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# A BILL FOR AN ACT

RELATING TO CHECK CASHING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 480F-1, Hawaii Revised Statutes, is  
2 amended by adding a new definition to be appropriately inserted  
3 and to read as follows:

4 "Annual percentage rate" means an annual percentage rate  
5 as determined pursuant to section 107 of the federal Truth in  
6 Lending Act, title 15 United States Code section 1601, et seq;  
7 provided that all applicable finance charges shall be included  
8 in the calculation of the annual percentage rate."

9 SECTION 2. Section 480F-4, Hawaii Revised Statutes, is  
10 amended by amending subsections (b) and (c) to read as follows:

11 "(b) Each deferred deposit shall be made pursuant to a  
12 written agreement that has been signed by the customer and the  
13 check casher or an authorized representative of the check  
14 casher. The written agreement shall contain a statement of the  
15 total amount of any fees charged for the deferred deposit,  
16 expressed both in United States currency and as an annual  
17 percentage rate. The written agreement shall [~~authorize the~~



1 ~~check casher to defer deposit of the personal check until a~~  
2 ~~specific date not later than thirty two days from the date the~~  
3 ~~written agreement was signed.] set a date upon which the~~  
4 ~~instrument may be deposited or negotiated. There shall be no~~  
5 ~~maximum term or minimum finance charge specified in statute or~~  
6 ~~rule. The minimum term shall be six months from the transaction~~  
7 ~~date. A check casher shall accept prepayment from a customer~~  
8 ~~prior to the due date and shall not charge the customer a~~  
9 ~~penalty if the customer opts to prepay. The written agreement~~  
10 ~~shall not permit the check casher to accept collateral.~~

11 (c) The face amount of the check shall not exceed \$600  
12 ~~[and the deposit of a personal check written by a customer~~  
13 ~~pursuant to a deferred deposit transaction may be deferred for~~  
14 ~~no more than thirty two days]. A check casher may charge an~~  
15 ~~annual percentage of rate of forty-five per cent for each~~  
16 ~~deferred deposit. If the deferred deposit is prepaid prior to~~  
17 ~~the maturity of the term, the lender shall refund to the~~  
18 ~~customer a prorated portion of the annual percentage rate based~~  
19 ~~upon the ratio of time left before maturity to the term. A~~  
20 ~~check casher may charge a fee for deferred deposit of a personal~~  
21 ~~check in an amount not to exceed fifteen per cent of the face~~



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1 amount of the check. Any fees charged for deferred deposit of a  
2 personal check in compliance with this section shall be exempt  
3 from chapter 478."

4 SECTION 3. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

The block contains five handwritten signatures stacked vertically. The top signature is large and stylized. The second signature is 'M. H. Jones'. The third signature is 'J. H.'. The fourth signature is 'H. H.'. The fifth signature is 'Cindy Evans'.

JAN 18 2017



# H.B. NO. 81

**Report Title:**

Deferred Deposit; Payday Loans; Loan Term; Interest Rate

**Description:**

Specifies that the minimum term of a deferred deposit, or payday loan, shall be no less than six months with no penalty for early redemption. Caps the allowable interest rate at forty-five per cent and requires reimbursement of the prorated interest amount charged upon prepayment.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

