

A Bill for an Act Relating to the Retail Installment Sales Act.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 476-29, Hawaii Revised Statutes, is amended to read as follows:

“Section 476-29. Additions to and consolidations of retail installment contracts. Where a buyer makes any subsequent purchases of goods from a seller from whom he has previously purchased goods under one or more retail install-

ment contracts, and the amounts under the contract or contracts have not been fully paid, the subsequent purchases may be included in and consolidated with one or more of the prior contract or contracts. A memorandum of such additional purchases shall be prepared by the seller, inserted in or attached to the seller's counterpart of the contract and shall set forth:

- (1) A description of the additional goods so purchased;
- (2) The consolidated total indebtedness of the buyer;
- (3) The finance charge stated either as (A) additional amount on the subsequent purchases, (B) the total amount on the consolidated contract, or (C) a percentage of the monthly outstanding balance;
- (4) The revised installment payments.

A copy of the memorandum shall be furnished to the buyer prior to the due date of the first installment following the purchase.

When such subsequent purchase is made, the entire amount of all payments made previous to the subsequent purchase shall be applied toward the payment of the previous purchase or purchases and each payment thereafter received shall be first applied to the payment of purchases first made. To the extent purchases are paid for according to this section, security interests in the goods which are the subject matter of the retail installment sale shall terminate as the payment with respect to each purchase is made.

Payments received by the seller upon a revolving charge account shall be applied first to the payment of finance charges in the order of their entry to the account and then to the payment of purchases in the order in which the entries to the account showing the purchases were made.

If the contracts consolidated arose from two or more purchases made on the same day, payments received by the seller shall be applied first to the payment of the purchase totaling the smallest amount.

This section shall not apply in cases involving equipment, parts, or other merchandise attached or affixed to goods previously purchased or repairs or services rendered by the seller in connection therewith at the buyer's request."

SECTION 2. Chapter 476, Hawaii Revised Statutes, is amended by adding thereto a new section to be appropriately numbered and to read as follows:

Section 476- . Balloon payments. With respect to any sale of goods purchased primarily for a personal, family or household purpose, which is subject to the provisions of this chapter, if any scheduled payment is more than twice as large as the average of earlier scheduled payments, the buyer has the right to refinance the amount of that payment at the time it is due without penalty. The terms of the refinancing shall be no less favorable to the buyer than the terms of the original sale. These provisions do not apply to the extent that the payment schedule is adjusted to the seasonal or irregular income of the buyer.

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes may exclude the brackets, the bracketed material, or the underscoring.*

* Edited accordingly

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SECTION 4. This Act shall take effect upon its approval.
(Approved June 6, 1970.)