was entered into before April 29, 1983; (ii) the lessee was not a natural person; (iii) the lease was not primarily for personal, family, or household purposes; or (iv) the total contractual obligations exceeded twenty-five thousand dollars;

~~((7))~~ (10) "Retail charge agreement," "revolving charge agreement," or "charge agreement" means an agreement entered into or performed in this state prescribing the terms of retail installment transactions which may be made thereunder from time to time and under the terms of which a service charge, as defined in this section, is to be computed in relation to the buyer's unpaid balance from time to time;

~~((8))~~ (11) "Service charge" however denominated or expressed, means the amount which is paid or payable for the privilege of purchasing goods or services to be paid for by the buyer in installments over a period of time. It does not include the amount, if any, charged for insurance premiums, delinquency charges, attorneys' fees, court costs, or official fees;

~~((9))~~ (12) "Sale price" means the price for which the seller would have sold or furnished to the buyer, and the buyer would have bought or

obtained from the seller, the goods or services which are the subject matter of a retail installment transaction. The sale price may include any taxes, registration and license fees, and charges for transferring vehicle titles, delivery, installation, servicing, repairs, alterations, or improvements;

~~((+0))~~ (13) "Official fees" means the amount of the fees prescribed by law for filing, recording, or otherwise perfecting, and releasing or satisfying, a retained title, lien, or other security interest created by a retail installment transaction;

~~((+1))~~ (14) "Time balance" means the principal balance plus the service charge;

~~((+2))~~ (15) "Principal balance" means the sale price of the goods or services which are the subject matter of a retail installment contract less the amount of the buyer's down payment in money or goods or both, plus the amounts, if any, included therein, if a separate identified charge is made therefor and stated in the contract, for insurance and official fees;

~~((+3))~~ (16) "Person" means an individual, partnership, joint venture, corporation, association, or any other group, however organized;

~~((+4))~~ (17) "Rate" means the percentage which, when multiplied times the outstanding balance for each month or other installment period, yields the amount of the service charge for such month or period.

Sec. 2. Section 9, chapter 236, Laws of 1963 and RCW 63.14.090 are each amended to read as follows:

The holder of any retail installment contract ~~((or))~~, retail charge agreement, or lender credit card agreement may not collect any delinquency or collection charges, including any attorney's fee and court costs and disbursements, unless the contract ~~((or))~~, charge agreement, or lender credit card agreement so provides. In such cases, the charges shall be reasonable, and no attorney's fee may be recovered unless the contract ~~((or))~~, charge agreement, or lender credit card agreement is referred for collection to an attorney not a salaried employee of the holder.

The contract ~~((or))~~, charge agreement, or lender credit card agreement may contain other provisions not inconsistent with the purposes of this chapter, including but not limited to provisions relating to refinancing, transfer of the buyer's equity, construction permits, and title reports.

Sec. 3. Section 12, chapter 236, Laws of 1963 as last amended by section 4, chapter 77, Laws of 1981 and RCW 63.14.120 are each amended to read as follows:

(1) At or prior to the time a retail charge agreement or lender credit card 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 or her 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~~) the buyer's address, a memorandum setting forth this information.

(2) The seller or holder of a retail charge agreement or lender credit card 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 or lender credit card 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 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 or her 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) You may cancel any purchases made under this charge agreement 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 midnight of the third day (excluding Sundays and holidays) following your signing of the purchase agreement. If you choose to cancel this purchase, you must return or make available to seller at the place of delivery any merchandise, in its original condition, received by you under this purchase agreement.

NEW SECTION. Sec. 4. There is added to chapter 236, Laws of 1963 and to chapter 63.14 RCW a new section to read as follows:

A lender credit card agreement may not contain any provision for a security interest in real or personal property or fixtures of the buyer to secure payment of performance of the buyer's obligation under the lender credit card agreement.

Sec. 5. Section 13, chapter 236, Laws of 1963 as last amended by section 5, chapter 77, Laws of 1981 and RCW 63.14.130 are each 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) A rate on outstanding unpaid balances which exceeds six percentage points above the average, rounded to the nearest one-quarter of one percent, of the equivalent coupon issue yields (as published by the Federal Reserve Bank of San Francisco) of the bill rates for twenty-six week treasury bills for the last market auctions conducted during February, May, August, and November of the year prior to the year in which the retail installment contract is executed; or

(b) Ten dollars.

(2) The service charge in a retail charge agreement, revolving charge agreement, lender credit card agreement, or charge agreement, shall not exceed one and one-half 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.

Sec. 6. Section 14, chapter 236, Laws of 1963 and RCW 63.14.140 are each amended to read as follows:

If the cost of any insurance is included in the retail installment contract ((or)), retail charge agreement, or lender credit card agreement:

(1) The contract or agreement shall state the nature, purpose, term, and amount of such insurance, and in connection with the sale of a motor vehicle, the contract shall state that the insurance coverage ordered under the terms of this contract does not include "bodily injury liability," "public liability," and "property damage liability" coverage, where such coverage is in fact not included;

(2) The contract or agreement shall state whether the insurance is to be procured by the buyer or the seller;

(3) The amount, included for such insurance, shall not exceed the premiums chargeable in accordance with the rate fixed for such insurance by the insurer, except where the amount is less than one dollar;

(4) If the insurance is to be procured by the seller or holder, he shall, within forty-five days after delivery of the goods or furnishing of the services under the contract, deliver, mail or cause to be mailed to the buyer, at his or her address as specified in the contract, a notice thereof or a copy of the policy or policies of insurance or a certificate or certificates of the insurance so procured.

Sec. 7. Section 15, chapter 236, Laws of 1963 as amended by section 9, chapter 234, Laws of 1967 and RCW 63.14.150 are each amended to read as follows:

No provision of a retail installment contract ((~~or~~)), retail charge agreement ((~~shall be~~)), or lender credit card agreement is valid by which the buyer agrees not to assert against the seller or against an assignee a claim or defense arising out of the sale, or by which the buyer agrees to submit to suit in a county other than the county where the buyer signed the contract or where the buyer resides or has his principal place of business.

Sec. 8. Section 9, chapter 77, Laws of 1981 and RCW 63.14.151 are each amended to read as follows:

Any retail installment contract ((~~or~~)), retail charge agreement ((~~which~~)), or lender credit card agreement that complies with the disclosure requirements of Title I of the federal consumer protection act (82 Stat. 146, 15 U.S.C. 1601) which is also known as the truth in lending act, as of the date upon which said retail installment contract ((~~or~~)), revolving charge agreement, or lender credit card agreement is executed, shall be deemed to comply with the disclosure provisions of chapter 63.14 RCW.

Sec. 9. Section 16, chapter 236, Laws of 1963 and RCW 63.14.160 are each amended to read as follows:

No act or agreement of the retail buyer before or at the time of the making of a retail installment contract, retail charge agreement, lender credit card agreement, or purchases thereunder shall constitute a valid waiver of any of the provisions of this chapter or of any remedies granted to the buyer by law.

Sec. 10. Section 10, chapter 77, Laws of 1981 and RCW 63.14.165 are each amended to read as follows:

A ((~~tender~~)) financial institution credit card is a card or device issued under an arrangement pursuant to which the ((~~issuer~~)) issuing financial institution gives to a card holder residing in this state the privilege of obtaining credit from the issuer or other persons in purchasing or leasing property or services, obtaining loans, or otherwise, and the issuer of which is not principally engaged in the business of selling goods.

Except as provided in section 11 of this act, a ((lender)) financial institution credit card agreement and credit extended pursuant to it is not subject to the provisions of this chapter but shall be subject to the provisions of chapter 19.52 RCW.

**\*NEW SECTION.** Sec. 11. There is added to chapter 236, Laws of 1963 and to chapter 63.14 RCW a new section to read as follows:

(1) Pursuant to a lender credit card or financial institution credit card transaction in which a credit card has been used to obtain credit, the seller is a person other than the card issuer, and the seller accepts or allows a return of goods or forgiveness of a debit for services that were the subject of the sale, credit shall be applied to the obligor's account as provided by this section.

(2) Within seven working days after a transaction in which an obligor becomes entitled to credit, the seller shall transmit a statement to the card issuer through the normal channels established by the card issuer for the transmittal of such statements. The credit card issuer shall credit the obligor's account within three working days following receipt of a credit statement from the seller.

(3) The obligor is not responsible for payment of any service charges resulting from the seller's or card issuer's failure to comply with subsection (2) of this section.

***(4) The seller is responsible for payment of any service charges resulting from the seller's failure to comply with subsection (2) of this section.***

(5) An issuer issuing a lender credit card or financial institution credit card shall mail or deliver a notice of the provisions of this section at least once per calendar year, at intervals of not less than six months nor more than eighteen months, either to all cardholders or to each cardholder entitled to receive a periodic statement for any one billing cycle. The notice shall state that the obligor is not responsible for payment of any service charges resulting from the seller's or card issuer's failure to comply with subsection (2) of this section.

**\*Sec. 11 was partially vetoed, see message at end of chapter.**

Sec. 12. Section 18, chapter 236, Laws of 1963 as amended by section 10, chapter 234, Laws of 1967 and RCW 63.14.180 are each amended to read as follows:

Any person who enters into a retail installment contract ((or)), charge agreement ((which)), or lender credit card agreement that does not comply with the provisions of this chapter or who violates any provision of this chapter except as a result of an accidental or bona fide error shall be barred from the recovery of any service charge, official fees, or any delinquency or collection charge under or in connection with the related retail installment contract or purchases under a retail charge agreement or lender credit agreement; but such person may nevertheless recover from the buyer an amount equal to the cash price of the goods or services and the cost to such



person of any insurance included in the transaction: PROVIDED, That if the service charge is in excess of that allowed by RCW 63.14.130, except as the result of an accidental or bona fide error, the buyer shall be entitled to an amount equal to the total of (1) twice the amount of the service charge paid, and (2) the amount of the service charge contracted for and not paid, plus (3) costs and reasonable attorneys' fees. The reduction in the cash price by the application of the above sentence shall be applied to diminish pro rata each future installment of principal amount payable under the terms of the contract or agreement.

NEW SECTION. Sec. 13. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the House March 5, 1984.

Passed the Senate March 4, 1984.

Approved by the Governor March 29, 1984, with the exception of section 11(4), which was vetoed.

Filed in Office of Secretary of State March 29, 1984.

Note: Governor's explanation of partial veto is as follows:

I am returning herewith, without my approval as to one section, Substitute House Bill No. 1163, entitled:

"AN ACT Relating to credit transactions."

This bill places credit cards issued by companies which are not financial institutions nor retail businesses in the same category as credit cards issued by retail businesses. The bill also provides additional protection to the user of the credit card where his returned goods or otherwise secured forgiveness of the debt for which the card was used. This bill clarifies that the credit card user is not responsible for the payment of service charges resulting from the failure of a retailer or of the card issuer to properly process the advice of credit. However, subsection 4 of section 11 goes beyond protection of the holder of the card and unnecessarily stipulates that, as between the issuer of the card and the retailers, the retailers will bear the burden of the surcharges where they are at fault. This issue should be left to agreement between the card issuer and the retailers honoring the card.

With the exception of section 11(4), Substitute House Bill No. 1163 is approved.

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## CHAPTER 281

[Engrossed Substitute Senate Bill No. 4448]

### MINOR HEALTH CARE SERVICES

AN ACT Relating to the regulation of persons who perform minor health care services; adding a new chapter in Title 18 RCW; adding a new section to chapter 18.36 RCW; and creating a new section.

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