

LINDA LINGLE
GOVERNOR OF HAWAII



COPY
CARI T. WATANABE
REGISTRAR OF CONVEYANCES
TELEPHONE (808) 587-0120
FAX (808) 587-4380

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
BUREAU OF CONVEYANCES

P. O. BOX 2857
HONOLULU, HAWAII 96803

August 1, 2006

Ms. Kristi Maynard, Treasurer
First Hawaiian Bank
2339 Kamehameha Highway
Honolulu, Hawaii 96819

VIA FAX 844-3677

Re: Checks dated longer than 6 (six) months

Dear Ms. Maynard:

This is to confirm our conversation last week regarding checks dated longer than six months or dates that reflect expired negotiable dates.

As we discussed, the Bureau of Conveyances encountered delays in addressing documents submitted for recording and a special project group was created to address this backlog. One of the immediate concerns we faced was checks considered "stale dated," (older than six months) or checks indicating the expiration date had been exceeded.

You explained that First Hawaiian Bank does a cursory review of the checks deposited. However, based on the sheer volume of checks deposited by the State of Hawaii, First Hawaiian Bank does not review all checks for acceptability and relies on the paying bank to determine the negotiability of the instrument.

We are requesting all checks deposited by the Bureau of Conveyances be processed in accordance with your processing protocol and should any checks be returned for reasons of "stale date" or "check expired," your process of charging back the account based on the returned check be exercised. The Bureau of Conveyances recognizes and accepts your normal fees for such returns.

We would appreciate acknowledgment of your acceptance so we may continue to address our current concern without creating additional delays in our process.

Thank you very much for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Carl T. Watanabe".

Carl T. Watanabe
Registrar

301349

cc: Milton Coates, Senior Vice-President



First Hawaiian Bank
P. O. Box 1959
Honolulu, Hawaii 96805

Kristi L. Maynard
Senior Vice President & Treasurer
Treasury & Investment Division

August 4, 2006

Mr. Carl Watanabe
State of Hawaii
Department of Land and Natural Resources
Bureau of Conveyances
P.O. Box 2867
Honolulu, Hawaii 96803

Subject: Stale dated deposit items

Dear Mr. Watanabe:

Per your authorization, we have instructed our Money Processing Center to honor any deposits consisting of stale dated checks (older than six months) made to the following account:

Director of Finance, State of Hawaii
Department of Land & Natural Resources
Bureau of Conveyances – Oahu
Account: 01-000497
Location: 0301

As we discussed, the deposits will be processed in the normal manner and without regard to check dates. Any returned checks will be charged back to the account following our normal return item procedures. Fees associated with the returns will be assessed according to the terms of the State's banking contract.

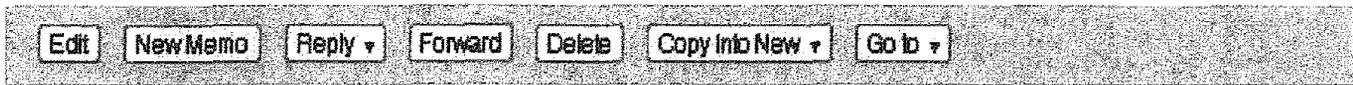
If you have any questions or concerns, please feel free to contact Lynne Kishimoto at 844-3692.

Very truly yours,

Kristi Maynard
Senior Vice President & Treasurer

c: Charlotte Olmos, FHB Money Processing Center
Michael Coates, FHB Transaction Management Division

301350



Carl T
Watanabe/DLNR/StateHiUS

To Dennis T Ihara/DLNR/StateHiUS@StateHiUS

cc

bcc

09/01/2006 04:16 PM

Subject Fw: acceptance discrepancy

Forwarding the email originally sent to bring you up to date on the check issues.

----- Forwarded by Carl T Watanabe/DLNR/StateHiUS on 09/01/2006 04:24 PM -----

Carl T
Watanabe/DLNR/StateHiUS

ToDennis T Ihara/DLNR/StateHiUS

ccNancy E Bartter/DLNR/StateHiUS@StateHiUS

Subjectacceptance discrepancy

08/24/2006 09:47 AM



FHB.PDF

When efforts to address the backlog began, one of the issues we were confronted with was checks that were six months or older. Information from our cashiers indicated First Hawaiian Bank would return the checks because of state date policies.

We contacted First Hawaiian Bank and as a matter of practice, they would not question state dates on check deposited to our FHB account. The authorization to not accept "state dated" checks comes from the paying bank. We discussed our situation and came up with a process that would allow us to deposit "state dated" checks into our FHB account without further oversight by FHB to validate the negotiability of the check. A copy of my confirmation to FHB and their reply was provided to Bob. We were trying to look for ways to eliminate further delays in our processing. Initially, the thought was just to deposit the checks and if returned, contact the customer for a new check. We (BOC) would absorb fees imposed by FHB for return checks.

When the team comes across a "stale dated" check, they are instructed to call the issuer of the check to determine if we can still process the item. If we receive an okay, we process the documents and send it along. The most recent was a check found in our March stack of documents dated July 2005. We contacted the attorney's office and received their approval to go ahead and process the check, it would be okay. It was returned by the cashiers and as stated in the meeting on Tuesday, they won't take it. Since this is contrary to what we had worked out with FHB which Bob was aware of, can we get some kind of memo from the cashiers or the branch chief and I will advise the project group to discontinue efforts to negotiate stale dated checks.

The recording package was returned by the cashiers based on "state dated" check. This same issue was brought up on Tuesday when both the Senior Cashier and Branch Chief remarked that a LOT of state dated checks are being returned and they shouldn't be given more work because of the returns. I am certain what is meant by "more" work as the bureau now has had three cashiers (up by one) for the last few months. Since they do not want to "chase" down the issuer of the checks being returned, I asked for them on Tuesday and we would do the follow up. To date, nothing has been turned over. I am really curious to see what a LOT of returns for stale date looks like. Can you get the stack of returns and we will address collections.

301352