

Sec. 10. Section 124B.2, subsection 1, Code 2003, is amended by adding the following new paragraphs:

NEW PARAGRAPH. x. Red phosphorus.

NEW PARAGRAPH. y. White phosphorus (another name: yellow phosphorus).

NEW PARAGRAPH. z. Hypophosphorous acid and its salts (including ammonium hypophosphite, calcium hypophosphite, iron hypophosphite, potassium hypophosphite, manganese hypophosphite, magnesium hypophosphite, and sodium hypophosphite).

Approved April 21, 2003

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## CHAPTER 54

### CONSUMER CREDIT TRANSACTIONS — EXTENSIONS OF CREDIT

H.F. 395

**AN ACT** relating to the extension of credit without discrimination under the consumer credit code.

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

Section 1. Section 537.3311, Code 2003, is amended to read as follows:  
537.3311 DISCRIMINATION PROHIBITED.

A creditor shall not refuse to enter into a consumer credit transaction or impose finance charges or other terms or conditions more onerous than those regularly extended by that creditor to consumers of similar economic backgrounds ~~because of the~~ due to any of the following:

1. The age, color, creed, national origin, political affiliation, race, religion, sex, marital status, or disability of the consumer, or because the

2. The consumer receives public assistance, social security benefits, pension benefits, or the like, or because of the

3. The exercise by the consumer of rights pursuant to this chapter or other provisions of law the federal Consumer Credit Protection Act, 15 U.S.C. § 1601 et seq.

Approved April 21, 2003

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## CHAPTER 55

### EQUIPMENT DEALERSHIP AGREEMENTS

H.F. 446

**AN ACT** relating to dealership agreements, and providing for the Act's applicability.

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

Section 1. Section 322F.1, Code 2003, is amended by adding the following new subsections:

NEW SUBSECTION. 0A. "Agricultural equipment" means a device, part of a device, or an

attachment of a device designed to be principally used for an agricultural purpose. "Agricultural equipment" includes but is not limited to equipment associated with livestock or crop production, horticulture, or floriculture. "Agricultural equipment" includes but is not limited to tractors; trailers; combines; tillage, planting, and cultivating implements; bailers, irrigation implements; and all-terrain vehicles.

**NEW SUBSECTION.** 1A. "Construction equipment", "industrial equipment", or "utility equipment" means a device, part of a device, or an attachment to a device designed to be principally used for a construction or industrial purpose. "Construction equipment", "industrial equipment", or "utility equipment" includes equipment associated with earthmoving, industrial material handling, mining, forestry, highway construction or maintenance, and landscaping. "Construction equipment", "industrial equipment", or "utility equipment" includes but is not limited to tractors, graders, excavators, loaders, and backhoes.

**NEW SUBSECTION.** 7A. "Outdoor power equipment" means equipment using small motors or engines, if the equipment is used principally for outside service, including but not limited to aerators, augers, blowers, brush clearers, brush cutters, chain saws, dethatchers, edgers, hedge trimmers, lawn mowers, pole saws, power rakes, snowblowers, and tillers.

Sec. 2. Section 322F.1, subsection 2, Code 2003, is amended to read as follows:

2. "Dealer" or "dealership" means a person engaged in the retail sale of equipment, ~~if the person sells equipment designed to be principally used for agricultural operations, including but not limited to livestock or crop production or horticulture.~~

Sec. 3. Section 322F.1, subsection 4, Code 2003, is amended by striking the subsection, and inserting in lieu thereof following:

4. "Equipment" means agricultural equipment, construction equipment, industrial equipment, utility equipment, or outdoor power equipment. However, "equipment" does not include self-propelled machines designed primarily for the transportation of persons or property on a street or highway.

Sec. 4. Section 322F.2, subsection 1, Code 2003, is amended to read as follows:

1. a. A supplier shall terminate a dealership agreement for equipment other than outdoor power equipment by cancellation, nonrenewal, or a substantial change in competitive circumstances only upon good cause and upon at least ninety days' prior written notice delivered to the dealer by certified or registered mail or restricted certified mail. A supplier shall terminate a dealership agreement for outdoor power equipment by cancellation or nonrenewal only upon good cause and upon at least ninety days' prior written notice delivered to the dealer by restricted certified mail or hand delivered by a representative of the supplier to the dealer or a designated representative of the dealer.

b. The A written termination notice must specify each deficiency constituting good cause for the action. The notice must also state that the dealer has sixty days to cure a specified deficiency. If the deficiency is cured within sixty days from the date that the notice is delivered, the notice is void. However, if the deficiency is based on a dealer's inadequate representation of a manufacturer's product relating to sales, as provided in section 322F.1, the notice must state that the dealer has eighteen months to cure the deficiency. If the deficiency based on inadequate representation of a manufacturer's product relating to sales is cured within eighteen months from the date that notice is delivered, the notice is void.

Sec. 5. Section 322F.3, subsection 1, Code 2003, is amended by adding the following new paragraph:

**NEW PARAGRAPH.** f. The supplier must pay to the dealer or credit the dealer's account with one hundred percent of the net cost of all equipment used in demonstrations, including equipment leased primarily for demonstration or lease, at the equipment's agreed-upon depreciated value, provided that such equipment is in new condition and has not been abused.

Sec. 6. Section 322F.5, Code 2003, is amended to read as follows:

322F.5 DEATH OR INCAPACITY OF DEALER.

If a dealer or a person holding a majority shareholder of a corporation interest in a business entity operating a dealership dies or is incapacitated, the rights under this chapter may be exercised as an option by the heirs at law if the dealer or shareholder majority interest holder died intestate, or by the executor under the terms of the dealer's or shareholder's majority interest holder's will. If the heirs or the executor do not exercise this option within twelve months from the date of death of the dealer or shareholder majority interest holder, the supplier must repurchase the equipment as if the supplier had terminated the dealership agreement pursuant to section 322F.3. However, this section does not entitle an heir, executor, administrator, legatee, or devisee of a deceased dealer or majority shareholder interest holder to continue to operate the dealership without the consent of the supplier.

Sec. 7. Section 322F.7, subsection 7, Code 2003, is amended to read as follows:

7. a. Takes For a dealership agreement governing equipment other than outdoor power equipment, takes action terminating, canceling, failing to renew the dealership agreement, or substantially changing changes the competitive circumstances intended by the dealership agreement, due to the results of conditions beyond the dealer's control, including drought, flood, labor disputes, or economic recession.

b. For a dealership agreement governing outdoor power equipment, takes action terminating, canceling, or failing to renew the dealership agreement due to the results of conditions beyond the dealer's control, including drought, flood, labor disputes, or economic recession.

This subsection shall not apply if the dealer is in default of a security agreement in effect with the supplier.

Sec. 8. Section 322F.8, subsection 1, Code 2003, is amended to read as follows:

1. A dealer may bring a legal action against a supplier for damages sustained by the dealer as a consequence of the supplier's violation of this chapter. A supplier violating this chapter shall compensate the dealer for damages sustained by the dealer as a consequence of the supplier's violation, together with the actual costs of the action, including reasonable attorneys' attorney fees.

a. The For a dealership agreement governing equipment other than outdoor power equipment, a dealer may be granted injunctive relief against unlawful termination, cancellation, or the nonrenewal of the dealership agreement, or a substantial change of competitive circumstances as provided in section 322F.2.

b. For a dealership agreement governing outdoor power equipment, a dealer may be granted injunctive relief against unlawful termination, cancellation, or the nonrenewal of the dealership agreement as provided in section 322F.2.

PARAGRAPH DIVIDED. The remedies in this section are in addition to any other remedies permitted by law.

Sec. 9. Section 322F.8, subsection 2, paragraph b, Code 2003, is amended to read as follows:

b. If upon termination of a dealership agreement by nonrenewal or cancellation, by a dealer or supplier, the supplier fails to make payment or credit the account of the dealer as provided in this chapter, the supplier is liable in a civil action brought by the dealer for one hundred percent of the net costs of the equipment the repurchase amount set forth in section 322F.3, plus interest as calculated pursuant to paragraph "a", and ninety percent of the net price of repair parts, plus interest as calculated pursuant to paragraph "a".

Sec. 10. Section 322F.9, subsection 2, Code 2003, is amended to read as follows:

2. a. For all dealership agreements other than those provided for all-terrain vehicles, in this section, this chapter applies to those dealership agreements in effect that have no expiration

date and all other dealership agreements entered into or renewed on or after July 1, 1990. Any such dealership agreement in effect on June 30, 1990, which by its own terms will terminate on a subsequent date, shall be governed by the law as it existed prior to July 1, 1990.

b. For all dealership agreements for governing all-terrain vehicles, this chapter applies to those dealership agreements in effect that have no expiration date and all other such dealership agreements entered into or renewed on or after July 1, 2002. Any such dealership agreement in effect on July 1, 2002, which by its own terms will terminate on a subsequent date, shall be governed by the law as it existed prior to July 1, 2002.

c. For all dealership agreements governing agricultural equipment used principally for floriculture and for all dealership agreements governing construction equipment, industrial equipment, utility equipment, and outdoor power equipment, this chapter applies to those dealership agreements in effect that have no expiration date and all other such dealership agreements entered into or renewed on or after the effective date of this Act. Any dealership agreement in effect on the effective date of this Act, which by its own terms will terminate on a subsequent date, shall be governed by the law as it existed prior to the effective date of this Act.

Approved April 22, 2003

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## CHAPTER 56

### MOTOR VEHICLE DAMAGE DISCLOSURE STATEMENTS

*H.F. 502*

**AN ACT** relating to damage disclosure statements required for transfer of ownership of motor vehicles and providing a penalty.

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

Section 1. Section 321.69, subsections 2 and 3, Code 2003, are amended to read as follows:

2. The damage disclosure statement required by this section shall, at a minimum, state the total retail dollar amount of all damage to the vehicle during the period of the transferor's ownership of the vehicle and whether the transferor knows if the vehicle was titled as a salvage or flood vehicle in this or any other state prior to the transferor's ownership of the vehicle. For the purposes of this section, "damage" refers to damage to the vehicle caused by fire, vandalism, collision, weather, falling objects, submersion in water, or flood, where the cost of repair is ~~five~~ six thousand dollars or more per incident, but does not include normal wear and tear, glass damage, mechanical repairs or electrical repairs that have not been caused by fire, vandalism, collision, weather, falling objects, submersion in water, or flood. "Damage" does not include the cost of repairing, replacing, or reinstalling tires, lights, batteries, windshields, windows, a sound system, or an inflatable restraint system. A determination of the amount of damage to a vehicle shall be based on estimates of the retail cost of repairing the vehicle, including labor, parts, and other materials, if the vehicle has not been repaired or on the actual retail cost of repair, including labor, parts, and other materials, if the vehicle has been repaired. Only individual incidents in which the retail cost of repairs is ~~five~~ six thousand dollars or more are required to be disclosed by this section. If the vehicle has incurred damage of ~~five~~ six thousand dollars or more per incident in more than one incident, the damage amounts must be combined and disclosed as the total of all separate incidents.