

A Bill for an Act Relating to Cancellation of Retail Installment Contracts.
Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 476-5, Hawaii Revised Statutes, is amended to read:

“Sec. 476-5. House-to-house sale; right of cancellation; notice. (a) In addition to any other right the buyer may have, the buyer may cancel any house-to-house sale if notice of cancellation is mailed by certified mail, return receipt requested, to seller at its business address shown on the contract and postmarked before midnight of the third business day after the date of signature of the contract by the buyer or the date of receipt of the written notice of buyer’s right of cancellation whichever is later, excluding Saturdays, Sundays, and holidays.

(b) If the sale is canceled, the seller (1) may retain or otherwise recover from the buyer a cancellation fee of five per cent of the cash sale price, or \$15, whichever is less, plus the cost of delivery of the goods (if delivery was in fact made), and (2) shall return to the buyer (A) any payments made (less the cancellation fee), (B) any goods or other property traded in, and (C) any note or other evidence of indebtedness, given by buyer to the seller in connection with the sale.

(c) Upon cancellation of the contract the buyer, upon demand shall make available to the seller at the place of delivery any goods delivered to the buyer in the condition in which the goods were at the time of receipt by the buyer unless the seller by its act has made it impractical for the buyer to comply.

(d) If the seller has performed any services pursuant to a contract prior to its cancellation, the seller is not entitled to any compensation except the cancellation fee provided in this section. If the seller’s services result in the alteration of property of the buyer, the seller shall restore the property to substantially as good condition as it was prior to the time the services were rendered.

(e) The seller shall give to the buyer at the time the buyer signs the house-to-house sale contract a form to be used by the buyer if he elects to cancel the contract. The form shall contain (1) the name and address of the seller to which the notice is to be mailed, (2) the date the buyer signed the contract, and (3) statement of the buyer’s rights under this section. The form may be separate or may be attached to the contract, if readily detachable, and shall be in a type size no smaller than that generally used in the body of the contract.

(f) A form substantially as follows is sufficient to comply with this section.

NOTICE OF CANCELLATION

To (Insert name and address of seller) I hereby cancel the retail installment contract signed by me on (Insert the date buyer signed agreement), whereby I agreed to

purchase the following goods or services (Concise description of goods or services).....

Date

Signature of buyer

STATEMENT OF BUYER'S RIGHTS

You may cancel the contract referred to above by completing the notice of cancellation and mailing it by certified mail, return receipt requested, to the seller at the address shown on the contract and postmarked before midnight of the third business day after the date you sign the contract or the date on which you received this notice, whichever is later in time, excluding Saturdays, Sundays, and holidays. If you cancel the contract, the seller is entitled to retain out of the down payment or otherwise recover, a cancellation fee of 5 per cent of the cash price of the sale, but in no event may the seller retain or recover more than \$15 plus the cost of delivery of the merchandise, if delivery is made.

In the event you cancel the seller must return to you (1) any payments made (less the cancellation fee), (2) any goods or other property traded in, and (3) any note or other evidence of indebtedness, given by you to the seller in connection with the sale. After cancellation the seller is entitled to receive back from you, at your address, any goods delivered by him to you providing it has returned any payments or property received from you as provided above.

(g) If the seller fails to place the legend required by section 476-2 on the contract or to provide the buyer with the notice of cancellation and statement of buyer's rights required by this section, the contract shall be unenforceable by the seller."

SECTION 2. Material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material or the underscoring.*

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

(Approved April 26, 1971.)

* Edited accordingly.