

SENATE BILL REPORT

SB 6738

As of January 30, 2006

Title: An act relating to small loan payment plans.

Brief Description: Modifying the laws governing small loan payment plans.

Sponsors: Senators Fairley, Mulliken and Haugen.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/1/06.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Staff: Joanne Conrad (786-7472)

Background: The terms and conditions of pay day loans are regulated by state statute. Current law provides that after four successive loans to the same borrower, the borrower may convert to a "payment plan," intended to make the loans easier to repay.

Summary of Bill: If a borrower is unable to repay a pay day loan, the lender must provide a payment plan, without waiting for four loans. The payment plan constitutes a new loan, with a balance in the amount of the outstanding loan, net payments made. The term of the payment plan must be at least 90 days, and any check securing the pay day loan must be returned to the borrower at the time of the repayment plan.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.