

CHAPTER 192
DISHONORED CHECKS
S.F. 309

AN ACT relating to dishonored checks, drafts, or orders for payment and providing penalties.

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

Section 1. **NEW SECTION. 554.3806 CIVIL REMEDY FOR DISHONOR OF A CHECK, DRAFT OR ORDER.**

1. In a civil action against a person who makes a check, draft or order for the payment of money which has been dishonored for lack of funds or credit or because the maker has no account with the drawee, the plaintiff may recover from the defendant damages triple the amount for which the dishonored check, draft or order is drawn. However, damages under this section shall not exceed by more than five hundred dollars the amount of the check, draft or order and may be awarded only if all the following are true:

a. The plaintiff made written demand by restricted certified mail of the defendant for payment of the amount of the check, draft, or order not less than thirty days before commencing the action.

b. The defendant has failed to tender to the plaintiff, prior to commencement of the action, an amount of money not less than the amount demanded.

c. The plaintiff clearly and conspicuously posted a notice at the usual place of payment, or in a billing statement of the plaintiff, stating that civil damages pursuant to this section would be sought upon dishonorment.

2. In an action for damages pursuant to subsection 1, if the court or jury determines that the failure of the defendant to satisfy the dishonored check was due to economic hardship, the court or jury may waive all or part of the allowable civil damages. However, if the court or jury waives all or part of the civil damages, the court or jury shall render judgment against the defendant in the amount of the dishonored check, draft or order and the actual costs incurred by the plaintiff in bringing the action.

3. This section does not apply if the reason for the dishonor of the check, draft or order is that the maker has stopped payment pursuant to section 554.4403 because of a bona fide dispute between the maker and the holder relating to the consideration for which the check, draft, or order was given.

4. In actions brought pursuant to this section, no additional award pursuant to section 625.22 shall be made.

Approved May 24, 1985