

## ACT 200

H.B. NO. 2443-80

A Bill for an Act Relating to State Chartered Credit Unions.

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

SECTION 1. Chapter† 410-15, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) A credit union may loan to members for provident or productive purposes and upon such security approved by the board of directors, acceptable to the credit committee and not prohibited by this chapter. A credit union shall not grant unsecured loans with maturities exceeding five years, nor shall it grant secured loans, except as expressly herein otherwise provided, with maturities exceeding ten years; provided, that these limitations shall not apply to loans made under the National Higher Education Act and guaranteed in whole or in part by the United States government or any of its agencies, or any agency of the State. No loan shall bear an interest rate to exceed eighteen per cent per year on the unpaid balance; provided that interest rates on loans made or committed to before the effective date of this Act shall not be affected.

No credit union shall charge the borrower anything of value in connection or in association with a loan other than repayment of the unpaid principal balance and interest; provided, that the credit union may require the borrower to pay fees and charges prescribed by law which actually are or will be paid to public officials for determining the existence of or for perfecting or releasing or satisfying any security related to the credit transaction, fees, or premiums in connection with real estate loans, including fees or premiums for title examination, title insurance, or similar purposes, fees for preparation of deeds, settlement statements or other documents, escrows for future payments of taxes and insurance, fees for notarizing deeds and other instruments, appraisal fees, or credit reports. Each application for a loan shall be made upon a form, which the credit committee prescribes and the board of directors approves, which shall state the purpose for which the loan is desired and the security, if any, offered. Every loan shall be evidenced by a written instrument. Loans to any one member shall not exceed \$200 or ten per cent of the shares, deposits, and surplus, whichever shall be the larger.”

SECTION 2. Chapter 410, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“**Sec. 410- Authority of bank examiner.** The bank examiner, without regard to chapter 91, may establish an interest rate ceiling exceeding the eighteen per cent per year rate for periods not to exceed eighteen months, if the bank examiner determines that prevailing interest rate levels threaten the safety and soundness of credit unions.”

SECTION 3. Statutory material to be repealed is bracketed. New material is

†So in original, but word “Chapter” probably should read “Section”.

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underscored.\*

SECTION [4].† This Act shall take effect upon its approval.

(Approved June 5, 1980.)

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\*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.

†Bracketed "4" substituted for "3" to correct manifest clerical error.