

February 19, 1969
Passed on File

SENATE FILE 279

By COMMERCE COMMITTEE

Passed Senate, Date *3-19-69* Passed House, Date *3-31-69*

Vote: Ayes *45* Nays *13* Vote: Ayes *100* Nays *20*

Approved *April 7, 1969*

*Motion to reconsider
laid on table 3-18
Passed as amended 3-25
50-7*

*Passed as amended by Senate 3-27
100-13*

A BILL FOR

- 1 An Act to amend section five hundred thirty-five point two
- 2 (535.2), Code 1966, relating to the rate of interest to
- 3 which parties may agree in writing.
- 4 *Be It Enacted by the General Assembly of the State of Iowa:*
- 5 Section 1. Section five hundred thirty-five point two
- 6 (535.2), Code 1966, is hereby amended by striking the word
- 7 "seven" in line five (5) thereof and inserting in lieu thereof
- 8 the word "nine".
- 9 Sec. 2. This Act, being deemed of immediate importance,
- 10 shall take effect and be in force from and after its publica-
- 11 tion in the _____, a newspaper published
- 12 in _____, Iowa, and in the _____,
- 13 a newspaper published in _____, Iowa.

EXPLANATION OF SENATE FILE 279

This bill will raise the legal rate of interest from seven to nine percent.

- 1 Amend Senate File 279 by striking from page 1, lines 1
- 2 and 2, the following words and figures: "amend section five
- 3 hundred thirty-five point two (535.2), Code 1966,".

Filed - *Withdrawn* 3-18
February 20, 1969

By RIGLER

1 Amend Senate File 279 by striking all after the enacting
2 clause and inserting in lieu thereof the following:
3 Section 1. Section five hundred thirty-five point two (535.2)
4 of the Code is hereby amended by striking all after the word, "ex-
5 ceeding" in lines five (5) and six (6) and by inserting in lieu
6 thereof the following:
7 "the maximum effective annual rate to be determined January
8 one (1) and quarterly thereafter by joint action of the superin-
9 tendent of banking, insurance commissioner, and treasurer of state,
10 of which a majority shall control their actions in setting such
11 rate; but in no event shall the maximum effective annual rate so
12 set exceed ten (10) cents on the hundred by the year:"
13 Sec. 2. Section five hundred thirty-six A point twenty-three
14 (536A.23) of the Code is hereby amended by striking in lines five
15 (5) and six
16 (6) the words and figures, "that authorized by section 535.2." and
17 by inserting in lieu thereof the words, "seven cents on the hundred
by the year".

Filed *Sec. 1 Lost; Sec 2 - Withdrawn*
February 25, 1969

By GAUDINEER

1 Amend Senate File 279 as follows:
2 1. After section 1 insert the following new section:
3 "Sec. 2. In determining the rate of interest being
4 charged, compensating balance requirements unless allowable
5 by other statutory provisions, service charges exclusive of
6 amounts attributable to appraisals and legal title opinions,
7 and premium charges on credit life, credit health and credit
8 accident insurance, which have the effect of raising the in-
9 terest rate in excess of the stated amount, shall be taken into
10 consideration in determining the maximum rate of interest."
11 2. Renumber the following sections.

Filed - *Lost 3-18*
March 11, 1969

BY MOWRY

1 Amend Senate File 279 by striking lines 9
2 through 13 and inserting in lieu thereof the following:
3 "Sec. 2. This Act, being deemed of immediate importance,
4 shall take effect and be in force from and after its
5 publication in The Times-Plain Dealer, a newspaper
6 published in Cresco, Iowa, and in the Council Bluffs
7 Nonpareil, a newspaper published in Council Bluffs, Iowa."

Filed - *adopted 3-18*
March 17, 1969

By RIGLER

1 Amend Senate File 279 by striking in line 8 of
2 section 1, the word "nine" and inserting in lieu thereof
3 the word "eight".

Filed and lost
March 18, 1969

By GLENN and DODDS

1 Amend the Gaudineer amendment filed February 25, 1969, to Senate
2 File 279 by adding the following:
3 "Sec. 3. This Act, being deemed of immediate importance, shall
4 take effect and be in force from and after its publication in The
5 Times-Plain Dealer, a newspaper published in Cresco, Iowa, and in
6 the Council Bluffs Nonpareil, a newspaper published in Council Bluffs,
7 Iowa."

Filed, adopted and withdrawn
March 18, 1969

By GAUDINEER

1 Amend Senate File 279 by numbering properly and adding the
2 following new section thereto:
3 "Sec. —. Section five hundred thirty-six A point twenty-three
4 (536A.23) of the Code is hereby amended by striking in lines 5 and
5 6 the words and figures, "that authorized by section 535.2." and
6 by inserting in lieu thereof the words, "seven cents on the hundred
7 by the year".

Filed and lost
March 18, 1969

By GAUDINEER

1 Amend Senate File 279 by striking all after the
2 enacting clause and inserting in lieu thereof the
3 following:
4 Section 1. Section five hundred thirty-five point
5 two (535.2), Code 1966, section 2 is hereby amended by
6 inserting in line 1 following the word "corporation"
7 the words "or business" and by inserting in line 4
8 following the word "corporation" the words "or busineses".

Filed - *Ruled out of order 3-25*
March 24, 1969

By GLENN

1 Amend the House amendment to Senate File 279 by inserting after
2 the word, "holders.", in line 22 the following:
3 "The insurance commissioner, after hearing where all interested
4 parties shall be given an opportunity to be heard, shall approve
5 a reasonable charge or premium for credit life and accident or
6 health credit insurance. Such reasonable charge or premium shall
7 allow a fair and reasonable return or profit for the risk involved
8 in providing such coverage."

Filed - *Adopted 3-25 House Concurred 3-27*
March 24, 1969

By GAUDINEER

HOUSE AMENDMENT TO SENATE FILE 279

1 Amend Senate File 279 by adding to section one (1) the
2 following:
3 "Section five hundred thirty-five point two (535.2), Code 1966,
4 is hereby further amended by adding at the end of subsection one (1)
5 the following:
6 Excessive charges or premiums for credit life, accident or health
7 insurance written in connection with money loaned shall be included
8 in the rate of interest unless
9 (1) the coverage of the debtor by the insurance
10 is not a factor in the approval by the creditor of the
11 extension of credit, and this fact is clearly disclosed
12 in writing to the person applying for or obtaining the
13 extension of credit; and
14 (2) in order to obtain the insurance in connection
15 with the extension of credit, the person to whom the
16 credit is extended must give specific affirmative
17 written indication of his desire to do so after written
18 disclosure to him of the cost thereof.
19 The foregoing provision regarding excessive charges or premiums to
20 be included in the rate of interest shall have application only to the
21 original parties to an agreement and shall in no manner affect the
22 negotiability of instruments or the rights of subsequent holders."

Senate

1 Amend Senate File 279 by adding to section one (1) the
2 following:
3 "Section five hundred thirty-five point two (535.2),
4 Code 1966, is hereby further amended by adding at the end
5 of subsection one (1), the following:
6 Excessive charges or premiums for credit life, accident,
7 or health insurance written in connection with money loaned
8 shall be included in the rate of interest unless
9 (1) the coverage of the debtor by the insurance
10 is not a factor in the approval by the creditor of
11 the extension of credit, and this fact is clearly
12 disclosed in writing to the person applying for or
13 obtaining the extension of credit; and
14 (2) in order to obtain the insurance in connec-
15 tion with the extension of credit, the person to
16 whom the credit is extended must give specific affirm-
17 ative written indication of his desire to do so after
18 written disclosure to him of the cost thereof.
19 The foregoing provision regarding excessive charges or
20 premiums to be included in the rate of interest shall have
21 application only to the original parties to an agreement and
22 shall in no manner affect the negotiability of instruments or
23 the rights of subsequent holders."

*ad. aptly d
13/20*

Filed
March 19, 1969

[Signature]

BAILEY of Wright
VAN NOSTRAND of Pottawattamie
FISCHER of Grundy

1 Amend Senate File 279 by adding the following new section
2 as "section 2":
3 "Sec. 2. Section five hundred thirty-six A point twenty-
4 three (536A.23), Code 1966, is hereby amended by striking in
5 lines 5 and 6 the words and figures "that authorized by section
6 535.2." and by inserting in lieu thereof the words, "eight cents
7 on the hundred by the year".
8 Further amend by renumbering section 2 as section 3.

Filed - *Lost 3-21*
March 20, 1969

SKINNER of Polk

SENATE FILE 279

1 Amend Senate File 279 as follows:
2 By striking lines six (6), seven (7), and eight (8) of
3 Senate File 279 and inserting in lieu thereof the following:
4 "(535.2), Code 1966, is hereby amended by inserting in line
5 six (6) after the word 'year' the words 'in the case of the
6 following transactions of less than five years duration and
7 not exceeding nine cents on the hundred by the year in the case
8 of such transactions of more than five years duration' ".

Filed and lost
March 20, 1969

VAN NOSTRAND of Pottawattamie

SENATE FILE 279

1 Amend Senate File 279 as follows:
2 Strike section 1 and insert in lieu thereof:
3 Section 1. Section five hundred thirty-five point two
4 (535.2), Code 1966, is hereby amended by striking subsection two (2)
5 and inserting in lieu thereof the following:
6 "2. Any domestic or foreign corporation, business, or
7 partnership may pay nine (9) cents interest on the hundred
8 by the year in the following cases:
9 a. Money due by express contract.
10 b. Money after the same becomes due.
11 c. Money loaned.
12 d. Money received to the use of another and retained
13 beyond a reasonable time, without the owner's consent,
14 express or implied.
15 e. Money due on the settlement of accounts from
16 the day the balance is ascertained.
17 f. Money due upon open accounts after six months from
18 the date of the last item.
19 g. Money due, or to become due, where there is a
20 contract to pay interest, and no rate is stipulated."

Filed - *Withdrawn 3-21*
March 20, 1969

BENNETT of Polk

- 1 Amend Senate File 279 as follows:
2 1. After section 1 insert the following new section:
3 "Sec. 2. Compensating balance requirements unless
4 allowable by other statutory provisions, service charges
5 exclusive of amounts actually attributable to and paid for
6 appraisals and legal title opinions, and discount points
7 paid by other persons, which have the effect of raising the
8 interest rate in excess of the stated amount, shall be
9 taken into consideration in determining the rate of interest
10 being charged."
11 2. Renumber the following sections.

Filed - *Lost 3.21*
March 20, 1969

JESSE of Polk

SENATE FILE 279

- 1 Amend Senate File 279 as follows:
2 1. Page 1, lines one (1) and two (2), by striking the
3 following words and figures: "to amend section five hundred
4 thirty-five point two (535.2), Code 1966,"
5 2. By inserting after section 1 the following new sec-
6 tion:
7 "Sec. 2. Section five hundred thirty-five point four
8 (535.4), Code 1966, is hereby amended by inserting in
9 line three (3) after the word "thing" the following: "from
10 the borrower or any other person whatsoever".
11 3. Renumber the following section.

Filed - *Lost 3.21*
March 20, 1969

JESSE of Polk

- 1 Amend Senate File 279 by adding the following new section:
2 "The provisions of this act shall apply only to lending
3 institutions located within the corporate limits of a municipality
4 or county in which the following question has been decided in
5 the affirmative by a majority of those voting in a special
6 referendum:
7 "Shall the legal rate of interest be raised from 7% to 9%?"
8 The procedures used for holding such referendum shall be the
9 same as those established in chapter 123.27, subsection 7,
10 paragraph 'c'.

Filed and ruled not germane
March 21, 1969

GANNON of Jasper