

ACT 178

H.B. NO. 3034

A Bill for an Act Relating to Credit Sales.

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

SECTION 1. Section 476-19, Hawaii Revised Statutes, is amended to read as follows:

“§476-19 Preservation of buyer’s rights; assignment. (a) No contract shall contain any provision by which a buyer agrees not to assert against a seller a claim or defense arising out of the sale or agrees not to assert against an assignee such a claim or defense.

(b) No contract shall require or entail the execution of any note or series of notes by the buyer which when separately negotiated will cut off as to third parties any right of action or defense which the buyer may have against the seller.

(c) No rights of action or defense arising out of a credit sale which the buyer has against the seller shall be cut off by assignment; provided that any recovery thereon by the buyer shall not exceed amounts paid and to be paid by the buyer on the contract and may be set-off against such amount to be paid. If the buyer has a good cause of action or defense against the seller, the seller’s assignee has recourse against the seller for any losses the assignee may incur as a result thereof.

(d) When an assignee asserts the assignee’s rights against a buyer, the buyer may assert any available defense against the assignee as if the assignee were the seller.”

SECTION 2. New statutory material is underscored.

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

(Approved June 12, 1992.)