

ACT 226

H.B. NO. 913

A Bill for an Act Relating to Industrial Loan Companies.

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

SECTION 1. Section 408-20, Hawaii Revised Statutes, is amended to read as follows:

“§408-20 Other restrictions on business. No industrial loan company shall engage in the banking or trust company or building and loan association business. A licensee shall not charge, contract for, collect, or receive interest, discounts, fees, fines, commissions, charges, or other considerations in excess of the interest or discount, charges, recording and satisfaction fees, or premiums for insurance authorized by this chapter and shall not split or divide any contract so as to obtain charges in excess of those authorized by this chapter. A licensee shall not sell any loan to another person or company doing business in this State whenever such loan provides by contract for a rate of interest greater than would be permissible under section 478-3 unless such person or company has the right to charge, contract for, receive, collect in advance or recover interest, discount, and other charges at the same rates and in the same amounts as permitted by law in the case of loans made by industrial loan companies licensed under this chapter and such loans are sold without recourse. This section shall not be construed to prohibit any licensee from selling any loan, secured by an interest in real property, to any person or company licensed, authorized or permitted by any other state or the federal government to make, purchase, or service such loans, nor to prohibit such person or company from collecting interest and enforcing the terms of the loan to the same extent permitted the licensee but for the sale of the loan.”

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 8, 1983.)

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