

5 2. By striking from line seven (7) of subsection one (1) the word,
6 "eleven" and inserting in lieu thereof the word, "twenty-five (25)".

Approved April 5, 1957.

CHAPTER 163

MOTOR VEHICLE DEALERS

H. F. 311

AN ACT to amend chapter three hundred twenty-two (322), Code 1954, relating to motor vehicle dealers.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section three hundred twenty-two point two (322.2),
2 Code 1954, is hereby amended by adding thereto the following:

3 "7. 'Motor vehicle' means any vehicle subject to registration under
4 the laws of this state.

5 "8. 'Retail installment transaction' means any sale evidenced by a
6 retail installment contract between a retail buyer and a retail seller
7 wherein the retail buyer buys a motor vehicle from a retail seller at a
8 time price payable in one or more deferred installments. The cash
9 sale price of the motor vehicle, the amount included for insurance and
10 other benefits, if a separate charge is made therefor, official fees and
11 finance charge, shall together constitute the time price.

12 "9. 'Retail installment contract' or 'contract' means an agreement,
13 entered into in this state, pursuant to which the title to, the property
14 in or a lien upon the motor vehicle, which is the subject matter of a
15 retail installment transaction, is retained or taken by a retail seller
16 from a retail buyer as security, in whole or in part, for the buyer's
17 obligation. The term includes a chattel mortgage, a conditional sales
18 contract and a contract for the bailment or leasing of a motor vehicle
19 by which the bailee or lessee contracts to pay as compensation for its
20 use a sum substantially equivalent to or in excess of its value and by
21 which it is agreed that the bailee or lessee is bound to become, or has
22 the option of becoming, the owner of the motor vehicle upon full com-
23 pliance with the provisions of the contract.

24 "10. 'Retail seller' or 'seller' means a person who sells a motor ve-
25 hicle to a retail buyer.

26 "11. 'Retail buyer' or 'buyer' means a person who buys a motor ve-
27 hicle from a retail seller.

28 "12. 'Cash sale price' means the cash price stated in a retail in-
29 stallment contract at which the seller would have sold to the buyer,
30 and the buyer would have bought from the seller, the motor vehicle
31 which is the subject matter of the retail installment contract, if such
32 sale were a sale for cash instead of a retail installment transaction.
33 The cash sale price may include any taxes, registration, certificate of
34 title, license and other fees, and charges for accessories and their in-
35 stallation and for delivery, servicing, repairing, or improving the
36 motor vehicle.

37 "13. 'Official fees' means the fees prescribed by law for filing, re-
38 cording or otherwise perfecting and releasing or satisfying a retained

39 title or a lien created by a retail installment transaction.

40 "14. 'Finance charge' means that part of the time price by which
41 the latter exceeds the aggregate of the cash sale price, the amount, if
42 any, separately included for insurance and other benefits, official fees
43 and other costs necessary or incidental to the retail installment trans-
44 action to be included in the retail installment contract.

45 "15. 'Down payment' means all partial payments whether made in
46 cash or in the stated value of property otherwise received, by or for
47 the benefit of the seller, prior to or substantially contemporaneous
48 with either the execution of the retail installment contract or the
49 delivery of the motor vehicle sold thereunder, whichever occurs later.

50 "16. 'Sales finance company' means a person engaged, in whole or
51 in part, in the business of purchasing retail installment contracts
52 from one or more retail sellers. The term also includes a retail seller
53 engaged, in whole or in part, in the business of creating and holding
54 retail installment contracts. The term does not include the pledgee of
55 an aggregate number of such contracts to secure a bona fide loan
56 thereon.

57 "17. The 'holder' of a retail installment contract means the retail
58 seller of the motor vehicle under or subject to the contract or, if the
59 contract is purchased by a sales finance company or other assignee,
60 the sales finance company or other assignee.

61 "18. Nothing contained herein shall be construed to require the
62 licensing or to apply to any bank, credit union or trust company in
63 Iowa."

1 SEC. 2. Section three hundred twenty-two point three (322.3),
2 subsection five (5), Code 1954, is hereby amended by inserting in line
3 four (4) after the word "terminate" the following: "or fail to renew,"
4 and by striking from lines six (6), seven (7) and eight (8) the follow-
5 ing: " , before the expiration date of said contract, agreement, or un-
6 derstanding,".

7 Section three hundred twenty-two point three (322.3), Code 1954,
8 is hereby further amended by adding to the end of subsection five (5)
9 the following:

10 "Provided, however, that the provisions of this subsection relating
11 to 'failure to renew' shall not apply to any contract, agreement, or
12 understanding, which is for a term of five (5) or more years."

1 SEC. 3. Section three hundred twenty-two point three (322.3),
2 Code 1954, is hereby amended by striking therefrom subsection six (6)
3 and substituting in lieu thereof the following:

4 "6. No person, who is engaged in the business of selling at retail
5 motor vehicles, shall make and enter into a retail installment contract
6 unless such contract meets the following requirements:

7 (a) Every retail installment contract shall be in writing, shall be
8 signed by both the buyer and the seller and shall be completed as to
9 all essential provisions prior to the signing of the contract by the
10 buyer except that, if delivery of the motor vehicle is not made at the
11 time of the execution of the contract, the identifying numbers or
12 marks of the motor vehicle or similar information and the due date
13 of the first installment may be inserted in the contract after its exe-
14 cution.

15 (b) The printed portion of the contract, other than instructions for

16 completion, shall be in at least eight (8) point type. The contract shall
 17 contain, directly above the buyer's signature, and in a size equal to at
 18 least ten (10) point bold type:

19 (1) The following notice: "Notice to the Buyer: Do not sign this
 20 contract before you read it or if it contains any blank spaces. You are
 21 entitled to an exact copy of the contract you sign."

22 (2) An acknowledgment by the buyer of delivery of a copy of the
 23 contract.

24 (c) The retail installment contract shall contain the following
 25 items:

26 (1) The cash sale price of the motor vehicle which is the subject
 27 matter of the retail installment transaction;

28 (2) The amount of the buyer's down payment, whether made in
 29 money or goods, or partly in money and partly in goods;

30 (3) The difference between items one and two;

31 (4) The amount, if any, separately included for insurance and
 32 other benefits specifying the types of coverage and benefits;

33 (5) Official fees as defined in subsection thirteen (13) of section
 34 three hundred twenty-two point two (322.2);

35 (6) Principal balance, which is the sum of item three, item four
 36 and item five;

37 (7) The amount of the finance charge;

38 (8) The balance, which is the sum of items six and seven, owed by
 39 the buyer to the seller and the number of installments required and
 40 the amount and date of each payment necessary finally to pay such
 41 balance; provided, however, the amount and date of each payment
 42 need not be separately listed if the payments are specified in terms
 43 of a series of payments of specified amounts, payable at specified in-
 44 tervals of time from an initial date.

45 The above items need not be stated in the sequence or order set forth,
 46 and additional items may be included to explain the calculations in-
 47 volved in determining the stated time price to be paid by the buyer.

48 (d) The amount, if any, included for insurance, which may be pur-
 49 chased by the holder of the retail installment contract, shall not exceed
 50 the applicable premiums chargeable in accordance with the rates filed
 51 with the commissioner of insurance.

52 (3)* The retail installment contract shall provide that any buyer
 53 may pay in full at any time before maturity the debt of such contract
 54 and in so paying such debt shall receive for such anticipation of pay-
 55 ments a refund credit in an amount which shall represent at least as
 56 great a proportion of the finance charge after first deducting from
 57 such finance charge an acquisition cost of twenty-five dollars (\$25.00),
 58 as the sum of the periodic time balances after the month in which pre-
 59 payment is made, bears to the sum of all the periodic time balances
 60 under the schedule of payments in the original contract; provided,
 61 however, that if the amount of the credit is less than one dollar (\$1.00)
 62 no refund need be made."

1 SEC. 4. Section three hundred twenty-two point three (322.3),
 2 Code 1954, is hereby amended by adding thereto a new subsection as
 3 follows:

4 "7. Nothing contained herein shall be construed to require that a
 5 place of business as defined in this chapter shall be maintained by a

*According to enrolled Act.

6 person selling motor vehicles at retail solely for the purpose of dis-
7 posing of motor vehicles acquired or repossessed by such person in
8 exercise of powers or rights granted by lien or title-retention instru-
9 ments or contracts given as security for loans or purchase money obli-
10 gations."

1 SEC. 5. Section three hundred twenty-two point three (322.3),
2 Code 1954, is hereby amended by adding thereto the following sub-
3 section:

4 "No manufacturer or distributor of motor vehicles or agent of such
5 manufacturer or distributor shall coerce or attempt to coerce any
6 motor vehicle dealer to accept delivery of any motor vehicle or ve-
7 hicles, parts, or accessories thereof, or any other commodity or com-
8 modities which shall not have been ordered by such dealer."

1 SEC. 6. Section three hundred twenty-two point five (322.5), Code
2 1954, is hereby amended by striking from line three (3) the words
3 "fifteen dollars" and inserting in lieu thereof the following: "twenty
4 dollars for the licensee's principal place of business in each city or
5 town and an additional five dollars for each used-car lot which is in
6 the city or town wherein said place of business is located and which is
7 not adjacent to such place."

1 SEC. 7. Section three hundred twenty-two point six (322.6), Code
2 1954, is hereby amended by inserting in line ten (10) after the word
3 "chapter" the following: "or any rules or regulations promulgated
4 by the department thereunder except as otherwise provided."

5 Said section is further amended by adding in line thirty-six (36)
6 after the word "chapter" the following: "unless applicant is a person
7 referred to in subsection seven (7) of section three hundred twenty-
8 two point three (322.3)".

9 Said section is further amended by striking from line thirty-nine
10 (39) the word "and" and inserting after the figures "321.100" the
11 following: ", 539.4 and 713.24".

1 SEC. 8. Section three hundred twenty-two point fourteen (322.14)
2 is hereby amended by adding thereto the following paragraph:

3 "Any person who shall wilfully and intentionally violate the pro-
4 visions of subsection six (6) of section three hundred twenty-two
5 point three (322.3) shall be guilty of a misdemeanor and upon convic-
6 tion shall be punished by a fine not to exceed five hundred dollars
7 (\$500.00)."

1 SEC. 9. Chapter three hundred twenty-two (322), Code 1954, is
2 hereby amended by adding thereto the following sections:

3 1. A copy of every retail installment contract shall be furnished to
4 the buyer at the time of the execution of the contract. An acknowledg-
5 ment by the buyer contained in the body of the retail installment con-
6 tract of the delivery of a copy thereof shall be conclusive proof of
7 delivery in any action or proceeding by or against any assignee of a
8 retail installment contract.

9 2. If dual interest insurance on the motor vehicle is purchased by
10 the holder it shall, within thirty (30) days after execution of the retail
11 installment contract, send or cause to be sent to the buyer a policy or
12 policies or certificate of insurance, written by an insurance company

13 authorized to do business in this state, clearly setting forth the amount
14 of the premium, the kind or kinds of insurance and the coverages. The
15 buyer shall have the privilege of purchasing such insurance from an
16 agent or broker of his own selection and of selecting an insurance com-
17 pany acceptable to the holder; but in such case the inclusion of the
18 insurance premium in the retail installment contract shall be optional
19 with the seller. If any insurance is cancelled, unearned insurance
20 premium refunds received by the holder shall be credited to the final
21 maturing installments of the contract except to the extent applied
22 toward payment for similar insurance protecting the interests of the
23 buyer and the holder or either of them.

24 3. (a) Notwithstanding the provisions of any other existing law, a
25 retail installment transaction may include a finance charge not in
26 excess of the following rates:

27 Class 1. Any new motor vehicle designated by the manufacturer by
28 a year model not earlier than the year in which the sale is made, an
29 amount equivalent to one and one-fourth percent ($1\frac{1}{4}\%$) per month
30 simple interest on the declining balance.

31 Class 2. Any new motor vehicle not in Class 1 and any used motor
32 vehicle designated by the manufacturer by a year model of the same
33 or not more than two (2) years prior to the year in which the sale is
34 made, an amount equivalent to one and three-fourths percent ($1\frac{3}{4}\%$)
35 per month simple interest on the declining balance.

36 Class 3. Any used motor vehicle not in Class 2 and designated by
37 the manufacturer by a year model not more than four (4) years prior
38 to the year in which the sale is made, an amount equivalent to two and
39 one-fourth percent ($2\frac{1}{4}\%$) per month simple interest on the declining
40 balance.

41 Class 4. Any used motor vehicle not in Class 2 or Class 3 and desig-
42 nated by the manufacturer by a year model more than four (4) years
43 prior to the year in which the sale is made, an amount equivalent to
44 two and one-fourth percent ($2\frac{1}{4}\%$) per month simple interest on the
45 declining balance, plus a flat charge of one dollar (\$1.00) per month
46 for the number of months from the date of the contract to the maturity
47 date of the last installment thereunder, but in no event in excess of
48 twelve dollars (\$12.00).

49 (b) Such finance charge shall be computed in advance on the prin-
50 cipal balance as determined under paragraph (c) of subsection six (6)
51 of section three hundred twenty-two point three (322.3) as amended
52 by this Act on contracts payable in successive monthly payments sub-
53 stantially equal in amount extending for a period of one year. On con-
54 tracts providing for installment payments extending for a period less
55 than or greater than one year, the finance charge shall be computed
56 proportionately. Such finance charge may be computed on the basis of
57 a full month for any fractional month period in excess of ten (10)
58 days. A minimum finance charge of twenty-five dollars (\$25.00) may
59 be charged on any contract in which the finance charge computed at
60 the authorized rates results in a total charge of less than this amount.

61 (c) When a retail installment contract provides for unequal or ir-
62 regular installment payments, the finance charge may be an amount
63 computed in advance on the basis of the effective rates permitted in
64 subsection (a) hereof, having due regard for the schedule of payments.

65 4. If the holder of a retail installment contract, at the request of the

66 buyer, extends the scheduled due date of all or any part of any install-
67 ment or installments, the holder may restate the amount of the install-
68 ments and the time schedule therefor, and collect for such extension
69 not more than one per cent (1%) per month simple interest on the
70 respective declining balances computed on the amount and for the
71 period of such extension or renewal.

72 5. Any retail installment contract which meets the requirements of
73 subsection six (6) of section three hundred twenty-two point three
74 (322.3) may be purchased or acquired by any sales finance company
75 from a retail seller on such terms and conditions and for such price as
76 may be agreed upon between them.

77 6. Any waiver of the provisions of subsection six (6) of section
78 three hundred twenty-two point three (322.3) shall be unenforceable
79 and void.

80 7. Any retail buyer having reason to believe that the provisions of
81 this chapter relating to his installment contract have been violated may
82 file with the department a written complaint setting forth the details
83 of such alleged violation and the department, upon the receipt of such
84 complaint, may inspect the pertinent books, records, letters and con-
85 tracts of the licensee or other person relating to such specific complaint.

86 8. The commissioner of public safety shall have the power to issue
87 subpoenas to compel the attendance of witnesses and the production of
88 documents, papers, books, records and other evidence before him in
89 any matter over which he has jurisdiction, control or supervision per-
90 taining to this chapter.

91 If any person shall refuse to obey any such subpoena, or to give tes-
92 timony, or to produce evidence as required thereby, any judge of the
93 district court of the state of Iowa in and for Polk County may, upon
94 application and proof of such refusal, make an order awarding process
95 of subpoena, or subpoena duces tecum, out of the said court, for the
96 witness to appear before the commissioner and to give testimony, and
97 to produce evidence as required thereby. Upon filing such order in the
98 office of the clerk of said court, the clerk shall issue process of sub-
99 poena, as directed, under the seal of said court, requiring the person to
100 whom it is directed to appear at the time and place therein designated.

1 SEC. 10. No person licensed under this chapter shall have for sale,
2 sell, or offer for sale at retail any motor vehicle, trailer, or semitrailer
3 which does not contain those parts or is not at all times equipped with
4 such lamps and brakes and other equipment in proper condition and
5 adjustment as required in chapter 321, Code 1954, or which is equipped
6 in any manner in violation of such chapter; provided, however, that
7 the violation of this section shall not constitute a ground for denial,
8 suspension or revocation of the license of such person.

1 SEC. 11. If any clause, sentence, paragraph, or part of this Act
2 shall for any reason be adjudged by any court of competent jurisdic-
3 tion to be invalid, such judgment shall not affect, impair or invalidate
4 the remainder of the Act, but shall be confined in its operation to the
5 clause, sentence, paragraph, or part thereof directly involved in the
6 controversy in which such judgment has been rendered, and to this
7 end the provisions of the Act are severable.

Approved May 2, 1957.