
A BILL FOR AN ACT

RELATING TO CHECK CASHING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 480F-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~§~~480F-2~~§~~ **Posting and notice of fees charged.** Any
4 person who cashes one or more checks for a fee shall:

5 (1) Post in a conspicuous place in every location at which
6 the person does business a notice that sets forth~~+~~
7 in thirty-eight point type:

8 (A) The fees charged for cashing a check, for selling
9 or issuing a money order, ~~and~~ for the initial
10 issuance of any membership or identification
11 cards~~, and~~, and the fees and annual percentage
12 rate for deferred deposit transactions;

13 (B) That consumer complaints about the check cashing
14 business may be filed with the department of
15 commerce and consumer affairs, and includes and
16 identifies the telephone number and address of
17 the consumer [~~information service~~] resource



1 center of the department of commerce and consumer
2 affairs;

3 (C) That deferred deposit transactions are not
4 suitable for long-term borrowing;

5 (D) That only one deferred deposit transaction can be
6 opened from all sources; and

7 (E) Information on where to obtain financial
8 education and credit counseling from a Hawaii-
9 based budget and credit counseling agency that
10 has received approval from a United States
11 trustee or bankruptcy administrator to provide
12 instructional courses concerning personal
13 financial management pursuant to title 11 United
14 States Code section 111;

15 (2) Provide written notice [~~to each customer of the fees~~
16 ~~charged for cashing checks~~] in sixteen point type to
17 each customer, that is separate from and in addition
18 to any posted notice [~~+~~], containing the following
19 information:

20 (A) The fees and annual percentage rate to be charged
21 for a deferred deposit transaction;



- 1 (B) That consumer complaints about the check cashing
2 business may be filed with the department of
3 commerce and consumer affairs, and the telephone
4 number and address of the consumer resource
5 center of the department of commerce and consumer
6 affairs;
- 7 (C) That deferred deposit transactions are not
8 suitable for long-term borrowing;
- 9 (D) That only one deferred deposit transaction can be
10 opened from all sources;
- 11 (E) That an extended repayment plan option is
12 available after any customer has entered into
13 four or more consecutive transactions with the
14 same check casher; provided that the customer
15 requests the option within twenty-four hours of
16 the customer's last payment due date. For
17 purposes of this subparagraph, "consecutive
18 transactions" means back to back transactions
19 occurring within twenty-four hours of each other;
- 20 (F) The right to rescind a deferred deposit
21 transaction within twenty-four hours of the
22 transaction; and



1 (G) Where to obtain financial education and credit
2 counseling from a Hawaii-based budget and credit
3 counseling agency that has received approval from
4 a United States trustee or bankruptcy
5 administrator to provide instructional courses
6 concerning personal financial management pursuant
7 to title 11 United States Code section 111;

- 8 (3) Obtain a written acknowledgment from the customer that
9 written notice of [~~the fees charged for cashing~~
10 ~~checks~~] all information required to be provided by
11 paragraph (2) was provided[+] to the customer; and
- 12 (4) Provide each customer a receipt documenting any and
13 all fees charged."

14 SECTION 2. Section 480F-4, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§480F-4 Deferred deposits, when allowed[-]; payment**
17 plans. (a) No check casher may defer the deposit of a check
18 except as provided in this section.

19 (b) Each deferred deposit shall be made pursuant to a
20 written agreement that has been signed by the customer and the
21 check casher or an authorized representative of the check
22 casher. The written agreement shall contain a statement of the



1 total amount of any fees charged for the deferred deposit,
2 expressed both in United States currency and as an annual
3 percentage rate. The written agreement shall authorize the
4 check casher to defer deposit of the personal check until a
5 specific date not later than thirty-two days from the date the
6 written agreement was signed. The written agreement shall not
7 permit the check casher to accept collateral.

8 (c) The face amount of the check shall not exceed \$600 and
9 the deposit of a personal check written by a customer pursuant
10 to a deferred deposit transaction may be deferred for no more
11 than thirty-two days. A check casher may charge a fee for
12 deferred deposit of a personal check in an amount not to exceed
13 fifteen per cent of the face amount of the check[-]; provided
14 that all cumulative fees charged for a deferred deposit
15 transaction shall be expressed as an annual percentage rate not
16 to exceed thirty-six per cent. Any fees charged for deferred
17 deposit of a personal check in compliance with this section
18 shall be exempt from chapter 478.

19 (d) A check casher shall not enter into an agreement for
20 deferred deposit with a customer during the period of time that
21 an earlier agreement for a deferred deposit from any source for
22 the same customer is in effect. A deferred deposit transaction



1 shall not be repaid, refinanced, or consolidated by or with the
2 proceeds of another deferred deposit transaction.

3 (e) A check casher who enters into a deferred deposit
4 agreement and accepts a check passed on insufficient funds, or
5 any assignee of that check casher, shall not be entitled to
6 recover damages in excess of principal, interest, and out-of-
7 pocket legal costs in any action brought pursuant to or governed
8 by chapter 490. No additional interest may be collected except
9 the ten per cent allowed by law on uncollected judgments.

10 Instead, the check casher may charge and recover a fee for the
11 return of a dishonored check in an amount not greater than \$20.

12 (f) A check casher may enter into a payment plan with a
13 non-default customer for a period of up to ninety days. Under
14 the payment plan, no interest may be charged; provided that an
15 administrative fee of \$30 may be added to any fees or sums
16 already owed by the customer. There shall be a thirty day
17 period after the completion of any payment plan during which no
18 new payment plan with that customer shall commence.

19 (g) A check casher shall offer an interest-free payment
20 plan with a minimum term of sixty days to any customer who is in
21 default. Any collection letter written to a customer in default



1 shall inform the customer of the option of interest-free
2 payment.

3 (h) A check casher shall offer an extended repayment plan
4 option after any customer has entered into four or more
5 consecutive transactions with the same check casher; provided
6 that the customer requests the option within twenty-four hours
7 of the customer's last payment due date. For purposes of this
8 subsection, "consecutive transactions" means entering into back
9 to back agreements within twenty-four hours of the payment of a
10 previous transaction.

11 ~~[-f-]~~ (i) No amount in excess of the amounts authorized by
12 this section and no collateral products such as insurance shall
13 be directly or indirectly charged by a check casher pursuant or
14 incident to a deferred deposit agreement."

15 SECTION 3. Section 480F-5, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "[+]§480F-5[+] **Exemptions.** This chapter shall not apply
18 to[-

19 ~~(1) Any person who is principally engaged in the bona fide~~
20 ~~retail sale of goods or services, and who, either as~~
21 ~~incident to or independent of the retail sale or~~
22 ~~service, from time to time cashes items for a fee or~~



1 ~~other consideration, where not more than \$2, or two~~
2 ~~per cent of the amount of the check, whichever is~~
3 ~~greater, is charged for the service, or~~

4 (2) Any] any person authorized to engage in business as a
5 bank, trust company, savings bank, savings and loan
6 association, financial services loan company, or
7 credit union under the laws of the United States, any
8 state or territory of the United States, or the
9 District of Columbia."

10 SECTION 4. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect on July 1, 2050.

13



Report Title:

Check Cashing; Notice; Fees; Payment Plans

Description:

Requires check cashers to provide specific additional information relating to deferred deposit transactions. Limits the cumulative fees charged by check cashers. Requires check cashers to enter into payment plans with certain customers. Effective 07/01/2050. (SD1)

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