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## 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           casher; 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        "[~~§~~480F-5~~]~~ **Exemptions.** This chapter shall not apply  
16 to [~~+~~

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, 2014.

12

INTRODUCED BY: 

JAN 22 2014





# H.B. NO. 2447

**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 or authorizes specific types of payment plans with customers. Removes retailers from the exemption to the check cashing law.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

