

FILED FEB 9 1990

SENATE FILE 2291  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2121)

Passed Senate, Date 2/21/90 (p. 1040) Passed House, Date 3/13/90 (p. 1040)  
Vote: Ayes 45 Nays 2 Vote: Ayes 59 Nays 4  
Approved March 29, 1990

A BILL FOR

1 An Act relating to the interest rate charged in connection with a  
2 renewal or extension of time under a retail motor vehicle  
3 installment contract.

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

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SC 2291

1 Section 1. Section 322.20, Code 1989, is amended by  
2 striking the section and inserting in lieu thereof the  
3 following:

4 322.20 EXTENSION OF TIME.

5 Sections 537.2503 and 537.3402 notwithstanding, if the  
6 holder of a retail installment contract in connection with the  
7 purchase or sale of a vehicle, at the request of the buyer,  
8 renews the loan or extends the scheduled due date of all or  
9 any part of an installment or installments, the holder may  
10 restate the amount of installments and the time schedule for  
11 paying installments and collect for installments, subject to  
12 the renewal or extension, a finance charge on the outstanding  
13 declining balance of the amount financed for the period of the  
14 extension or renewal. The finance charge on a renewal or  
15 extension under this subsection shall not exceed the rate on  
16 the original retail installment contract as limited by section  
17 322.19.

18 EXPLANATION

19 This bill permits renewals or extensions of a retail  
20 installment contract at the same rate of interest as the  
21 original contract.

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SSB 2121  
Commerce

SENATE FILE 2291  
BY (PROPOSED COMMITTEE ON COMMERCE  
BILL BY CHAIRPERSON PALMER)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the interest rate charged in connection with a  
2 renewal or extension of time under a retail motor vehicle  
3 installment contract or a renewal or extension of a retail  
4 installment contract.

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

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1 Section 1. Section 322.20, Code 1989, is amended to read  
2 as follows:

3 322.20 EXTENSION OF TIME.

4 Sections 537.2503 and 537.3402 notwithstanding, if the  
5 holder of a retail installment contract, at the request of the  
6 buyer, extends the scheduled due date of all or any part of  
7 any installment or installments, the holder may restate the  
8 amount of the installments and the time schedule therefor, and  
9 collect for such extension not more than one two percent per  
10 month simple interest on the respective declining balances of  
11 the amount financed computed on the amount and for the period  
12 of such extension or renewal.

13 Sec. 2. NEW SECTION. 537.2511 RENEWAL OR EXTENSION OF  
14 RETAIL INSTALLMENT CONTRACT.

15 Sections 537.2503 and 537.3402 notwithstanding, if the  
16 holder of a retail installment contract, at the request of the  
17 buyer, renews the loan or extends the scheduled due date of  
18 all or any part of an installment or installments, the holder  
19 may restate the amount of installments and the time schedule  
20 for paying installments and collect for installments, subject  
21 to the renewal or extension, a finance charge on the  
22 outstanding declining balance of the amount financed for the  
23 period of the extension or renewal. The finance charge on a  
24 renewal or extension under this subsection shall not exceed  
25 the rate on the original retail installment contract as  
26 limited by section 322.19.

27 EXPLANATION

28 This bill doubles the current allowable interest rate  
29 permitted for an extension of time under a retail motor  
30 vehicle installment contract from one percent per month simple  
31 interest to not more than two percent per month simple  
32 interest.

33 The bill also permits renewals or extensions of a retail  
34 installment contract at the same rate of interest as the  
35 original contract.

extension under this subsection shall not exceed the rate on the original retail installment contract as limited by section 322.19.

SENATE FILE 2291

AN ACT

RELATING TO THE INTEREST RATE CHARGED IN CONNECTION WITH A RENEWAL OR EXTENSION OF TIME UNDER A RETAIL MOTOR VEHICLE INSTALLMENT CONTRACT.

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

Section 1. Section 322.20, Code 1989, is amended by striking the section and inserting in lieu thereof the following:

322.20 EXTENSION OF TIME.

Sections 537.2503 and 537.3402 notwithstanding, if the holder of a retail installment contract in connection with the purchase or sale of a vehicle, at the request of the buyer, renews the loan or extends the scheduled due date of all or any part of an installment or installments, the holder may restate the amount of installments and the time schedule for paying installments and collect for installments, subject to the renewal or extension, a finance charge on the outstanding declining balance of the amount financed for the period of the extension or renewal. The finance charge on a renewal or

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JO ANN ZIMMERMAN  
President of the Senate

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DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2291, Seventy-third General Assembly.

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JOHN P. DWYER  
Secretary of the Senate  
Approved *March 29*, 1990

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TERRY E. BRANSTAD  
Governor