

ACT 146

S.B. NO. 389

A Bill for an Act Relating to Financial Services Loan Companies.

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

SECTION 1. Chapter 408, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§408- Establishment of branches in the Territory of Guam and the Commonwealth of the Northern Marianas. (a) Any financial services loan company having a combined capital and surplus of \$1,000,000 or more may establish financial services loan company branches in the Territory of Guam and the Commonwealth of the Northern Marianas, upon such conditions and under

such rules as may be prescribed by the commissioner. The term "Guam or Commonwealth of the Northern Marianas branch," as used in this section, refers to any branch of a financial services loan company so established.

(b) The commissioner, at any time, may examine any Guam or Commonwealth of the Northern Marianas branch, and, at any time, require the discontinuance of any Guam or Commonwealth of the Northern Marianas branch. The financial services loan company maintaining the branch shall pay for the cost of all examinations.

(c) The accounts of each Guam or Commonwealth of the Northern Marianas branch shall be maintained independently of the accounts of every other Guam or Commonwealth of the Northern Marianas branch, and independently of the accounts of the domestic offices and branches of the financial services loan company. On June 30 and December 31 of each year, the financial services loan company shall transfer to its general ledger at its head office the profit and loss from each Guam or Commonwealth of the Northern Marianas branch as a separate item.

(d) The total capital investment of a financial services loan company in all Guam or Commonwealth of the Northern Marianas branches maintained by it shall not exceed ten per cent of its capital and surplus.

(e) An application to establish a Guam or Northern Marianas branch shall be accompanied by an application fee of \$500 for each Guam or Commonwealth of the Northern Marianas branch sought to be established, and in addition, the commissioner may assess the financial services loan company the actual necessary and reasonable expenses incurred in making the investigation to determine the necessity of establishing a Guam or Commonwealth of the Northern Marianas branch."

SECTION 2. Section 408-14, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Every financial services loan company, in addition to the powers exercisable by or conferred upon it under or by the general corporation law of the State, or by any other provision of this chapter, shall possess and may exercise the following powers:

- (1) To borrow money upon its own secured or unsecured notes;
- (2) To lend money upon individual credit or upon the security of comakers, personal endorsement, or the pledge or mortgage of real or personal property or choses in action, or upon any combination of such credit and security, and to contract for such interest, discount, or other consideration as is permitted by this chapter, and to sell or broker, loans or contracts, in whole or in part, to other lenders, and charge or retain a fee for the originating, selling, brokering, or servicing of such loans or contracts;
- (3) To discount, purchase, or otherwise acquire notes, installment contracts, warehouse receipts, or other choses in action;
- (4) To establish branches within the State, the Territory of Guam, and the Commonwealth of the Northern Marianas with the prior written approval of the commissioner;
- (5) To finance purchases for others by taking title to merchandise temporarily and only for the purpose of securing loans entered into for the purchases;
- (6) To issue and sell certificates for the payment of money at any time, either fixed or uncertain, including without limitation evidences of

thrift accounts as defined in and subject to chapter 408A, and to receive amounts invested therein in installments or otherwise, with or without allowance of interest on the investments; provided no company may issue the certificates or receive those amounts unless the company is a corporation organized and operating in good standing under the laws of this State. A company may, but need not, require an investor to subscribe to a certain amount of investment in such certificates, subject to minimum or maximum investments required by law or rules. Nothing herein shall be construed to authorize any financial services loan company to receive deposits or to create any liability due on demand; and

- (7) To become the legal or beneficial owner of tangible personal property and other tangible property for the purpose of leasing such property, to obtain an assignment of a lessor's interest in a lease of such property, and to incur obligations incidental to its position as the legal or beneficial owner and lessor of the leased property.”

SECTION 3. New statutory material is underscored.¹

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

(Approved May 22, 1991.)

Note

- 1. Edited pursuant to HRS §23G-16.5.