
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[~~7~~], 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, pursuant to section 480F-4(h), an extended
12 repayment plan option is available after any
13 customer has entered into four or more
14 consecutive transactions with the same check
15 cashier; provided that the customer requests the
16 option within twenty-four hours of the customer's
17 last payment due date;
- 18 (F) The right to rescind a deferred deposit
19 transaction within twenty-four hours of the
20 transaction; and
- 21 (G) Where to obtain financial education and credit
22 counseling from a Hawaii-based budget and credit



1 counseling agency that has received approval from
2 a United States trustee or bankruptcy
3 administrator to provide instructional courses
4 concerning personal financial management pursuant
5 to title 11 United States Code section 111;

6 (3) Obtain a written acknowledgment from the customer that
7 written notice of [~~the fees charged for cashing~~
8 ~~checks~~] all information required to be provided by
9 paragraph (2) was provided[?] to the customer; and

10 (4) Provide each customer a receipt documenting any and
11 all fees charged."

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

14 "**§480F-4 Deferred deposits, when allowed[-]; payment**
15 plans. (a) No check casher may defer the deposit of a check
16 except as provided in this section.

17 (b) Each deferred deposit shall be made pursuant to a
18 written agreement that has been signed by the customer and the
19 check casher or an authorized representative of the check
20 casher. The written agreement shall contain a statement of the
21 total amount of any fees charged for the deferred deposit,
22 expressed both in United States currency and as an annual



1 percentage rate. The written agreement shall authorize the
2 check casher to defer deposit of the personal check until a
3 specific date not later than thirty-two days from the date the
4 written agreement was signed. The written agreement shall not
5 permit the check casher to accept collateral.

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

17 (d) A check casher shall not enter into an agreement for
18 deferred deposit with a customer during the period of time that
19 an earlier agreement for a deferred deposit from any source for
20 the same customer is in effect. A deferred deposit transaction
21 shall not be repaid, refinanced, or consolidated by or with the
22 proceeds of another deferred deposit transaction.



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

8 [~~Instead, the check casher may charge and recover a fee for the~~
9 ~~return of a dishonored check in an amount not greater than \$20.~~]

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

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



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

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

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

15 "~~[f]~~§480F-5~~[f]~~ **Exemptions.** This chapter shall not apply
16 to~~[f]~~

17 ~~(1) Any person who is principally engaged in the bona fide~~
18 ~~retail sale of goods or services, and who, either as~~
19 ~~incident to or independent of the retail sale or~~
20 ~~service, from time to time cashes items for a fee or~~
21 ~~other consideration, where not more than \$2, or two~~



1 ~~per cent of the amount of the check, whichever is~~
2 ~~greater, is charged for the service; or~~
3 (2) ~~Any~~ any person authorized to engage in business as a
4 bank, trust company, savings bank, savings and loan
5 association, financial services loan company, or
6 credit union under the laws of the United States, any
7 state or territory of the United States, or the
8 District of Columbia."

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

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



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. (SD2)

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