

Reprinted 3/23/83

FILED MAR 14 1983

SENATE FILE 420

BY COMMITTEE ON SMALL BUSINESS
AND ECONOMIC DEVELOPMENT

Approved 3/14/83 (p. 748)
(FORMERLY SSB 194)

Passed Senate, Date 3-21-83 (p. 869) Passed House, Date 4-17-84 (p. 206)

Vote: Ayes 40 Nays 5 Vote: Ayes 91 Nays 7

Approved May 7, 1984

A BILL FOR

- 1 An Act relating to the collection of dishonored checks,
- 2 drafts, or other negotiable instruments.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 420

S-3238

- 1 Amend Senate File 420 as follows:
- 2 1. Page 1, by striking lines 4 through 7 and
- 3 inserting in lieu thereof the following: "instrument
- 4 has held the instrument for at least ten days from
- 5 the time the holder learned that the instrument has
- 6 been dishonored and the maker has not paid the amount
- 7 due, then the holder may assess against".
- 8 2. Page 1, by striking lines 22 through 25 and
- 9 inserting in lieu thereof the following: "plaintiff
- 10 has held the check or draft for at least ten days
- 11 from the time the plaintiff learned that the check
- 12 or draft has been dishonored and the maker has not
- 13 paid the amount due. In such an action by a person
- 14 not".

S-3238 FILED

MARCH 16, 1983

Adopted 3/21/83 (p. 869)

BY NORMAN RODGERS

SENATE FILE 420

S-3239

- 1 Amend Senate File 420 as follows:
- 2 1. Page 1, by striking lines 8 and 9 and inserting
- 3 in lieu thereof the following: "the maker a surcharge
- 4 of ten dollars for each".
- 5 2. Page 1, line 16, by striking the words "may
- 6 shall" and inserting in lieu thereof the word "may".

S-3239 FILED

MARCH 16, 1983

A- Lost
B- Adopted 3/21 (p. 869)

BY TOM MANN, JR.

1 Section 1. Section 554.3507, Code 1983, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 5. If the holder of a dishonored
4 instrument has mailed to the maker, at the maker's last known
5 address, a notice of dishonor and a demand for payment and
6 the maker has not paid the amount due within ten days of the
7 mailing of the notice, then the holder may assess against
8 the maker a surcharge of fifteen dollars or ten percent of
9 the amount of the instrument, whichever is greater, for each
10 dishonored instrument.

11 Sec. 2. Section 625.22, unnumbered paragraph 2, Code 1983,
12 is amended to read as follows:

13 In an action against the maker to recover payment on a
14 check, ~~or draft, or written instrument written in violation~~
15 ~~of chapter 714~~ as defined in section 554.3104, the plaintiff,
16 if successful, may shall recover, in addition to all other
17 costs or surcharges provided by law, all court costs incurred,
18 including a reasonable attorney's fee, ~~or an individual's~~
19 cost of processing a small-claims recovery such as lost time
20 and transportation costs from the maker of the check, draft,
21 or written instrument if prior to commencing the action the
22 plaintiff had mailed to the maker, at the maker's last known
23 address, a notice of dishonor and a demand for payment and
24 the maker had not paid the amount due within ten days of the
25 mailing of the notice. In such an action by a person not
26 represented by an attorney, the plaintiff, if successful,
27 shall recover from the maker all court costs incurred and
28 reasonable costs for processing the action including, but
29 not limited to, time lost from a business or profession and
30 transportation costs, in addition to all other costs or
31 surcharges provided by law.

32 EXPLANATION

33 This bill provides for the assessment of a surcharge, court
34 costs, and attorney fees against the maker of a dishonored
35 check or draft if the holder had mailed to the maker a notice

1 of dishonor and demanded payment and the maker has failed
2 to pay within ten days of the mailing.

3 Section 1 allows the holder of a dishonored instrument
4 to impose a surcharge of fifteen dollars or ten percent of
5 the check, whichever is greater.

6 Section 2 of the bill allows for the recovery of attorney
7 fees and court costs by a successful plaintiff in actions
8 for the recovery of payment on a dishonored check or draft.
9 If the plaintiff is not represented by counsel, it allows
10 for the recovery of court fees and reasonable costs incurred
11 in bringing the action.

12 This bill becomes effective July 1 following enactment.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

5825
5825
5825

1 Section 1. Section 554.3507, Code 1983, is amended by
2 adding the following new subsection:

3577
3577
3577

3 NEW SUBSECTION. 5. If the holder of a dishonored
4 instrument has held the instrument for at least ten days from
5 the time the holder learned that the instrument has been
6 dishonored and the maker has not paid the amount due, then
7 the holder may assess against the maker a surcharge of fifteen
8 dollars or ten percent of the amount of the instrument,
9 whichever is greater, for each dishonored instrument.

3577
3577

10 Sec. 2. Section 625.22, unnumbered paragraph 2, Code 1983,
11 is amended to read as follows:

3577
3577

12 In an action against the maker to recover payment on a
13 ~~check, or draft, or written instrument written in violation~~
14 ~~of chapter 714 as defined in section 554.3104,~~ the plaintiff,
15 if successful, may recover, in addition to all other costs
16 or surcharges provided by law, all court costs incurred,
17 including a reasonable attorney's fee, or an individual's
18 cost of processing a small claims recovery such as lost time
19 and transportation costs from the maker of the check, draft,
20 or written instrument if prior to commencing the action the
21 plaintiff has held the check or draft for at least ten days
22 from the time the plaintiff learned that the check or draft
23 has been dishonored and the maker has not paid the amount
24 due. In such an action by a person not represented by an
25 attorney, the plaintiff, if successful, shall recover from
26 the maker all court costs incurred and reasonable costs for
27 processing the action including, but not limited to, time
28 lost from a business or profession and transportation costs,
29 in addition to all other costs or surcharges provided by law.

30
31
32
33
34
35

SENATE FILE 420

H-5942

1 Amend Senate File 420 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, line 2, by striking the word
4 "subsection" and inserting in lieu thereof the word
5 "subsections".

6 2. Page 1, by striking lines 4 through 6 and
7 inserting in lieu thereof the following: "instrument
8 has mailed to the maker by certified mail return
9 receipt requested, at the maker's last known address,
10 a notice of dishonor and a demand for payment and
11 the maker has not paid the amount due within ten days
12 of the mailing of the notice, then".

13 3. Page 1, line 7, by inserting after the word
14 "of" the words "not more than".

15 4. Page 1, by striking lines 8 and 9 and inserting
16 in lieu thereof the words "dollars for each dishonored
17 instrument."

18 5. Page 1, by inserting after line 9 the following:
19 "NEW SUBSECTION. Subsection 5 does not apply if
20 the reason for the dishonor of the instrument is that
21 the maker has stopped payment pursuant to section
22 554.4403 because of a bona fide dispute between the
23 maker and the holder relating to the consideration
24 for which the instrument was given."

25 6. Page 1, by striking lines 21 through 23 and
26 inserting in lieu thereof the following: "plaintiff
27 has mailed to the maker by certified mail return
28 receipt requested, at the maker's last known address,
29 a notice of dishonor and a demand for payment and
30 the maker has not paid the amount due within ten days
31 of the mailing of the notice."

32 7. Page 1, line 24, by striking the word "due."

33 8. Page 1, by striking lines 26 through 29, and
34 inserting in lieu thereof the words "the maker all
35 court costs incurred."

BY HOLVECK of Polk
MILLER of Woodbury

H-5942 FILED MARCH 28, 1984

Out of order 4/17 (p. 2061)

HOUSE AMENDMENT TO SENATE FILE 420

S-5954

1 Amend Senate File 420 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "Sec. ____ . Section 554.3507, Code 1983, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 5. The holder of a dishonored
8 instrument may assess against the maker of that
9 instrument a surcharge of not more than ten dollars
10 for each dishonored instrument. The surcharge
11 authorized by this section shall not be assessed
12 unless the holder clearly and conspicuously posts
13 a notice at the usual place of payment, or in the
14 billing statement of the holder, stating that a
15 surcharge will be assessed and the amount of the
16 surcharge. However, such a surcharge shall not be
17 assessed against the maker if the reason for the
18 dishonor of the instrument is that the maker has
19 stopped payment pursuant to section 554.4403.

20 Sec. ____ . Section 625.22, unnumbered paragraph
21 2, Code 1983, is amended to read as follows:

22 In an action against the maker to recover payment
23 on a dishonored check, or draft, or written instrument
24 written-in-violation-of-chapter-714 as defined in
25 section 554.3104, the plaintiff, if successful, may
26 recover, in addition to all other costs or surcharges
27 provided by law, all court costs incurred, including
28 a reasonable attorney's fee, or an individual's cost
29 of processing a small claims recovery such as lost
30 time and transportation costs from the maker of the
31 check, or draft, or written instrument Any such
32 additional charges shall be determined by the court.
33 If the defendant is successful in the action and the
34 court determines the action was frivolous, the court
35 may award the defendant reasonable attorney's fees."

S-5954 FILED
APRIL 17, 1984

RECEIVED FROM THE HOUSE

Senate concurred 4/17 (p 1604)

SENATE FILE 420

H-5823

1 Amend Senate File 420 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "Section 1. Section 537.2301, Code 1983, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 5. The holder of a dishonored
8 instrument may assess against the maker of that
9 instrument a surcharge of not more than twenty dollars
10 for each dishonored instrument.

11 Sec. 2. Section 554.3507, Code 1983, is amended
12 by adding the following new subsection:

13 NEW SUBSECTION. 5. The holder of a dishonored
14 instrument may assess against the maker of that
15 instrument a surcharge of not more than twenty dollars
16 for each dishonored instrument.

17 Sec. 3. Section 625.22, unnumbered paragraph 2,
18 Code 1983, is amended to read as follows:

19 In an action against the maker to recover payment
20 on a dishonored negotiable check, or draft, or written
21 instrument-written-in-violation-of-chapter-714 as
22 defined in section 554.3104, the plaintiff, if
23 successful, may recover, in addition to all other
24 costs or surcharges provided by law, all court costs
25 incurred, including a reasonable attorney's fee, or
26 an individual's cost of processing a small claims
27 recovery such as lost time and transportation costs
28 from the maker of the check, draft, or written
29 instrument."

BY COMMITTEE ON SMALL
BUSINESS AND COMMERCE

H-5823 FILED MARCH 23, 1984
Adopted as amended by 632 4/17
(p. 266)

SENATE FILE 420

H-5883

1 Amend amendment H-5823 to Senate File 420 as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, line 5, by striking the figure
5 "537.2301" and inserting in lieu thereof the figure
6 "537.2501".

7 2. Page 1, line 7, by striking the figure "5"
8 and inserting in lieu thereof the figure "3".

H-5883 FILED MARCH 27, 1984 BY GRONINGA of Cerro Gordo
N/D 4/17 (p. 266)

SENATE FILE 420

H-3848

1 Amend Senate File 420 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "Section 1. Section 554.3507, Code 1983, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 5. The holder of a dishonored
8 instrument may assess a surcharge against the maker
9 of the instrument. The surcharge may not exceed:

10 a. Ten dollars for each dishonored instrument
11 if the maker pays the amount due on the instrument
12 within seven days of dishonor.

13 b. Fifteen dollars for each dishonored instrument
14 in an amount of less than one hundred dollars if the
15 maker does not pay the amount on the instrument due
16 within seven days of dishonor.

17 c. Twenty dollars for each dishonored instrument
18 in an amount of one hundred dollars or more if the
19 maker does not pay the amount due on the instrument
20 within seven days of dishonor.

21 Sec. 2. Section 625.22, unnumbered paragraph 2,
22 Code 1983, is amended to read as follows:

23 In an action against the maker to recover payment
24 on a check, ~~or draft, or written instrument written~~
25 ~~in violation of chapter 714 as defined in section~~
26 554.3104, the plaintiff, if successful, may shall
27 recover, in addition to all other costs or surcharges
28 provided by law, all court costs incurred, including
29 a reasonable attorney's fee, ~~or an individual's cost~~
30 of processing a small-claims recovery such as lost
31 time and transportation costs from the maker of the
32 check, draft, or written instrument. In such an
33 action by a person not represented by an attorney,
34 the plaintiff, if successful, shall recover from the
35 maker all court costs incurred and reasonable costs
36 for processing the action including, but not limited
37 to, time lost from a business or profession and
38 transportation costs, in addition to all other costs
39 or surcharges provided by law."

H-3848 FILED APRIL 25, 1983

BY SCHROEDER of Pottawattamie

Order of order 4/17/84 (p. 206)

SENATE FILE 420

H-3571

- 1 Amend Senate File 420 as amended, passed and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 1, line 7, by inserting after the word
- 4 "of" the words "not more than".

H-3571 FILED APRIL 7, 1983 BY SPEAR of Lee

Out of order 4/17/84 (p. 2061)

SENATE FILE 420

H-3592

- 1 Amend Senate File 420, as amended, passed, and
- 2 reprinted by the Senate as follows:
- 3 1. Page 1, line 9, by inserting after the word
- 4 "instrument." the following: "However, if within
- 5 ten days of the dishonor of the instrument the holder
- 6 commences collection on the instrument, the holder
- 7 may assess a surcharge of not more than ten dollars
- 8 for each dishonored instrument."

H-3592 FILED APRIL 8, 1983 BY SCHROEDER of Pottawattamie

Out of order

SENATE FILE 420

H-3604

- 1 Amend Senate File 420 as amended, passed and
- 2 reprinted by the Senate as follows:
- 3 1. Page 1, lines 7 and 8, by striking the words
- 4 "fifteen dollars or ten percent" and inserting in lieu
- 5 thereof the words "five dollars or eight percent".

H-3604 FILED APRIL 8, 1983 BY MAULSBY of Calhoun

Out of order

SENATE FILE 420

H-3605

- 1 Amend Senate File 420 as amended, passed and
- 2 reprinted by the Senate as follows:
- 3 1. Page 1, line 2, by striking the word "subsection"
- 4 and inserting in lieu thereof the word "subsections".
- 5 2. Page 1, by inserting after line 9 the following:
- 6 "NEW SUBSECTION. 6. If an instrument is dishonored
- 7 because of an error by the payor bank or the payor
- 8 bank failed to timely apply a deposit, then the bank
- 9 is liable to the maker for the surcharge and any other
- 10 expenses incurred by the maker as a result of the
- 11 bank's error."

H-3605 FILED APRIL 8, 1983

BY MAULSBY of Calhoun

Out of order

SENATE FILE 420

H-3632

1 Amend Senate File 420 as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, lines 8 and 9, by striking the words,
4 "or ten percent of the amount of the instrument, whichever
5 is greater,".

H-3632 FILED APRIL 11, 1983

BY GRONSTAL of Pottawattamie

Out of order 4/11/84 (p. 2061)

SENATE FILE 420

H-3698

1 Amend Senate File 420 as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, by striking lines 3 through 6 and
4 inserting in lieu thereof the following:
5 "NEW SUBSECTION. 5. If the holder of a dishonored
6 instrument has mailed to the maker, at the maker's
7 last known address, a notice of dishonor and a demand
8 for payment and the maker has not paid the amount
9 due within ten days of the mailing of the notice,
10 then".
11 2. Page 1, line 9, by inserting after the word
12 "instrument." the following: "If the maker pays the
13 amount due within ten days of mailing of the notice,
14 the holder may assess a surcharge not to exceed five
15 dollars for each instrument for which the amount due
16 has been paid."
17 3. Page 1, by striking lines 21 through 24 and
18 inserting in lieu thereof the following: "plaintiff
19 has mailed to the maker, at the maker's last known
20 address, a notice of dishonor and a demand for payment
21 and the maker had not paid the amount due within ten
22 days of the mailing of the notice. In such an action
23 by a person not represented by an".

H-3698 FILED APRIL 12, 1983

BY MILLER of Woodbury

Out of order

Amend amendment H-5823 to Senate File 420 as amended, passed and reprinted by the Senate, as follows:

1. Page 1, by striking line 9 and inserting in lieu thereof the following: "instrument a surcharge of an amount not greater than the amount the holder's financial institution would charge the holder if the holder had written an insufficient fund check, however, in no event shall the surcharge be more than twenty dollars".

2. Page 1, line 10, by inserting after the word "instrument." the following: "The surcharge authorized by this section shall not be assessed unless the holder clearly and conspicuously posts a notice at the usual place of payment stating that a surcharge will be assessed and the amount of the surcharge that will be assessed."

3. Page 1, by striking line 15 and inserting in lieu thereof the following: "instrument a surcharge of an amount not greater than the amount the holder's financial institution would charge the holder if the holder had written an insufficient fund check, however, in no event shall the surcharge be more than twenty dollars".

4. Page 1, line 16, by inserting after the word "instrument." the following: "The surcharge authorized by this section shall not be assessed unless the holder clearly and conspicuously posts a notice at the usual place of payment stating that a surcharge will be assessed and the amount of the surcharge."

H-5980 FILED MARCH 29, 1984 BY VARN of Johnson

W/D 4/17 (p. 2060)

SENATE FILE 420

H-5950

- 1 Amend amendment H-5823 to Senate File 420 as
- 2 amended, passed and reprinted by the Senate, as follows:
- 3 1. Page 1, by striking lines 5 through 10.
- 4 2. By renumbering as necessary.

BY PARKER of Jasper
VARN of Johnson

H-5950 FILED MARCH 29, 1984

W/D 4/17 (p. 2060)

SENATE FILE 420

H-5955

- 1 Amend amendment H-5823 to Senate File 420 as
- 2 amended, passed and reprinted by the Senate as follows:
- 3 1. Page 1, by striking lines 3 through 29 and
- 4 inserting in lieu thereof the following:
- 5 "Section 1. Section 554.3507, Code 1983, is amended
- 6 by adding the following new subsection:
- 7 NEW SUBSECTION. 5. If the holder of a dishonored
- 8 instrument has mailed to the maker, by certified mail
- 9 return receipt requested at the maker's last known
- 10 address, a notice of dishonor and a demand for payment
- 11 and the maker has not paid the amount due within ten
- 12 days of the mailing of the notice, then the holder
- 13 may assess against the maker a surcharge not to exceed
- 14 fifteen dollars for each dishonored instrument.
- 15 However, such a surcharge shall not be assessed against
- 16 the maker if the reason for the dishonor of the
- 17 instrument is that the maker has stopped payment
- 18 pursuant to section 554.4403.
- 19 Sec. 2. Section 625.22, unnumbered paragraph 2,
- 20 Code 1983, is amended by striking the paragraph and
- 21 inserting in lieu thereof the following:
- 22 In an action against the maker to recover payment
- 23 on a check or draft as defined in section 554.3104,
- 24 the plaintiff, if successful, may recover all court
- 25 costs if prior to commencing the action the plaintiff
- 26 has mailed to the maker, by certified mail return
- 27 receipt requested at the maker's last known address,
- 28 a notice of dishonor and a demand for payment and
- 29 the maker has not paid the amount within ten days
- 30 of the mailing of the notice."

BY HOLVECK of Polk
MILLER of Woodbury

H-5955 FILED MARCH 29, 1984

W/D 4/17 (p. 2060)

SENATE FILE 420

H-6321

1 Amend amendment H-5823 to Senate File 420 as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by striking lines 1 through 29 and
5 inserting in lieu thereof the following:

6 "Amend Senate File 420 as amended, passed, and
7 reprinted by the Senate, as follows:

8 1. By striking everything after the enacting
9 clause and inserting in lieu thereof the following:

10 "Sec. ____ . Section 554.3507, Code 1983, is amended
11 by adding the following new subsection:

12 NEW SUBSECTION. 5. The holder of a dishonored
13 instrument may assess against the maker of that
14 instrument a surcharge of not more than ten dollars
15 for each dishonored instrument. The surcharge
16 authorized by this section shall not be assessed
17 unless the holder clearly and conspicuously posts
18 a notice at the usual place of payment, or in the
19 billing statement of the holder, stating that a
20 surcharge will be assessed and the amount of the
21 surcharge. However, such a surcharge shall not be
22 assessed against the maker if the reason for the
23 dishonor of the instrument is that the maker has
24 stopped payment pursuant to section 554.4403.

25 Sec. ____ . Section 625.22, unnumbered paragraph
26 2, Code 1983, is amended to read as follows:

27 In an action against the maker to recover payment
28 on a dishonored check, or draft, or written instrument
29 written in violation of chapter 714 as defined in
30 section 554.3104, the plaintiff, if successful, may
31 recover, in addition to all other costs or surcharges
32 provided by law, all court costs incurred, including
33 a reasonable attorney's fee, or an individual's cost
34 of processing a small claims recovery such as lost
35 time and transportation costs from the maker of the
36 check, or draft, or written instrument Any such
37 additional charges shall be determined by the court.
38 If the defendant is successful in the action and the
39 court determines the action was frivolous, the court
40 may award the defendant reasonable attorney's fees."

41 2. By renumbering as necessary."

BY GRONINGA of Cerro Gordo
SWARTZ of Marshall
VARN of Johnson
MAULSBY of Calhoun
SCHROEDER of Pottawattamie
ROSENBERG of Story
JAY of Appanoose
HOLVECK of Polk

H-6321 FILED APRIL 16, 1984

Adopted 4/17 (p. 2066)

SENATE FILE 420

H-6286

1 Amend amendment H-5823 to Senate File 420 as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by striking lines 1 through 29 and
5 inserting in lieu thereof the following:

6 "Amend Senate File 420 as amended, passed, and
7 reprinted by the Senate, as follows:

8 1. By striking everything after the enacting
9 clause and inserting in lieu thereof the following:

10 "Sec. ____ . Section 554.3507, Code 1983, is amended
11 by adding the following new subsection:

12 NEW SUBSECTION. 5. The holder of a dishonored
13 instrument may assess against the maker of that
14 instrument a surcharge of not more than ten dollars
15 for each dishonored instrument. The surcharge
16 authorized by this section shall not be assessed
17 unless the holder clearly and conspicuously posts
18 a notice at the usual place of payment, or in the
19 billing statement of the holder, stating that a
20 surcharge will be assessed and the amount of the
21 surcharge.

22 Sec. ____ . Section 625.22, unnumbered paragraph
23 2, Code 1983, is amended to read as follows:

24 In an action against the maker to recover payment
25 on a dishonored check, or draft, or written instrument
26 written in violation of chapter 714 as defined in
27 section 554.3104, the plaintiff, if successful, may
28 recover, in addition to all other costs or surcharges
29 provided by law, all court costs incurred, including
30 a reasonable attorney's fee, or an individual's cost
31 of processing a small claims recovery such as lost
32 time and transportation costs from the maker of the
33 check, or draft, or written instrument. Any such
34 additional charges shall be determined by the court.
35 If the defendant is successful in the action and the
36 court determines the action was frivolous, the court
37 may award the defendant reasonable attorney's fees."
38 2. By renumbering as necessary."

BY GRONINGA of Cerro Gordo
SWARTZ of Marshall
VARN of Johnson
MAULSBY of Calhoun
SCHROEDER of Pottawattamie
ROSENBERG of Story
JAY of Appanoose

H-6286 FILED APRIL 13, 1984

4/13 4/13 (p. 2041)

SENATE FILE 420

action was frivolous, the court may award the defendant reasonable attorney's fees.

AN ACT

RELATING TO THE COLLECTION OF DISHONORED CHECKS, DRAFTS, OR OTHER NEGOTIABLE INSTRUMENTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 554.3507, Code 1983, is amended by adding the following new subsection:

NEW SUBSECTION. 5. The holder of a dishonored instrument may assess against the maker of that instrument a surcharge of not more than ten dollars for each dishonored instrument. The surcharge authorized by this section shall not be assessed unless the holder clearly and conspicuously posts a notice at the usual place of payment, or in the billing statement of the holder, stating that a surcharge will be assessed and the amount of the surcharge. However, such a surcharge shall not be assessed against the maker if the reason for the dishonor of the instrument is that the maker has stopped payment pursuant to section 554.4403.

Sec. 2. Section 625.22, unnumbered paragraph 2, Code 1983, is amended to read as follows:

In an action against the maker to recover payment on a dishonored check, or draft, or written instrument written in violation of chapter 714 as defined in section 554.3104, the plaintiff, if successful, may recover, in addition to all other costs or surcharges provided by law, all court costs incurred, including a reasonable attorney's fee, or an individual's cost of processing a small claims recovery such as lost time and transportation costs from the maker of the check, or draft, or written instrument. Any such additional charges shall be determined by the court. If the defendant is successful in the action and the court determines the

CHARLES P. MILLER
President Pro Tempore of the
Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 420, Seventieth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 7, 1984

TERRY E. BRANSTAD
Governor

S.F. 420