

February 19, 1957.  
Banks, Building and Loan.

**House File 322**  
By MILROY, McNEAL, REPERT  
and LOSS.

Passed House, Date..... Passed Senate, Date.....  
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....  
Approved.....

## A BILL FOR

An Act to amend chapter five hundred thirty-six (536), Code 1954, relating to the making of small loans so as to increase the maximum amount of loan under said chapter, to regulate the rate of interest on such loans, and to amend section five hundred thirty-five point six (535.6), Code 1954, relating to penalties for excessive interest.

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

1 Section 1. Section five hundred thirty-five point six  
2 (535.6), Code 1954, is amended by striking from line eight (8)  
3 thereof the word "three" and inserting in lieu thereof the word  
4 "six".

1 Sec. 2. Section five hundred thirty-six point one  
2 (536.1), Code 1954, is amended by striking from line five (5)  
3 the word "three" and inserting in lieu thereof the word "six".

1 Sec. 3. Section five hundred thirty-six point twelve  
2 (536.12), Code 1954, is amended by striking from line nine (9)  
3 the word "three" and inserting in lieu thereof the word "six".

1 Sec. 4. Section five hundred thirty-six point thirteen  
2 (536.13), Code 1954, is hereby amended as follows:

3 1. By striking from line two (2) of subsection five (5)  
4 the word "three" and inserting in lieu thereof the word "six".

5 2. By striking from line three (3) of subsection six (6)  
6 the word "three" and inserting in lieu thereof the word "six".

1 Sec. 5. Section five hundred thirty-six point fifteen  
2 (536.15), Code 1954, is hereby amended by striking from lines

3 eight (8) and fourteen (14) the word "three" and inserting, in  
4 each instance, the word "six".

1 Sec. 6. Section five hundred thirty-six point sixteen  
2 (536.16), Code 1954, is hereby amended by striking from line  
3 two (2) the word "three" and inserting in lieu thereof the word  
4 "six".

1 Sec. 7. Section five hundred thirty-six point eighteen  
2 (536.18), Code 1954, is hereby amended by striking from lines  
3 nine (9) and eighteen (18) the word "three" and inserting, in  
4 each instance, the word "six".

1 Sec. 8. Section five hundred thirty-six point thirteen  
2 (536.13), Code 1954, is amended by striking all of line one (1)  
3 of subsection four (4) thereof and by inserting in lieu thereof  
4 the following: "Beginning July 4, 1957, and until such"; and  
5 by striking from line eight (8) of subsection four (4) thereof  
6 the words "and one-half"; and by changing the period (.) at the  
7 end of subsection four (4) thereof to a comma and adding thereto  
8 the following: "but not exceeding three hundred dollars, and  
9 one and one-half percent per month on any part of the unpaid  
10 principal balance of the loan in excess of three hundred dollars."

#### EXPLANATION OF HOUSE FILE 322

Thirty-five years ago, the 39th General Assembly passed the Small Loan Law with a maximum loan limit of \$300 which is no longer adequate to satisfy the needs of the borrower and serve the same purpose as when the present law was enacted. This bill increases the limit from \$300 to \$600 providing for an interest rate of 1 1/4 percent per month on the unpaid principal balance over \$300.

Under a \$300 loan limit many borrowers are required to borrow from more than one lender to obtain the amount of money needed. This results in economic loss and unnecessary cost and inconvenience to the borrower. Raising the loan limit to \$600 will permit such persons to borrow at lower rates of interest since the rate of interest on the larger loans would be considerably less than the rate applicable to smaller loans of \$300 or less.

Most of the small loan laws in other states have been amended by increasing the maximum loan limit.

The State Banking Board would retain the power to adjust the rate as now provided in chapter 536.