

February 15, 1957.
Passed on File.

Senate File 269
By COMMITTEE ON MOTOR VEHICLES.

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

A BILL FOR

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
2 (322.2), Code 1954, is hereby amended by adding thereto the
3 following:

4 "7. 'Motor vehicle' means any vehicle subject to regis-
5 tration under the laws of this state.

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

15 "9. 'Retail installment contract' or 'contract' means
16 an agreement, entered into in this state, pursuant to which
17 the title to, the property in or a lien upon the motor
18 vehicle, which is the subject matter of a retail installment
19 transaction, is retained or taken by a retail seller from
20 a retail buyer as security, in whole or in part, for the
21 buyer's obligation. The term includes a chattel mortgage.

22 a conditional sales contract and a contract for the bailment
23 or leasing of a motor vehicle by which the bailee or lessee
24 contracts to pay as compensation for its use a sum substan-
25 tially equivalent to or in excess of its value and by which
26 it is agreed that the bailee or lessee is bound to become,
27 or has the option of becoming, the owner of the motor vehicle
28 upon full compliance with the provisions of the contract.

29 "10. 'Retail seller' or 'seller' means a person who
30 sells a motor vehicle to a retail buyer.

31 "11. 'retail buyer' or 'buyer' means a person who
32 buys a motor vehicle from a retail seller.

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

43 "13. 'Official fees' means the fees prescribed by
44 law for filing, recording or otherwise perfecting and re-
45 leasing or satisfying a retained title or a lien created
46 by a retail installment transaction.

47 "14. 'Finance charge' means that part of the time
48 price by which the latter exceeds the aggregate of the cash
49 sale price, the amount, if any, separately included for
50 insurance and other benefits, official fees and other costs

51 necessary or incidental to the retail installment trans-
52 action to be included in the retail installment contract.

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

59 "16. 'Sales finance company' means a person engaged,
60 in whole or in part, in the business of purchasing retail
61 installment contracts from one or more retail sellers. The
62 term includes but is not limited to a bank, trust company,
63 private banker, industrial bank or investment company, if
64 so engaged. The term also includes a retail seller engaged,
65 in whole or in part, in the business of creating and holding
66 retail installment contracts. The term does not include
67 the pledgee of an aggregate number of such contracts to secure
68 a bona fide loan thereon.

69 "17. The 'holder' of a retail installment contract
70 means the retail seller of the motor vehicle under or subject
71 to the contract or, if the contract is purchased by a sales
72 finance company or other assignee, the sales finance company
73 or other assignee."

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

7 or understanding.”.

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

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

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

18 (b) The printed portion of the contract, other than
19 instructions for completion, shall be in at least eight (8)
20 point type. The contract shall contain, directly above the
21 buyer's signature, and in a size equal to at least ten (10)
22 point bold type:

23 (1) The following notice: “Notice to the Buyer:
24 Do not sign this contract before you read it or if it
25 contains any blank spaces. You are entitled to an exact
26 copy of the contract you sign.”

27 (2) An acknowledgment by the buyer of delivery
28 of a copy of the contract.

29 (c) The retail installment contract shall contain
30 the following items:

31 (1) The cash sale price of the motor vehicle which
32 is the subject matter of the retail install-
33 ment transaction;

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

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

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

41 (5) Official fees as defined in subsection thir-
42 teen (13) of section three hundred twenty-two
43 point two (322.2);

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

46 (7) The amount of the finance charge;

47 (8) The balance, which is the sum of items six
48 and seven, owned by the buyer to the seller
49 and the number of installments required and
50 the amount and date of each payment necessary
51 finally to pay such balance; provided, however,
52 the amount and date of each payment need not
53 be separately listed if the payments are
54 specified in terms of a series of payments
55 of specified amounts, payable at specified
56 intervals of time from an initial date.

57 The above items need not be stated in the sequence or order

58 set forth, and additional items may be included to explain
59 the calculations involved in determining the stated time price
60 to be paid by the buyer.

61 (d) The amount, if any, included for insurance, which
62 may be purchased by the holder of the retail installment
63 contract, shall not exceed the applicable premiums chargeable
64 in accordance with the rates filed with the commissioner of
65 insurance.

66 (e) The retail installment contract shall provide that
67 any buyer may pay in full at any time before maturity the
68 debt of such contract and in so paying such debt shall receive
69 for such anticipation of payments a refund credit in an
70 amount which shall represent at least as great a proportion
71 of the finance charge after first deducting from such finance
72 charge an acquisition cost of twenty-five dollars (\$25.00),
73 as the sum of the periodic time balances after the month in
74 which prepayment is made, bears to the sum of all the periodic
75 time balances under the schedule of payments in the original
76 contract; provided, however, that if the amount of the credit
77 is less than one dollar (\$1.00) no refund need be made."

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

4 "7. Nothing contained herein shall be construed to
5 require that a place of business as defined in this chapter
6 shall be maintained by a person selling motor vehicles at
7 retail solely for the purpose of disposing of motor vehicles
8 acquired or repossessed by such person in exercise of powers
9 or rights granted by lien or title-retention instruments or

10 contracts given as security for loans or purchase money
11 obligations.”

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

1 Sec. 6. Section three hundred twenty-two point six
2 (322.6), Code 1954, is hereby amended by inserting in line
3 ten (10) after the word “chapter” the following: “or any
4 rules or regulations promulgated by the department thereunder”.

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

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

1 Sec. 7. Section three hundred twenty-two point four-
2 teen (322.14) is hereby amended by adding thereto the
3 following paragraph:

4 “Any person who shall willfully and intentionally
5 violate the provisions of subsection six (6) of section
6 three hundred twenty-two point three (322.3) shall be
7 guilty of a misdemeanor and upon conviction shall be
8 punished by a fine not to exceed five hundred dollars

9 (\$500.00)."

1 Sec. 8. Chapter three hundred twenty-two (322), Code
2 1954, is hereby amended by adding thereto the following
3 sections:

4 1. A copy of every retail installment contract shall
5 be furnished to the buyer at the time of the execution of
6 the contract. An acknowledgment by the buyer contained in
7 the body of the retail installment contract of the delivery
8 of a copy thereof shall be conclusive proof of delivery in
9 any section or proceeding by or against any assignee of a
10 retail installment contract.

11 2. If dual interest insurance on the motor vehicle
12 is purchased by the holder it shall, within thirty (30) days
13 after execution of the retail installment contract, send or
14 cause to be sent to the buyer a policy or policies or
15 certificate of insurance, written by an insurance company
16 authorized to do business in this state, clearly setting
17 forth the amount of the premium, the kind or kinds of insur-
18 ance and the coverages. The buyer shall have the privilege
19 of purchasing such insurance from an agent or broker of his
20 own selection and of selecting an insurance company accept-
21 able to the holder; but in such case the inclusion of the
22 insurance premium in the retail installment contract shall
23 be optional with the seller. If any insurance is cancelled,
24 unearned insurance premium refunds received by the holder
25 shall be credited to the final maturing installments of the
26 contract except to the extent applied toward payment for
27 similar insurance protecting the interests of the buyer and
28 the holder or either of them.

29 3. If the holder of a retail installment contract,
30 at the request of the buyer, extends the scheduled due date
31 of all or any part of any installment or installments,
32 the holder may restate the amount of the installments and the
33 time schedule therefor, and collect for such extension not
34 more than one per cent (1%) per month simple interest on the
35 respective declining balances computed on the amount and for
36 the period of such extension or renewal.

37 4. Any retail installment contract which meets the
38 requirements of subsection six (6) of section three hundred
39 twenty-two point three (322.3) may be purchased or acquired
40 by any sales finance company from a retail seller on such
41 terms and conditions and for such price as may be agreed upon
42 between them.

43 5. Any waiver of the provisions of subsection six (6)
44 of section three hundred twenty-two point three (322.3) shall
45 be unenforceable and void.

46 6. Any retail buyer having reason to believe that the
47 provisions of this chapter relating to his installment con-
48 tract have been violated may file with the department a
49 written complaint setting forth the details of such alleged
50 violation and the department, upon the receipt of such
51 complaint, may inspect the pertinent books, records, letters
52 and contracts of the licensee or other person relating to
53 such specific complaint.

54 7. The commissioner of public safety shall have the
55 power to issue subpoenas to compel the attendance of
56 witnesses and the production of documents, papers, books,
57 records and other evidence before him in any matter over

58 which he has jurisdiction, control or supervision pertaining
59 to this chapter.

60 If any person shall refuse to obey any such subpoena,
61 or to give testimony, or to produce evidence as required
62 thereby, any judge of the district court of the state of
63 Iowa in and for Polk County may, upon application and proof
64 of such refusal, make an order awarding process of subpoena,
65 or subpoena duces tecum, out of the said court, for the
66 witness to appear before the commissioner and to give testi-
67 mony, and to produce evidence as required thereby. Upon
68 filing such order in the office of the clerk of said court,
69 the clerk shall issue process of subpoena, as directed, under
70 the seal of said court, requiring the person to whom it is
71 directed to appear at the time and place therein designated.

HOUSE FILE 311 SF 269 *with drawn 3-15*

- 1 Amend House File 311 by inserting after line fifty-six
- 2 (56) of section three (3), the following:
- 3 "(9) The percentage rate of simple interest per month
- 4 being charged on the respective declining balances computed
- 5 on the amount and for the period of the contract."

Filed
February 21, 1957.

MENSING of Cedar.

HOUSE FILE 311 SF 269 *Just 3-15*

- 1 Amend House File 311 as follows:
- 2 1 Strike all of section two (2) thereof.
- 3 2. Renumber the remaining sections.

Filed
February 25, 1957.

REPPERT of Polk.
CARSON of Buchanan.

HOUSE FILE 311 SF 269

accepted 3-15

- 1 Amend the Johns amendment to House File 311 filed
- 2 February 28, 1957, by inserting at the end of line 13
- 3 the word "bonafide".

Filed
March 13, 1957.

JOHNS of Tama.

HOUSE FILE 311 SF 269

- 1 Amend the Mensing amendment to House File 311, line ten (10),
- 2 by inserting after the word "bank" the words ", credit union".

Offered and adopted
March 18, 1957.

FROMMELT of Dubuque. L

HOUSE FILE 311 SF 269

- 1 Amend House File 311 by adding to section two (2) thereof the
- 2 following:
- 3 "Section three hundred twenty-two point three (322.3), subsection
- 4 five (5), Code 1954, is further amended by adding thereto the fol-
- 5 lowing
- 6 'Provided, however, that nothing contained herein shall be con-
- 7 strued to prevent the making of a valid contract for a term of
- 8 years.'

Filed and lost
March 19, 1957

WEAVER of Louisa

HOUSE FILE 311 SF 269

- 1 Amend House File 311 as follows:
- 2 1. Amend section one (1) by striking from lines sixty-one (61),
- 3 sixty-two (62), sixty-three (63) and sixty-four (64), the
- 4 following: "The term includes but is not limited to a bank, trust
- 5 company, private banker, industrial bank or investment company,
- 6 if so engaged."
- 7 2. Amend section one (1) by adding a new subsection after
- 8 line seventy-three (73) as follows:
- 9 "18. Nothing contained herein shall be construed to require
- 10 the licensing or to apply to any bank or trust company in Iowa."

Filed
March 13, 1957.

MENSING of Cedar.

adopted
3-15

HOUSE FILE 311 SF 269

- 1 House File 311 is hereby amended by adding thereto the follow-
- 2 ing section:
- 3 "No person licensed under this chapter shall have for sale,
- 4 sell, or offer for sale any motor vehicle, trailer, or semi-
- 5 trailer which does not contain those parts or is not at all times
- 6 equipped with such lamps and brakes and other equipment in pro-
- 7 per condition and adjustment as required in chapter 321, Code 1954,
- 8 or which is equipped in any manner in violation of such chapter,
- 9 provided, however, that the violation of this section shall not
- 10 constitute a ground for denial, suspension or revocation of the
- 11 license of such person."
- 12 House File 311 is further amended by inserting after the word
- 13 "thereunder" in line four (4) of section six (6) the following:
- 14 "except as otherwise provided".

Filed
March 13, 1957.

DARRINGTON of Harrison.

adopted as amended
3-15

HOUSE FILE 311 SF 269

- 1 Amend the amendment to House File 311 filed by Darrington on
March 13 by
- 2 inserting after the word "sale" in line four (4) the words
- 3 "at retail"

Filed
March 14 1957.

DARRINGTON of Harrison.

revised 1/5