

A Bill for an Act Relating to Consumer Transactions.

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

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**“CHAPTER  
LANGUAGE OF CONSUMER TRANSACTIONS**

**Sec. -1 Plain language in consumer transactions.** (a) Every written agreement entered into on or after July 1, 1981:

- (1) To which a consumer is a party, which involves less than \$25,000, and which is the subject of a transaction for personal, family or household purpose; or
- (2) Which is for the lease of space to be occupied for residential purposes, shall be written in a clear and coherent manner using words with common and everyday meanings, and appropriately divided and captioned by its various sections.

(b) Any creditor, seller or lessor who fails to comply with this chapter shall be liable in an amount equal to any actual damages sustained by a suing party or a class in a class action, plus a penalty of fifty dollars. The total class action penalty against any creditor, seller or lessor shall not exceed \$10,000 in any class action or series of class actions arising out of the use by a creditor, seller or lessor of an agreement which fails to comply with this chapter. No right of recovery shall exist for any class by way of a class action, pursuant to this section, on any written agreement executed prior to July 1, 1986.

(c) No action under this chapter may be brought after both parties to the agreement have fully performed their obligations under such agreement, nor shall any creditor, seller or lessor who attempts in good faith to comply with this chapter be liable for such penalties.

(d) This chapter shall not prohibit the use of words or phrases or form of agreement required by state or federal law, rule or regulation.

**Sec. -2 Effect of non-compliance.** Failure to comply with any requirement imposed by this chapter shall not render any agreement void or voidable nor shall it constitute a defense to any action to enforce such agreement or any action for breach of such agreement.

**Sec. -3 Attorney general or director of consumer protection to enforce chapter.** The attorney general or the director of the office of consumer protection may bring an action in the name of the State against any person to restrain and prevent any violation of this chapter.”

SECTION 2. This Act shall take effect upon approval.

(Approved April 23, 1980.)