

Chapter 208-630 WAC

REGULATION OF CHECK CASHERS AND SELLERS(~~(--REGULATION OF)~~) AND
SMALL LOANS (PAYDAY LENDERS)

AMENDATORY SECTION (Amending WSR 07-23-094, filed 11/20/07,
effective 12/21/07)

WAC 208-630-110 What definitions are required to understand these rules? The definitions in RCW 31.45.010 and this section apply throughout this chapter unless the context clearly requires otherwise.

"Act" means chapter 31.45 RCW.

"Affiliate" means any person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is in common control with another person.

"Agent" for purposes of RCW 31.45.079 means a person who, pursuant to the terms of a written agreement and for compensation, performs small loan agent services on behalf of an exempt entity.

"Annual percentage rate" or "APR" means the cost of credit expressed as a yearly rate, determined in accordance with the federal Truth in Lending Act (15 U.S.C. Sec. 1601 et seq.), and Regulation Z (12 C.F.R. Part 226 et seq.), as amended.

The Office of the Comptroller of the Currency (OCC) has developed an APR calculator (APRWIN) that licensees may download and use without charge. APRWIN is available on the OCC's web site at <http://www.occ.treas.gov/aprwin.htm>.

"Board director" means a director of a corporation or a person occupying a similar status and performing a similar function with respect to an organization, whether incorporated or unincorporated.

"Check" means the same as defined in RCW 62A.3-104(f) and, for purposes of conducting the business of making small loans, includes other electronic forms of payment, including stored value cards, internet transfers, and automated clearing house transactions.

"Check casher" means an individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or in part, in the business of cashing checks, drafts, money orders, or other commercial paper serving the same purpose.

"Check seller" means an individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or in part, in the business of selling checks, drafts, money orders, or other commercial paper serving the same purpose.

"Close of business" for the purposes of RCW 31.45.86 and these regulations means the actual time a licensee closes for business at the location from which a small loan was originated or 11:59 p.m. Pacific Time, whichever is earlier.

"Default" means the borrower's failure to repay the small loan in compliance with the terms contained in the small loan agreement or note or failure to pay any installment plan payment on an installment plan within ten days after the date upon which the installment was scheduled to be paid.

"Department" means the department of financial institutions.

"Exempt entity" means a person described in RCW 31.45.020 that is engaged in the business of making small loans.

"Installment plan" is a contract between a licensee and borrower that provides that the loaned amount will be repaid in substantially equal installments scheduled on or after a borrower's pay dates and no less than fourteen days apart.

"Investigation" means an examination undertaken for the purpose of detecting violations of chapter 31.45 RCW or these rules or obtaining information lawfully required under chapter 31.45 RCW or these rules.

"License" means a license issued by the director to engage in the business of check cashing or check selling under the provision of chapter 31.45 RCW.

"Loaned amount" means the outstanding principal balance and any fees authorized under RCW 31.45.073 that have not been paid by the borrower.

"Monetary instrument" means a check, draft, money order or other commercial paper serving the same purpose.

"Paid" means that moment in time when the licensee deposits the borrower's check or accepts cash for the full amount owed on

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a valid small loan. If the borrower's check is returned by the borrower's bank for insufficient funds, the loan is not paid.

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"Payday advance lender" or "payday lender" means a licensee under this chapter who has obtained a small loan endorsement under RCW 31.45.073.

"Payday advance loan," "payday loan" or "deferred deposit loan" means the same as a small loan.

"Postdated check" means a check delivered prior to its date, generally payable at sight or on presentation on or after the day of its date. "Postdated check" does not include any promise or order made or submitted electronically by a borrower to a licensee.

"RCW" means the *Revised Code of Washington*.

"Small loan" or "loan" means a loan of up to the maximum amount and for a period of time up to the maximum term specified in RCW 31.45.073. For purposes of complying with the eight small loan maximum specified in RCW 31.45.073, a loan is made when the data base has been accessed, a transaction authorization number is assigned, and the licensee has provided the proceeds of the loan to the borrower.

"Small loan agent services" means all or substantially all of the following services:

- (1) Marketing and advertising small loans;
- (2) Taking small loan applications;
- (3) Assisting customers in completing small loan documentation;
- (4) Providing required disclosures;

- (5) Disbursing small loan proceeds;
- (6) Collecting small loans;
- (7) Retaining documents and records; and
- (8) Making reports.

"State" means the state of Washington.

"Unsafe or unsound financial practice" means any action, or lack of action, the likely consequences of which, if continued, would impair materially the net worth of a licensee or create an abnormal risk of loss to its customers.

[Statutory Authority: RCW 43.320.040. 07-23-094, § 208-630-110, filed 11/20/07, effective 12/21/07. Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-110, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-120 What does a business have to do to operate as a check casher and seller, or to make small loans as a payday lender? In order to engage in the business of check cashing and selling, a business must apply and obtain from the department a check cashing or selling license. In order to engage in making payday loans (small loans), a business must first obtain a license as a check casher or seller ((~~must first~~)) and then obtain a small loan endorsement to ((~~its~~)) that license to make ((~~small~~)) payday loans in accordance with chapter 31.45 RCW and this chapter.

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-120, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-180 Is there a bond requirement for my license? If you are, engaged in ~~((any business))~~ selling checks, drafts, or money orders or if you have a small loan endorsement under chapter 31.45 RCW you must obtain and maintain a bond as long as you are licensed. The bond must run to the benefit of the state and any person or persons who suffer loss. You must file the bond with the director at the beginning of each calendar year. The bond must be issued by a surety which meets the requirements of chapter 48.28 RCW. The bond form must be acceptable to the director. You may obtain a copy of an acceptable form from the department.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-180, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-190 What type of bond is necessary and what are the conditions? The bond must, be continuous and conditioned upon you (~~faithfully abiding by~~) complying with chapter 31.45 RCW and all rules in this chapter. It must, also be conditioned upon the check seller licensee paying all persons who purchase monetary instruments from the licensee the face value of any monetary instrument dishonored by the drawee financial institution due to insufficient funds or by reason of the account having been closed. The surety is only liable for the face value of the dishonored monetary instrument, and not liable for any interest or consequential damages. For a licensee with a small loan endorsement, the bond must, run to the benefit of the state and any person or persons who suffer loss due to the licensee's violation of chapter 31.45 RCW or this chapter.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-190, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-230 What must I do if there are claims against the bond? (~~The licensee~~) You must notify the department of any claim against the bond within ten days after receiving notice of a claim.

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-230, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-260 Do I have any alternative to maintaining a surety bond? In lieu of the surety bond required in this rule, you may substitute one of the following alternatives with the approval of the director. Any alternative to the surety bond must secure the same obligations as would the surety bond. The amount of alternative substituted under subsection (1) or (2) of this section must be equal to or greater than the amount of the required surety bond.

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(1) **Time deposit.** A certificate of deposit assigned in favor of the director. The certificate of deposit must be issued by a financial institution in the state whose deposits or shares are insured by an agency of the government of the United States. The depositor is entitled to receive all interest and dividends on the certificate of deposit.

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(2) **Demonstration of net worth.** You must demonstrate net worth in excess of three times the amount of the required bond. You must notify the director within ten business days of any date upon which your net worth decreases below the required amount. If you fail to maintain the required level of net worth and continue to operate under a small loan endorsement you will be required to immediately obtain a surety bond and maintain it for five years after the date of noncompliance. During this five-year period, the director will not accept a demonstration of net worth in lieu of a surety bond.

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(3) **Reports required.** If you maintain net worth in lieu of a surety bond you must submit annually to the director an audited financial statement and within forty-five days after the close of each quarter a supplementary year-to-date financial statement prepared in accordance with generally accepted accounting principles. The financial statements must include at a minimum a statement of assets and liabilities and a profit and loss statement. The director may continue to require other documents, agreements or information necessary to properly evaluate and ensure that you remain in compliance with this section.

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(4) **Bad debts and judgments.** If you maintain net worth in lieu of a surety bond you are not required to consider bad debts and certain judgments as assets. The director may approve exceptions in writing. You must charge off your books any debt upon which any payment is six months or more past due. You may not count as an asset any judgment more than two years old which has not been paid. Time consumed by an appeal from a judgment is not counted in the two-year limit.

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(5) **Noncompliance.** If you do not comply with this section you must obtain and file with the director a surety bond in the required amount in WAC ((~~208-630-030~~) 208-630-240 by the date specified by the director.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-260, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-360 (~~Whether a business has a license or not, what should the business know about~~) When may the director conduct an investigation? The director or designee may conduct investigations at any time, in or outside of the state, to determine whether any person has violated or is about to violate chapter 31.45 RCW, these rules, or any order issued under these laws and rules. This includes a licensee or a business that may be conducting transactions requiring a license. For that purpose the director or designee may conduct inquiries, interviews and examinations of any person relevant to the investigation.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-360, filed 10/21/05, effective 11/21/05.]

ANNUAL ASSESSMENTS (~~(AND REPORTING REQUIREMENTS)~~)

SMALL LOAN REQUIREMENTS (~~(FOR CHECK CASHING AND MAKING SMALL~~

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LOANS))
(PAYDAY LENDING)

NEW SECTION

WAC 208-630-461 What is the maximum amount that all licensees may lend to a borrower at any one time? The outstanding principals of all small loans made by all licensees to a single borrower at any one time may not exceed seven hundred dollars or thirty percent of the gross monthly income of the borrower, whichever is lower.

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NEW SECTION

WAC 208-630-462 What documentation is acceptable as proof of the borrower's gross monthly income? Reserved.

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NEW SECTION

WAC 208-630-463 What is the maximum number of small loans that may be made to a single borrower in any twelve-month period? The maximum number of loans that all licensees may make to a single borrower in any twelve-month period is eight loans.

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NEW SECTION

WAC 208-630-464 What documentation must I accept as proof of the borrower's identity? Reserved.

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NEW SECTION

WAC 208-630-465 If a borrower presents different forms of identification on subsequent loans, can I accept that identification? No. You can only accept the form of identification the borrower provided you with the first small loan they obtained from you. Each borrower can only be identified with one form of identification.

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NEW SECTION

WAC 208-630-466 What fees can I charge on a small loan?

You may charge interest or fees for small loans not to exceed in the aggregate fifteen percent of the first five hundred dollars of principal. If the principal exceeds five hundred dollars, you may charge interest or fees not to exceed in the aggregate ten percent of the portion of the principal in excess of five hundred dollars. If you make more than one loan to a single borrower, and the aggregated principal of all loans made to that borrower exceeds five hundred dollars at any one time, you may charge interest or fees not to exceed in the aggregate ten percent on the portion of the aggregated principal of all loans at any one time that is in excess of five hundred dollars.

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NEW SECTION

WAC 208-630-501 How must I determine the due date on the

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loan? (1) The earliest due date for repayment is the borrower's next pay date unless that date is within seven days of the date

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of the small loan. If the due date falls within the seven days, you must set the repayment date on or after the borrower's

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second pay date after the date of the small loan.

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(2) The latest due date of the loan may not be set more than forty-five days from the origination date on the loan unless the term of the loan is extended by agreement between the you and the borrower at no additional cost to the borrower.

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AMENDATORY SECTION (Amending WSR 07-23-094, filed 11/20/07, effective 12/21/07)

WAC 208-630-505 What process must I follow when a borrower pays off a small loan, or makes a payment toward ((a payment)) an installment plan, with cash? You must prepare a receipt with information that includes, but is not limited to, the date of the payment, the borrower's name, the amount of the cash received, an indication that the payment was made in cash, an indication that the payment was made either on a loan, or towards an installment plan, the borrower's signature, and an authorized signature, stamp, or other authenticating mark confirming you received the payment.

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[Statutory Authority: RCW 43.320.040. 07-23-094, § 208-630-505, filed 11/20/07, effective 12/21/07.]

NEW SECTION

WAC 208-630-506 What are my obligations if the borrower notifies me that he or she is unable to pay the small loan on time? You must notify the borrower that he or she has a right to convert the small loan to an installment loan. [See WAC 208-630-520.](#)

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AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-510 When does a borrower have a right to enter into ~~((a statutory payment))~~ an installment plan? ((A)) The borrower has ~~((a))~~ the right to convert a small loan ~~((to a statutory payment plan after four successive loans and prior to default on the last loan))~~ into an installment plan upon request.

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-510, filed 10/21/05, effective 11/21/05.]

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AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-520 If a borrower and licensee enter into ~~((a statutory payment))~~ an installment plan, what ~~((is))~~ are the terms of the ~~((payment))~~ installment plan? ~~((A payment))~~ An installment plan under ~~((the provisions of))~~ RCW 31.45.084 must be in writing and be for a period of at least ~~((sixty))~~ ninety days ~~((unless a shorter period is agreed to by both the borrower and the licensee))~~ if the small loan amount is four hundred dollars or less and one hundred eighty days if the small loan is over four hundred dollars. The borrower may pay off the total amount due at any time without additional penalty, fee, or charge for prepayment.

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-520, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-530 If a borrower and licensee enter into ~~((a statutory payment))~~ an installment plan, how must the payments be structured? ~~((A payment))~~ An installment plan under the provisions of RCW 31.45.084 must provide for at least ~~((three))~~ six separate payments if the amount of the loan is four hundred dollars or less and at least twelve separate payments if the loan amount is more than four hundred dollars. The payment amounts, ~~((, unless otherwise requested by the borrower and agreed to in writing by the lender,))~~ must be:

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(1) Equal to the total amount of the ~~((payment))~~ installment plan balance divided by the number of payments (subject to reasonable rounding); and

(2) Due at substantially equivalent intervals on or after the borrower's pay dates but at least fourteen days apart.

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~~((For example, a sixty day, three hundred fifty dollar payment plan entered into on May 1 providing for payments of one hundred twenty dollars on May 20, one hundred twenty dollars on June 11, and one hundred ten dollars on June 29, complies with this rule.))~~

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-530, filed 10/21/05, 9/3/09 11:28 AM[21] OTS-2510.2

effective 11/21/05.]

NEW SECTION

WAC 208-630-531 May I charge any fees if a borrower decides to convert their loan to an installment plan? You may not charge any fee or impose any other burden on the borrower for their decision to convert their small loan to an installment plan as provided under RCW 31.45.084, other than the terms and conditions expressly authorized by RCW 31.45.084.

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NEW SECTION

WAC 208-630-532 May I make a small loan to a borrower who is in default on another small loan? No. You are prohibited from making a small loan to a borrower who is in default on another small loan.

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NEW SECTION

WAC 208-630-533 May I make a small loan to a borrower who is in an installment plan? No. You are prohibited from making a small loan to a borrower who is making payments as part of an installment plan until after that loan is paid in full or two years have passed from the origination date of the small loan, whichever occurs first.

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AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-540 Must I comply with the federal Truth in Lending Act when entering into ~~((a payment))~~ an installment plan? An ~~((a payment))~~ installment plan agreement under the provisions of RCW 31.45.084 must comply with the federal Truth in Lending Act, 15 U.S.C. Sec. 1601.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-540, filed 10/21/05, effective 11/21/05.]

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NEW SECTION

WAC 208-630-542 What fees may I charge to collect a delinquent small loan? If the borrower has not requested an installment plan, you may charge or collect a fee equal to or less than twenty-five dollars for a check returned unpaid by the bank drawn upon. Only one fee may be collected with respect to a particular check even if it has been redeposited and returned more than once.

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NEW SECTION

WAC 208-630-543 What are the specifications required of the communication log in RCW 31.45.082(4)? The communication log must contain:

(1) The date, time, and brief description of all telephone communications, including identification of the parties to the communication; and

(2) The date and brief description of all written communications. The log may be in written or electronic form,

and must indicate the borrower's name.

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NEW SECTION

WAC 208-630-544 May I allow a borrower to refinance or "rollover" a small loan with another small loan? You may not allow a borrower to use a new small loan to pay off an existing small loan by the same lender or an affiliate of the lender. Licensees may not apply the proceeds from any small loan to any other loan from the same lender or affiliate of the lender.

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NEW SECTION

WAC 208-630-545 May I use a name or place of business other than that named on the license or small loan endorsement? No. You may not make any loan under authority granted by chapter 31.45 RCW under any name or at any place of business other than that named on the license and small loan endorsement.

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NEW SECTION

WAC 208-630-546 What is the limit on the number of checks
I may hold from one borrower? You may not hold more than one
check per small loan. Its value may not exceed the lesser of:
(1) Seven hundred dollars plus the allowable fees; or
(2) Thirty percent of the borrower's gross monthly income
plus allowable fees.

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NEW SECTION

WAC 208-630-547 May I continue to hold the borrower's
original check once the borrower has converted the loan to an
installment plan? No. You must return any postdated check for
the original small loan at the initiation of an installment
plan.

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NEW SECTION

WAC 208-630-548 May I hold postdated checks for the installment plan payments? Yes. You may take postdated checks at the time the installment plan is originated. The checks may not be written for a value more than the amount of the borrower's installment plan payments. If any of the checks are later dishonored, you may not charge the borrower any fee for the dishonored check or checks. But see WAC 208-630-549.

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NEW SECTION

WAC 208-630-549 May I charge the borrower additional fees if the borrower defaults on an installment plan? Yes. You may charge the borrower a one time default fee of twenty-five dollars.

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NEW SECTION

WAC 208-630-551 May I charge additional fees to cash monetary instruments issued as part of a small loan? You may not charge an additional fee to cash a monetary instrument issued as part of a small loan made under chapter 31.45 RCW.

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NEW SECTION

WAC 208-630-555 What is the purpose of the data base? (1)
How does the data base work? The purpose of this data base is to:

(a) Prevent the practice of rollover transactions;

(b) Prevent multiple licensees from making simultaneous small loans to an individual borrower;

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(c) Prevent lenders from making more than eight loans to any one borrower in any twelve-month period;

(d) Prevent a licensee from making a loan to a borrower who already has an outstanding small loan balance of the lesser of seven hundred dollars or thirty percent of their gross monthly

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income; and

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(e) Ensure that licensees do not set the small loan due date early than seven days from the borrower's pay date.

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(2) **How does a licensee use the data base to determine a borrower's transaction for a small loan?** Each small loan transaction must be registered with the data base and receive a database-generated transaction authorization number. The transaction authorization number evidences the transaction as being recorded in the data base prior to a licensee giving currency or a payment instrument to the borrower.

(3) Do I have to buy any equipment, hardware, or software to use the data base? You must have a computer with access to the internet and Microsoft Internet Explorer 6 or higher. If you have dial-up capability of at least 56K that is sufficient. DSL or broadband access will give you faster access and response.

(4) How and when may the licensees access the data base?

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(a) The data base is the means by which real-time access to the data base is made available through a licensee's internet connection.

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(b) The data base will be accessible twenty-four hours a day every day of the year except for routine scheduled system maintenance and upgrades performed by the data base vendor.

(5) What must the licensee do to maintain confidentiality of the borrower's information provided to the data base? In order to maintain the confidentiality and security of the

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borrower's information, a licensee must not transmit information to the data base using publicly accessible computers, computers that are not under the licensee's control, unsecured wireless connections, or other connections that are not secure. A licensee must maintain generally accepted security safeguards to protect the confidentiality of the information transmitted to the data base, including but not limited to, installing and regularly updating antivirus and antispyware software and a firewall.

(6) How does a licensee use the database to determine a borrower's eligibility for a small loan? The licensee must:

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(a) Access the data base using the assigned user identification and password provided to each employee by the security administrator for the licensee;

(b) Conduct a search of the data base based upon the borrower's Social Security number, alien registration number, or ITIN number. The data base will provide the result of the search indicating whether the borrower is eligible or ineligible to enter into a new small loan transaction.

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(7) What borrower information must the licensee enter into the data base in order to determine if the borrower is eligible for a small loan? Prior to making a payday loan, a licensee must transmit the following information to the data base for purposes of determining whether an applicant is eligible for a payday loan.

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(a) The borrower's identification number as described in Section (5) above;

(b) The borrower's name, address, and contact information;

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and

(c) The borrower's gross monthly income.

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(8) What information will the data base give me when an

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eligibility search is conducted? The data base will only state a borrower's eligibility or ineligibility for a small loan. The response will also give a description of the reason for the eligibility determination.

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(9) What must I do once the initial search determines that the borrower is eligible for a small loan?

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(a) If you receive an initial indication from the data base vendor that the borrower is eligible for a small loan, you must then submit all of the required borrower information necessary to register the transaction in the data base.

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(b) When the required information has been submitted to the data base, the data base will confirm the initial borrower search. If the borrower's eligibility is confirmed, the small loan transaction will be recorded as open, assigned a transaction authorization number, and the transaction authorization number will be communicated to the licensee as evidence that the transaction has been authorized by the data base. You must place the transaction authorization number on the small loan agreement.

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(10) What must I do if the borrower is determined to be ineligible for a small loan? If the borrower is deemed ineligible you will be provided with a printable message with a description of the reason for the determination. The message

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will also include the name, address, and toll-free support number of the data base vendor. You must provide a copy of the printable message to the borrower.

A borrower may be ineligible because he or she:

(a) Has an open transaction with you;

(b) Has an open transaction with another licensee;

(c) Has an open installment plan with any licensee or is in default on an installment plan with any licensee; or

(d) Has terminated a prior transaction within twenty-four hours of the inquiry.

(11) If I make a mistake entering data and must void the transaction, what do I do? Follow the database vendor's instructions to administratively void the transaction.

(12) If the data base is inaccessible for maintenance or repairs, how do I access the data base?

(a) You will be given at least twenty-four hours notice for scheduled maintenance or system upgrades. The notice will be by electronic mail to the designated security administrator, or by a broadcast message on the web site.

(b) In the event the data base is unavailable, you must adhere to the following procedures:

(i) Confirm that the data base remains unavailable by attempting to access the data base with every borrower seeking a new small loan transaction. You need not comply with this procedure if you have been notified via electronic mail by the data base vendor of an expected period of time necessary to

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Deleted: (11) May a borrower make a direct request for information from the data base vendor? A borrower deemed ineligible may make a direct inquiry to the data base vendor via the toll-free customer support number.

(12) May a borrower dispute the ineligibility status?

(a) Any borrower deemed ineligible by the data base may seek to dispute the determination by following the dispute resolution procedures of the data base vendor. The procedures will be available on the department of financial institution web site at www.dfi.wa.gov.

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correct whatever problem is causing the data base to remain unavailable;

(ii) Contact the data base vendor's toll-free help desk or voice response system to obtain a temporary transaction authorization number directly from the data base vendor; and

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(iii) Enter the remaining transactional data into the data base within twenty-four hours of obtaining the temporary transaction authorization number from the data base vendor.

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(c) In the event that either the department of financial institutions or the data base vendor notifies you that the data base is unavailable and that all alternative methods for registering a transaction and receiving a transaction authorization number are also unavailable:

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(i) You are authorized to conduct transactions during the specific period of unavailability, after receiving written authorization, via electronic mail or facsimile from either the department of financial institutions or the data base vendor with the department of financial institutions' consent.

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(ii) Copies of the written authorization for any transactions conducted during an unavailability period must be attached to the small loan agreement for those transactions. One copy of the authorization must be provided to the borrower and another copy must be kept as an audit record.

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(d) Transactions created during a period of authorized unavailability must be registered with the data base within twenty-four hours of notification by the data base, that the data base is available; provided, however, that if the data base

is unavailable for more than twenty-four hours, then the period for registration shall be extended by twenty-four hours for each additional twenty-four-hour period of unavailability.

(e) Once the transaction has been registered with the data base, the transaction number assigned to that transaction must be placed on the licensee's record copy of the small loan agreement signed by the borrower for that transaction. If the borrower requests that transaction number at any time, the licensee must provide it to the borrower.

(13) Once a loan is made, how can it be canceled or rescinded as authorized under RCW 31.45.086? A borrower may rescind a small loan agreement before the close of business on the next day of business after the date of the transaction without incurring a transaction fee. If a borrower elects to cancel a small loan agreement you must close the transaction on the data base within twenty-four hours of the borrower rescinding the small loan transaction.

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(14) When must I update information on the data base?

(a) When a borrower's small loan is considered terminated, you must update open transactions on the data base within twenty-four hours to ensure that all identifying information regarding both the borrower and the transaction are accurate, including any comments on the transaction which you deem relevant. You must input the date and time a transaction closes, as well as the payment method, unless you previously entered the payment method. You must also provide a written receipt to the borrower at the time the transaction is redeemed

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in cash, certified funds, or other payment method.

(b) A small loan is considered terminated when the check that is the basis of the small loan has been:

(i) Redeemed by the borrower by payment to you of the face amount of the check in cash;

(ii) Exchanged for a cashier's check from the borrower's financial institution;

(iii) Deposited by you and you have evidence that the check has cleared;

(iv) Collected by you through any civil remedy;

(v) Collected by means of an installment plan between the borrower you;

(vi) Deposited by you and you have not received notice within fourteen days that the check has been returned for insufficient funds, stop payment, or closed account.

(c) When a loan is in default, you must mark the loan as in default within ten days of the default.

(15) How much will each data base transaction cost me?

(a) The data base transaction fee is one dollar per loan registered. You will be assessed this fee for each transaction that has been both registered and recorded on the data base.

(b) You must pay all transaction fees to the data base vendor.

(16) What happens if I do not pay the data base fees? You

will be locked out of the data base.

(17) What happens if I do not become certified in using the

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Deleted: (17) How will the data base vendor maintain the data in the data base?

The data base vendor must do all of the following:

(a) Retain data in the data base as required to ensure licensee compliance with the act.

(b) Archive data in the data base concerning a borrower transaction within three hundred sixty-five days after the borrower transaction is closed unless notified by the department and directed otherwise.

(c) Delete customer data from the data base when data is archived.

(d) Delete data concerning a borrower transaction from the data base three years after the transaction is closed or upon completion of any enforcement action, as determined by the department, whichever is later.

Deleted: (18) Do I have to buy any equipment, hardware, or software to use the data base?

You must have a computer with access to the internet and Microsoft Internet Explorer 6 or higher. If you have dial-up capability of at least 56K that is sufficient. DSL or broadband access will give you faster access and response.

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data base? If you or another designated person in the company do not receive certification to use the data base, you will not be given an access number to access the data base.

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AMENDATORY SECTION (Amending WSR 07-23-094, filed 11/20/07, effective 12/21/07)

WAC 208-630-560 What ~~((types of))~~ disclosures must I make to a borrower? (1) You must deliver to the borrower at the time you make a small loan, a disclosure that meets the requirements of all applicable laws, including the federal Truth in Lending Act. Compliance with the federal Truth in Lending Act and Regulation Z, 12 C.F.R. Part 226, will be deemed in compliance with this subsection.

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(2) You must deliver to the borrower at the time you make the small loan a disclosure of the right to rescind the loan and the right to convert the loan to ~~((a payment))~~ an installment plan.

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(3) You, ~~((who complies with the federal Truth in Lending Act and Regulation Z, 12 C.F.R. Part 226, will be deemed in compliance with this act.))~~ must include a statement on the front page of the application for a small loan that is substantially similar to the following: "At the time you repay this loan, you should have sufficient funds to meet your other

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financial obligations. If you cannot pay other bills because you are paying off this debt, you should go into the installment plan offered in connection with this loan."

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(4) You must deliver to the borrower at the time of taking a small loan application from the borrower, or upon request by a borrower that has not yet made application for a small loan, a brochure with content produced by the department, that describes the changes to the payday lending law due to ESHB 1709 (chapter 510, Laws of 2009).

[Statutory Authority: RCW 43.320.040. 07-23-094, § 208-630-560, filed 11/20/07, effective 12/21/07. Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-560, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-570 What must be included in the disclosure((s)) referred to in WAC 208-630-560(2)? The disclosure ((referred to in WAC 208-630-560(2))) must be substantially in the following form:

Your right to rescind (cancel) this loan. You have the right to rescind this loan by returning the amount of the loan in cash, or returning the check given to you by us to our office by the close of business on our next business day following the

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date of this loan. We may not charge you for canceling the loan and we will return to you any postdated check or electronic equivalent you have given to us.

Your right to a ~~((payment))~~ installment plan when you are unable to pay your small loan when it is due.

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If ~~((this is your fourth (or greater) successive loan, and if you are not in default))~~ you are unable to pay your loan when it is due, you may convert your loan to ~~((a payment))~~ an installment plan with us. ~~((“Successive loans” means loans made to you by us with no more than three business days between the repayment in full of one loan and the beginning date of the next loan.~~

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~~A payment~~) If your loan amount is four hundred dollars or less, you may enter into an installment plan that allows you to pay off your loan in six substantially equal payments over ninety days. If your loan amount is more than four hundred dollars, you may enter into an installment plan that allows you to pay off your loan in twelve substantially equal payments over one hundred eighty days.

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An installment plan will allow you~~((, by paying a one time fee equal to the finance charge on your loan,))~~ to pay all that you owe ~~((in at least three payments over a period of at least sixty days.~~

~~Your right to rescind (cancel) this loan. You have the right to rescind (cancel) this loan~~ by returning the amount of the loan in cash, or returning the check given to you by us to our office by the close of business on our next business day

~~following the date of this loan. We may not charge you for canceling the loan and we will return to you any postdated check or electronic equivalent you have given to us)) without having to pay any additional fees, interest charges or other charge for converting your small loan into an installment plan.~~

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-570, filed 10/21/05, effective 11/21/05.]

NEW SECTION

WAC 208-630-571 What must I obtain from a small loan applicant or recipient before disbursing the proceeds of a small loan? (1) An acknowledgment by the borrower that they can only receive eight small loans in a twelve-month period, and that with this loan, they have not exceeded eight small loans. The acknowledgment must be a separate document printed in 14-point bold type and must contain the following language:

(i) I currently have _____ outstanding loan(s) with a total principal balance of \$_____.

(ii) I understand that I can only receive eight small loans in any twelve month period.

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(iii) Over the last twelve months I have not taken out more than seven small loans, from any payday lender.

(2) The consumer must complete and sign the form and the form must be retained in the loan file.

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AMENDATORY SECTION (Amending WSR 07-23-094, filed 11/20/07, effective 12/21/07)

WAC 208-630-580 In addition to providing disclosures to the borrower, does a licensee have to post any disclosures? (1) Licensees that make small loans must post the following notices at each location where small loans are made:

(a) A conspicuous notice substantially in the form set forth in WAC 208-630-570; and

(b) A conspicuous notice of how consumers may contact the department, substantially in the following form: "If you have questions about your rights and responsibilities when taking out a payday loan, contact the Department of Financial Institutions at 1-800-RINGDFI (1-877-746-4334), or 360-902-8700, or 150 Israel Road S.W., Tumwater, Washington, 98501."

(2) Licensees that make small loans using the internet must post the notices required by subsections (1) and (2) of this

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section in a conspicuous location on their web sites.

(3) Licensees may download a copy of the notice required by subsection (1)(b) of this section from the department's web site or by contacting the department directly.

[Statutory Authority: RCW 43.320.040. 07-23-094, § 208-630-580, filed 11/20/07, effective 12/21/07. Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-580, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-590 How must I format disclosures? All disclosures must be presented in a manner and physical format that is clear, conspicuous and designed to call attention to each right and responsibility of the borrower and lender being disclosed. Except for the disclosure that is required on the application (see WAC 208-630-560(3)), such statements may be provided separately or included within the note or loan agreement.

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-590, filed 10/21/05, effective 11/21/05.]

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REQUIREMENTS FOR ALL LICENSEES

AMENDATORY SECTION (Amending WSR 07-23-094, filed 11/20/07, effective 12/21/07)

WAC 208-630-610 What ~~((are the))~~ **accounting and financial records** ~~((that a licensee must))~~ **must I keep?** ~~((Licensees))~~ You must maintain as a minimum the following records for at least two years.

(1) A ~~((licensee must maintain a))~~ record of transactions conducted. ~~((Such a))~~ The record may be limited to the following provided a sufficient audit trail is available through records obtainable from ~~((the licensee's))~~ your bank of account:

- (a) Amount of the checks cashed;
- (b) Amount of fees charged for cashing the check;
- (c) Amount of cash deducted from the transaction for the sales of other services or products;
- (d) Amount of each check or monetary instrument sold;
- (e) Amount of fee charged for the monetary instrument;
- (f) Amount of small loan proceeds disbursed;
- (g) Fees charged for small loans;
- (h) Amount of payments on small loans received;
- (i) Origination date of each small loan;

(j) Termination date of each small loan;

(k) ~~((Payment))~~ Installment plan payment due dates;

(l) ~~((The))~~ Application information as required ~~((to be maintained for applications in the))~~ by rule;

(m) Records of cash payments made on small loans. The record must include the date of the payment, the borrower's name, the amount of cash received, the identity of the employee who received the cash, and whether the payment was applied to a loan or ~~((payment))~~ installment plan;

(n) Copies of receipts required under WAC 208-630-505.

(2) ~~((Licensees))~~ You must maintain a cash reconciliation summarizing each day's activity and reconciling cash on hand at the opening of business to cash on hand at the close of business. Such reconciliation must separately reflect cash received from the sale of checks, redemption of returned items, bank cash withdrawals, cash disbursed in cashing of checks, cash disbursed in making small loans, cash received in payment of small loans and bank cash deposits.

(3) You must keep records of the disbursement of loan proceeds and the receipts of all payments on the balance of small loans. The receipt must ~~((be kept and must))~~ indicate the date of the transaction, the borrower's name, amount of receipt, and whether the disbursement or payment is on a loan or ~~((payment))~~ installment plan.

[Statutory Authority: RCW 43.320.040. 07-23-094, § 208-630-610, filed 11/20/07, effective 12/21/07. Statutory Authority:

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RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-610, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-670 ((~~For licensees with~~)) If I have a small loan endorsement((s)) on my license, what information must ((the licensee)) I keep in every loan file? ((~~For licensees with~~)) If you have a small loan endorsement((s)), each loan file must contain at least a copy of the application, a copy of the note or loan agreement ((and)), a copy of the documentation used to substantiate the borrower's gross income, a communication log that complies with RCW 31.45.082(4), a copy of any disclosure statements, a copy of an installment plan entered into, and copies of the receipts required in WAC 208-630-505. As used in this section, "application" means any information received by you from the borrower for the purposes of making a lending decision, including, but not limited to, personal employment history and credit history.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-670, filed 10/21/05, effective 11/21/05.]

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AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-700 When may ~~((a licensee))~~ I deposit a monetary instrument accepted in the course of making a small loan? (1) ~~((A licensee with))~~ If you have a small loan endorsement you may not deposit a monetary instrument accepted in the course of making a small loan under the act prior to the termination date ~~((and))~~ of the small loan or any ~~((time))~~ date disclosed on the note or small loan agreement.

(2) If the borrower notifies you that he or she will be late with a payment or is unable to repay the loan when it is due and an installment plan is initiated, you must return any postdated checks that the borrower has given you prior to entering into the installment plan.

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-700, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05,
effective 11/21/05)

WAC 208-630-740 What obligation ~~((does a licensee))~~ do I
have to assure that employees comply with the laws and rules
regarding payday lending and check cashing and selling? ~~((Each
licensee shall))~~ (1) You must ensure that any employee or person
who engages in business on your behalf ~~((of the licensee))~~ under
the authority granted by chapter 31.45 RCW has sufficient
understanding of the ~~((statutes))~~ law and rules ~~((applicable to
its business))~~ to assure compliance ~~((with such statutes and
rules))~~.

(2) You are legally responsible for the acts of your
employees when those acts are within the scope of their
employment.

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030,
31.45.050, 31.45.200. 05-22-009, § 208-630-740, filed 10/21/05,
effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 07-23-094, filed 11/20/07, effective 12/21/07)

WAC 208-630-8201 What business practices are prohibited?

(1) It is a violation of this chapter for any person subject to this chapter to:

(a) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead any borrower, to defraud or mislead any lender, or to defraud or mislead any person;

(b) Directly or indirectly engage in any unfair or deceptive practice toward any person;

(c) Directly or indirectly obtain property by fraud or misrepresentation;

(d) Make a small loan to any person physically located in Washington through use of the internet, facsimile, telephone, kiosk, or other means without first obtaining a small loan endorsement;

(e) Directly or indirectly refer a borrower, or encourage a borrower, to use the services of more than one payday lending business that results in an amount outstanding that exceeds the loan limit in RCW 31.45.073; (~~and~~)

(f) Directly or indirectly structure a loan transaction in order to exceed the loan limit in RCW 31.45.073;

(g) Directly or indirectly influence a borrower or persuade a borrower to not enter into an installment plan;

(h) Directly or indirectly influence a borrower or pressure a borrower to borrow more money than they state they want;

(i) Cash a postdated check before the date written on the check;

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(j) Not pay the data base transaction fees incurred; and

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(k) Not become certified to receive an access number to access and use the data base.

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(2) In addition to any other penalties, any transaction in violation of this section is uncollectible and unenforceable.

[Statutory Authority: RCW 43.320.040. 07-23-094, § 208-630-8201, filed 11/20/07, effective 12/21/07.]

REPORTING REQUIREMENTS

AMENDATORY SECTION (Amending WSR 08-16-092, filed 8/5/08, effective 9/5/08)

WAC 208-630-830 What are ((a—licensee's)) my annual reporting requirements? On or before April 15th of each year, ((each licensee)) you must submit ((financial statements for the calendar year just ended. If the licensee has established a fiscal year different from the calendar year, the financial statements are due not later than one hundred five days after the close of the fiscal year.)) the following reports:

(1) Annual financial statements. The financial statements must include at least a balance sheet and a statement of income prepared in accordance with generally accepted accounting principles. If you have established a fiscal year different from the calendar year, the financial statements are due not later than one hundred five days after the close of the fiscal year.

(2) Annual assessment report (AAR). ((Each licensee)) You must submit an AAR on your Washington activities, in a form prescribed by the director. The AAR must contain the following:

(a) The total dollar volume of checks cashed during the period, if applicable; and

(b) The total dollar volume of checks sold during the period, if applicable; and

(c) The total dollar volume of small loans made during the

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period, if applicable; and

(d) The annual assessment fee calculation. See WAC 208-630-400.

(3) Consolidated annual report (CAR). You must submit a CAR on your Washington activities, in a form prescribed by the director. The CAR must contain at least the following:

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(a) For all licensees, the CAR must contain:

(i) The total number of employees and annual payroll during the period;

(ii) The total number and dollar volume of transactions during the period;

(iii) The total dollar amount of fees collected during the period;

(iv) The total number and dollar amount of undeposited checks taken or held in connection with check cashing and small loan endorsement business at the end of the period;

(v) The total number and dollar amount of returned (NSF) checks taken or held in connection with check cashing and small loan business at the end of the period, and the total dollar amount of fees collected for returned (NSF) checks during the period;

(vi) The total number and dollar amount of charge-offs (losses), net of any recoveries, for the period; and

(vii) The total dollar amount of net income before and after taxes earned under authority of this chapter.

(viii) Such other relevant information as the director may require, in a form prescribed by the director.

(b) For all licensees with a small loan endorsement, the CAR must contain:

(i) The total dollar volume of small loans made during the period, including payment plans made prior to December 31, 2009, and installment plans (~~(loans)~~) made after January 1, 2010;

(ii) The total number of loans made for the period;

(iii) The total number of borrowers for the period;

(iv) The number of borrowers whose accounts were referred to collection agencies;

(v) The number of loans rescinded during the period;

(vi) The number of borrowers (~~(entering)~~) who entered into a payment plan for 2009 or installment plans after January 1, 2010, and the dollar amount of loans financed;

(vii) The number of borrowers who defaulted;

(viii) The number of loans made to borrowers to be paid through an ACH (automated clearing house) or other electronic transaction;

~~((viii))~~ (ix) The number of loans made to borrowers through other than a physical visit to the licensee's location (e.g., internet, telephone, etc.); and

~~((ix))~~ (x) The number of active military borrowers during the period.

(c) For all licensees with small loan endorsements and total loan volume of at least ten million dollars in principal for the reporting period, the CAR must contain the following:

(i) The number of loans per borrower for the period;

(ii) The number of loans per military borrower during the

period; and

(iii) The number of loans with terms in each of the following categories for the period:

- (A) One to seven days;
- (B) Eight to fourteen days;
- (C) Fifteen to twenty-one days;
- (D) Twenty-two to thirty-one days; and
- (E) Thirty-two or more days.

[Statutory Authority: RCW 43.320.040. 08-16-092, § 208-630-830, filed 8/5/08, effective 9/5/08. Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-830, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 08-16-092, filed 8/5/08, effective 9/5/08)

WAC 208-630-8301 What happens if ~~((a licensee is))~~ I am late filing the annual reports and paying the annual assessment?
If ~~((a licensee does))~~ you do not file the financial statements, if due at that time, assessment report, consolidated annual report, and pay ~~((its))~~ the annual assessment fee by April 15 of each year, the director will send ~~((the licensee))~~ you a notice of suspension and assess a late fee of twenty-five percent of the annual assessment fee. The ~~((licensee's))~~ reports and payment of both the annual assessment fee and any late fee must arrive in the department's offices by 5:00 p.m. on the tenth day after April 15, unless the department is not open for business on that date, then the ~~((licensee's))~~ reports and payment of both the annual assessment fee and any late fee must arrive in the department's offices by 5:00 p.m. on the next day the department is open for business. ~~((If the reports and payment of both the annual assessment fee and any late fee do not arrive prior to such time and date, the expiration of the licensee's license is effective at 5:00 p.m. on the thirtieth day after April 15.))~~

[Statutory Authority: RCW 43.320.040. 08-16-092, § 208-630-8301, filed 8/5/08, effective 9/5/08.]

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NEW SECTION

WAC 208-630-835 When must I inform the director of significant changes in my business? (1) You must notify the director in writing within five days of the occurrence of any of the following significant developments:

(a) Your company filing for bankruptcy or reorganization;

(b) Your company receiving notification of a license revocation procedure against it in any state;

(c) You, or a director, officer, partner, member or controlling person of the company being convicted of a crime;

(d) You, or a director, officer, partner, member or controlling person of the company receiving notification of the filing of criminal charges or a criminal indictment or information, in any way related to check cashing, check selling or small loan activities.

(2) You must notify the director in writing at least fifteen days prior to a change of control. In the case of a corporation, control is defined as a change of ownership by a person or group acting in concert to acquire ten percent of the stock, or the ability of a person or group acting in concert to elect a majority of the board directors or otherwise effect a change in policy of the corporation. The director may require such information as deemed necessary to determine whether a new

application is required. In the case of entities other than corporations, change in control means any change in controlling persons of the organization either active or passive. Change of control investigation fees are, be billed to the persons or group at the rate billed for applications.

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NEW SECTION

WAC 208-630-836, **When ceasing business, what information must I file before I close the business?**

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(1) You must notify the department at least thirty days before ceasing operations. The notice must be in writing, signed by a principal of the small loan licensee, and include the following:

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(a) The date you will cease small loan activity;

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(b) A list of all open and pending transactions; and

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(c) Your contact address and e-mail address.

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(2) For purposes of this section, the term "ceasing operations" means that you have closed the offices to the public or have, removed public access to the web site, if such access is the sole means of communication with customers. This provision does, not apply if you have given customers a reasonable alternative for communications and payments.

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AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-880 ((~~What must~~)) As a check seller what must
I report when ((surrendering)) my license is surrendered or
((revoking a license)) revoked? ((A licensee)) If you are
engaged in the business of selling monetary instruments ((~~whose~~
~~license has been surrendered or revoked shall~~)) you must submit
to the director, at ((~~its~~)) your own expense, a closing annual
report containing audited financial statements as of the
effective date of the surrender or revocation. The director
must receive the closing annual report on or before one hundred
five days after the effective date of ((~~such~~)) the surrender or
revocation((, ~~a closing annual report containing audited~~
~~financial statements as of such effective date~~)). ((~~This~~)) The
closing annual report ((~~shall~~)) must cover the twelve months
ending with ((~~such closure~~)) the surrender or revocation date or
for such other time period as the director may specify. If the
report, certificate, or opinion of the independent accountant is
in any way qualified, the director may require ((~~the licensee~~))
you to take such action as appropriate to permit an independent
accountant to remove ((~~such~~)) any qualification from the report,
certificate, or opinion. ((~~Such~~)) The report shall include
relevant information specified by the director.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-880, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-890 If I am not a check seller what must ((a licensee, other than a check seller,)) I report when my license is surrendered or revoked? ((A licensee)) If you are not engaged in the business of selling monetary instruments ((whose license has been surrendered or revoked shall)) you must submit to the director at ((its)) your own expense((τ)) a closing annual report covering the twelve months ending with the surrender or closure date, or for such other time period as the director may specify. The closing annual report must be received by the director on or before one hundred five days after the effective date of ((such)) surrender or revocation((τ a closing annual report covering the twelve months ending with such closure date or for such other period as the director may specify)). Financial statements contained in this closing report may be prepared by outside accountants or by ((the licensee's)) your own accountants.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-890, filed 10/21/05, 9/3/09 11:28 AM[57] OTS-2510.2

effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05,
effective 11/21/05)

WAC 208-630-910 May ((~~a licensee~~)) I request an extension of time to comply with the reporting requirements? For good cause and upon written request, the director may extend the time for compliance with reporting requirements if you make the request at least ten days prior to the date the report is due.

[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-910, filed 10/21/05, effective 11/21/05.]

AMENDATORY SECTION (Amending WSR 05-22-009, filed 10/21/05, effective 11/21/05)

WAC 208-630-950 What ~~((are—the))~~ trust accounting requirements ~~((that))~~ must a licensee ~~((must))~~ comply with? (1)

At least monthly a licensee in the business of selling checks ~~((shall))~~ must withdraw from the trust account an amount equal to fees earned for the corresponding period from the sale of monetary instruments. The remaining balance of the trust account must be sufficient to cover all monetary instruments that remain outstanding and drawn against the trust account.

(2) A licensee is prohibited from allowing the ~~((bank—of))~~ financial institution holding the trust account to charge back checks or drafts deposited to the trust account and subsequently dishonored against ~~((said))~~ the trust account.

(3) A licensee whose license has expired or been suspended or terminated, must, not make withdrawals from the trust account without the director's consent, until a closing report has been received according to these rules.

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[Statutory Authority: RCW 31.04.165, 43.320.040, 31.45.030, 31.45.050, 31.45.200. 05-22-009, § 208-630-950, filed 10/21/05, effective 11/21/05.]

REPEALER

The following sections of the Washington Administrative Code are repealed:

- | | |
|-----------------|--|
| WAC 208-630-430 | When may a licensee expect a fee increase? |
| WAC 208-630-440 | How will a licensee know about fee increases? |
| WAC 208-630-460 | When must a licensee inform the director of significant changes in business? |
| WAC 208-630-550 | May the licensee and the borrower enter into a payment plan prior to the fourth consecutive loan? |
| WAC 208-630-750 | What fees may licensees charge to collect a delinquent small loan? |
| WAC 208-630-770 | May a licensee allow a borrower to refinance or "rollover" a small loan with another small loan? |
| WAC 208-630-780 | May a licensee use a name or place of business other than that named on the license or small loan endorsement? |
| WAC 208-630-790 | What is the limit on the amount of checks a licensee may hold from |

one borrower?

WAC 208-630-800

May a licensee holding a
borrower's check for a period
longer than the statutory limit of
forty-five days charge additional
fees?

WAC 208-630-810

May a licensee charge additional
fees to cash monetary instruments
issued as part of a small loan?

WAC 208-630-820

May a licensee charge any fees if
a borrower decides to convert
their loan to a payment plan?

(11) **May a borrower make a direct request for information from the data base vendor?** A borrower deemed ineligible may make a direct inquiry to the data base vendor via the toll-free customer support number.

(12) **May a borrower dispute the ineligibility status?**

(a) Any borrower deemed ineligible by the data base may seek to dispute the determination by following the dispute resolution procedures of the data base vendor. The procedures will be available on the department of financial institution web site at www.dfi.wa.gov.

(b) When a borrower receives an ineligibility determination, the data base vendor may request additional information from the borrower or the licensee to address the dispute.

, licensees will be given no less than twenty-four hours notice