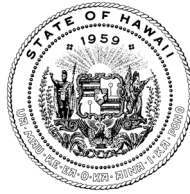


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FAQs For Consumers

What is the Small Dollar Loans law?

Also known as the [Installment Loan law, Act 056](#) (June 16, 2021) replaces the previous law on deferred deposit transactions, more commonly known as payday lending. Under the new law, borrowers will have safe and affordable access to credit from licensed lenders.

When does the law take effect?

Act 056 (June 16, 2021) was signed into law on July 1, 2021 and takes effect on January 1, 2022. The Act provides licensing requirements for installment lenders and the repeal of deferred deposit transactions.

- The later effective date of January 1, 2022 allows deferred deposit check cashers to adopt the new law into their business model, and to allow the DFI to establish the processes and prepare the materials necessary for the licensing and supervision of this new area.

What's the difference between a payday loan (deferred deposit check) and an installment loan?

A payday loan is a short-term loan for money needed between paychecks. An installment loan is typically a larger loan paid back over time in smaller amounts.

Can I still take out a payday loan?

No. The new law prohibits payday loans the Legislature believed resulted in consumers stuck in a high cost loan that they could not easily repay.

How can I find out if a lender is licensed?

Go to <https://www.nmlsconsumeraccess.org/>

What is the maximum amount that I can borrow?

\$1,500.

Can I take get a small dollar loan even if my spouse already has an outstanding small dollar loan?

Yes. You may obtain a loan separately from your spouse as long as you document your action in the written agreement with the installment lender.

What are the minimum and maximum installment loan terms?

Two to twelve months, depending on the loan amount.

What is the maximum interest rate for an installment loan?

Thirty-six per cent (36%) per year on the portion of the unpaid principal balance of the loan.

Can I cancel an installment loan?

Yes, You may rescind an installment loan at or before 5:00 p.m., Hawaii Standard Time, on the third business day after the date the loan was originated and at the location where the loan was originated. You must return to the lender the principal amount of the loan in the original form that you received the proceeds. There is no charge to rescind the loan and, at the time of recession, the lender must refund you any associated loan fees and interest it received from you.

Can I prepay or payoff my loan early?

Yes. You can prepay your loan without penalty or fee provided that all past due interest and fees are paid first.

I can't pay off the installment loan. What should I do?

An installment loan may be renewed only once. After one renewal you will have to pay the debt in cash or its equivalent.

Remember, the lender may renew only the outstanding balance of the loan up to \$1,500 of the remaining unpaid principal balance. If the unpaid balance is more than \$1,500, the lender may require you to pay the remaining balance. The lender may not finance any amount over \$1,500.