

classes of customers and which were issued by the Iowa state commerce commission prior to the effective date of this Act.

Sec. 2. Section four hundred seventy-six point one (476.1), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The jurisdiction of the commission under this chapter shall include programs designed to promote the use of energy conservation strategies by rate or service-regulated gas and electric utilities. These programs shall be cost effective. The commission may initiate these programs as pilot projects to accumulate sufficient data to determine if the programs meet the requirements of this paragraph.

Sec. 3. Section four hundred seventy-six point two (476.2), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The commission shall promulgate rules concerning the use of energy conservation strategies by rate or service-regulated gas and electric utilities by July 1, 1981. The commission may prescribe appropriate rates for any approved energy conservation program. Nothing in this paragraph subjects the rates of municipal utilities to the regulatory authority of the commission.

Approved May 23, 1980

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CHAPTER 1156  
LOANS, ADVANCES AND CREDIT  
H. F. 2492

AN ACT relating to the regulation of terms and conditions of certain loans, advances and extensions of credit.

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

Section 1. Section four hundred seventy-six point six (476.6), unnumbered paragraph six (6), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter one hundred seventeen (117), section one (1), is amended to read as follows:

However, a public utility ~~shall-have-the-right~~ may at any time after said rates, charges, schedules or regulations have been suspended for ninety days ~~to~~ place in effect any or all of ~~such~~ the suspended rates, charges, schedules or regulations by filing with the commission a bond or other undertaking approved by the commission conditioned upon the refund in a manner to be prescribed by the commission of any amounts collected ~~thereunder~~ in excess of the amounts which would have been collected under rates, charges, schedules or regulations finally approved by the commission. The commission shall establish a rate of interest to be paid by a public utility to persons receiving refunds. ~~Such~~ The rate of interest shall be a reasonable rate as determined by the commission, but not less than five percent per annum, nor

more--than--twelve--percent--per--annum, and the interest shall be compounded annually. The public utility shall not place into effect any portion of any suspended rates, charges, schedules or regulations of any subsequent rate filing relating to services with respect to which a rate filing is pending within twelve months following the date a prior application was filed or until after the commission has issued a final order in any previously filed rate proceedings, whichever is earlier, unless the public utility applies to the commission for authority and receives authority to place a portion of the subsequent filed rate filing into effect on an interim basis.

Sec. 2. NEW SECTION. TEMPORARY EXEMPTIONS.

1. The following persons may agree in writing to pay any rate of interest, and a person so agreeing in writing shall not plead or interpose the claim or defense of usury in any action or proceeding, and the person agreeing to receive such rate of interest shall not be subject to any penalty or forfeiture for agreeing to receive or receiving such interest:

a. A person borrowing money to finance the acquisition of real property, including the refinancing of a contract for deed, and including the refinancing or assumption of a prior loan by a new borrower if the lender releases the original borrower from all personal liability with respect to the loan;

b. A person borrowing money or obtaining credit in an amount which exceeds thirty-five thousand dollars, exclusive of interest, for the purpose of constructing improvements on real property, whether or not the real property is owned by that person;

c. A vendee under a contract for deed to real property; or

d. A person described in section five hundred thirty-five point two (535.2), subsection two (2), of the Code.

e. A person borrowing money or obtaining credit for business or agricultural purposes, or a person borrowing money or obtaining credit in an amount which exceeds thirty-five thousand dollars for personal, family or household purposes. As used in this paragraph, "agricultural purpose" means and includes any of the purposes referred to in section five hundred thirty-seven point one thousand three hundred one (537.1301), subsection four (4) of the Code, but regardless of whether or not the activities described in that subsection are undertaken by a natural person or other entity.

2. The provisions of subsection one (1) of this section apply only to written agreements which are executed on or after the effective date of this Act and with respect to those agreements, the provisions of this Act supersede any interest rate or finance charge limitations contained in the Code, including but not limited to provisions of chapters three hundred twenty-one (321), three hundred twenty-two (322), five hundred twenty-four (524), five hundred thirty-three (533), five hundred thirty-four (534), five hundred thirty-five (535), five hundred thirty-six A (536A), and five hundred thirty-seven (537) of the Code. A rate of interest which is lawful under the provisions of this Act shall remain lawful during the entire term of the written agreement in which the rate is set forth, including any extensions thereof, and until the principal amount to which the rate pertains is paid, and may apply to all money due or to become due under that agreement, including future advances, if any.

3. A lender may collect, in connection with any loan made pursuant to a written agreement executed by the borrower on or after the effective date of this Act, or in connection with any loan made pursuant to a written commitment by the lender mailed or delivered to the borrower on or after the effective date of this Act, a loan processing fee which does not exceed two percent of an amount which is equal to the loan principal, except that in the event of an assumption or refinancing of a prior loan the lender may collect a loan processing fee which does not exceed an amount which is a reasonable estimate of the expenses of processing the loan assumption or refinancing but which does not exceed one percent of the amount assumed or refinanced. As used in this subsection, the term "loan" means as defined in section five hundred thirty-five point eight (535.8), subsection one (1), of the Code. The provisions of this subsection supersede conflicting provisions of section five hundred thirty-five point eight (535.8), subsection two (2), paragraph a, Code 1979 Supplement, but no other provision of this section is intended to affect any other subsection or paragraph of section five hundred thirty-five point eight (535.8) Code 1979 Supplement.

4. This section does not supersede the provisions of section five hundred thirty-five point nine (535.9), Code 1979 Supplement.

Sec. 3. Section five hundred twenty-four point nine hundred one (524.901), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter one hundred twenty-eight (128), section sixteen (16), is amended by adding the following new subsection:

NEW SUBSECTION. A state bank may invest in participation certificates issued by one or more production credit associations chartered under the laws of the United States in an amount which does not exceed, in the aggregate with respect to all such associations, twenty percent of the capital and surplus of the state bank.

Sec. 4. Section five hundred twenty-four point nine hundred six (524.906), subsection six (6), Code 1979, is amended by striking the subsection.

Sec. 5. Section five hundred twenty-four point nine hundred eight (524.908), Code 1979, is amended to read as follows:

524.908 ~~DIRECT-LEASING~~ LEASING OF PERSONAL PROPERTY. A state bank ~~shall have--the--power,--subject-to-approval-by-the-superintendent,--to~~ may acquire, upon the specific request of and for the use of a customer, and lease, personal property pursuant to a binding arrangement for the leasing of ~~such~~ the property to the customer upon terms requiring payment to the state bank, during the minimum period of the lease, of rentals which in the aggregate, when added to the estimated tax benefits to the bank resulting from the ownership of the lease property plus the estimated residual market value of the leased property at the expiration of the initial term of the lease, will be at least equal to the total expenditures by the state bank for, and in connection with, the acquisition, ownership, maintenance and protection of the property. A lease made under authority of this section shall have the prior approval of the superintendent or be made pursuant to personal property lease guidelines approved by the superintendent for use by the lessor bank or pursuant to a personal property lease guideline rule of general applicability for use by all state banks.

Sec. 6. Section five hundred thirty-six A point twenty-three (536A.23), subsection one (1), unnumbered paragraph one (1), Code 1979 Supplement, is amended to read as follows:

1. Charge, receive or collect interest at a rate exceeding ~~nine~~ ten cents on the hundred by the year, except that the interest may be computed when the note is made on the full amount of the cash advanced on the loan from the date of the note to the date of the final installment thereof, and the interest so computed may be included in the note, notwithstanding any agreement to pay the entire amount in installments; or the interest may be computed on the amount of the note and discounted or collected in advance when the loan is made, notwithstanding any agreement to pay the entire amount in installments. If the note is repayable in other than equal monthly installments, the interest may be an amount computed on the basis of the effective rates permitted as provided above; provided, however, there shall be no compounding of interest and when an interest rate as authorized herein is advertised, or negotiated for with a prospective borrower, with intent that it be computed by either of the two methods authorized herein, they being the "add on" method or the "discount" method, in such case such rate shall be further described as to the method of computation to be used, but interest computed by either method shall be stated to the borrower as provided in section 537.3210.

Sec. 7. Chapter five hundred thirty-five (535), Code 1979, is amended by adding the following new section:

NEW SECTION. FINANCE CHARGE ON ACCOUNTS RECEIVABLE.

1. Except where the parties have agreed in writing for the payment of a different finance charge or rate of interest, a creditor may charge a finance charge on the unpaid balances of an account receivable at a rate not exceeding that permitted by subsection three (3) or four (4) of this section if the creditor gives notice as required by subsection two (2) of this section.

2. As a condition of imposing a finance charge under this section, the creditor shall give notice to the debtor as follows:

a. In a transaction that is subject to the truth in lending Act, the creditor shall give all disclosures as required by that Act and at the time or times required by that Act.

b. In a transaction that is not subject to the truth in lending Act, the creditor shall give written notice to the debtor at the time the debt arises. The notice shall be contained on the invoice or bill of sale evidencing the credit transaction, and shall disclose the rate of the finance charge and the date or day of the month before which payment must be received if the finance charge is to be avoided. With respect to open accounts, this notice shall be given at the time credit is initially extended; provided that additional advance notice in writing shall be given to the debtor not less than ninety days prior to any change in the terms of the agreement or of rate of the finance charge or date payment is due. For purposes of this paragraph, notice is given if the invoice or bill of sale is delivered with the goods, whether or not the debtor is present at the time of delivery.

c. As used in this subsection, "truth in lending Act" means as defined in section five hundred thirty-seven point one thousand three hundred two (537.1302) of the Code.

3. With respect to an account other than an open account, the creditor may impose a finance charge not exceeding that permitted by section five hundred thirty-seven point two thousand two hundred one (537.2201), subsections two (2) through five (5) of the Code.

4. With respect to an open account, the creditor may impose a finance charge not exceeding that permitted by section five hundred thirty-seven point two thousand two hundred two (537.2202), subsections two (2) and three (3) of the Code.

5. As used in this section, "finance charge" means as defined in section five hundred thirty-seven point one thousand three hundred one (537.1301) of the Code; and "account receivable" means a debt arising from the retail sale of goods or services or both on credit; and "open account" means an account receivable consisting of debt arising from the extension of open-end credit, as defined in section five hundred thirty-seven point one thousand three hundred one (537.1301) of the Code.

6. This section does not supersede any of the provisions of chapter five hundred thirty-seven (537) of the Code, except that section five hundred thirty-seven point three thousand two hundred twelve (537.3212) of the Code does not apply to a consumer credit transaction in which a finance charge is imposed under this section. This section does not authorize the compounding of a finance charge.

7. The finance charge authorized by this section is in lieu of interest or a finance charge authorized under section five hundred thirty-five point two (535.2), subsection one (1) of the Code or any other provision of law. The rate of a finance charge imposed pursuant to this section is applicable to a judgment in an action on the account, notwithstanding section five hundred thirty-five point three (535.3) of the Code.

8. If a creditor imposes a finance charge in violation of this section, the debtor shall have the right to recover all amounts unlawfully received by the creditor as finance charges, plus attorney's fees and court costs incurred in any action to effect recovery. This subsection does not limit remedies which may be available under chapter five hundred thirty-seven (537) of the Code.

Sec. 8. Section five hundred thirty-five point eight (535.8), subsection two (2), Code 1979 Supplement, is amended by adding the following new lettered paragraph:

**NEW LETTERED PARAGRAPH.** Notwithstanding section six hundred twenty-eight point three (628.3) of the Code, when a foreclosure of a mortgage on real property results from the enforcement of a due-on-sale clause, the mortgagor may redeem the real property at any time within three years from the day of sale under the levy, and the mortgagor shall, in the meantime, be entitled to the possession thereof; and for the first thirty months thereafter such right of redemption is exclusive. Any real property redeemed by the debtor shall thereafter be free and clear from any liability for any unpaid portion of the judgment under which the real property was sold. The right of redemption

established by this paragraph is not subject to waiver by the mortgagor and the period of redemption established by this paragraph shall not be reduced. The times for redemption by creditors provided in sections six hundred twenty-eight point five (628.5), six hundred twenty-eight point fifteen (628.15) and six hundred twenty-eight point sixteen (628.16) of the Code shall be extended to thirty-three months in any case in which the mortgagor's period for redemption is extended by this paragraph. This paragraph does not apply to foreclosure of a mortgage if for any reason other than enforcement of a due-on-sale clause. As used in this paragraph, "due-on-sale clause" means any type of covenant which gives the mortgagee the right to demand payment of the outstanding balance or a major part thereof upon a transfer by the mortgagor to a third party of an interest of the mortgagor in property covered by the mortgage. This paragraph applies to any foreclosure occurring on or after the effective date of this Act. However, this paragraph does not apply if the lender establishes, based on reasonable criteria which are not more restrictive than those used to evaluate new mortgage-loan applications, that the security interest or the likelihood of repayment is impaired as a result of the transfer of interest.

Sec. 9. Section three hundred twenty-two point nineteen (322.19), unnumbered paragraphs two (2) and three (3), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1980 Session, Senate File two thousand two hundred (2200), section one (1), are amended to read as follows:

Class 1. Any new motor vehicle designated by the manufacturer by a year model not earlier than the year in which the sale is made, an amount equivalent to one and ~~one-half~~ three-fourths percent per month simple interest on the declining balance of the amount financed.

Class 2. Any new motor vehicle not in Class 1 and any used motor vehicle designated by the manufacturer by a year model of the same or not more than two years prior to the year in which the sale is made, an amount equivalent to ~~one-and-three-fourths~~ two percent per month simple interest on the declining balance of the amount financed.

Sec. 10. Chapter three hundred twenty-one (321), Code 1979, is amended by adding the following new section:

NEW SECTION. MOBILE HOME AND MODULAR HOME RETAIL INSTALLMENT CONTRACT--FINANCE CHARGE. A retail installment contract or agreement for the sale of a mobile home or modular home may include a finance charge not in excess of an amount equivalent to one and three-fourths percent per month simple interest on the declining balance of the amount financed.

"Amount financed" shall be as defined in section five hundred thirty-seven point one thousand three hundred one (537.1301) of the Code.

The limitations contained in this section do not apply in a transaction referred to in section five hundred thirty-five point two (535.2), subsection two (2), of the Code. With respect to a consumer credit sale, as defined in section five hundred thirty-seven point one thousand three hundred one (537.1301) of the Code, the limitations contained in this section supersede conflicting provisions of chapter five hundred thirty-seven (537), article two (2), part two (2) of the Code.

Sec. 11. Acts of the Sixty-eighth General Assembly, 1979 Session, chapter one hundred twenty-eight (128), section one (1), amending chapter three hundred twenty-one (321) of the Code, is amended to read as follows:

SECTION 1. Chapter three hundred twenty-one (321), Code 1979, is amended by adding the following new section:

NEW SECTION. SEMITRAILER OR TRAVEL TRAILER RETAIL INSTALLMENT CONTRACT-- FINANCE CHARGES. ~~Notwithstanding the provisions of any other law, a~~ A retail installment contract or agreement for the sale of a semitrailer or travel trailer may include a finance charge not in excess of the following rates:

Class 1. Any new semitrailer or travel trailer designated by the manufacturer by a year model not earlier than the year in which the sale is made, an amount equivalent to one and ~~one-fourth~~ three-fourths percent per month simple interest on the declining balance of the amount financed.

Class 2. Any new semitrailer or travel trailer not in Class 1 and any used semitrailer designated by the manufacturer by a year model of the same or not more than two years prior to the year in which the sale is made, an amount equivalent to ~~one--and--three-fourths~~ two percent per month simple interest on the declining balance of the amount financed.

Class 3. Any used semitrailer or travel trailer not in Class 2 and designated by the manufacturer by a year model more than two years prior to the year in which the sale is made, an amount equivalent to two and one-fourth percent per month simple interest on the declining balance of the amount financed.

Amount financed shall be as defined in section five hundred thirty-seven point one thousand three hundred one (537.1301) of the Code.

The limitations contained in this section do not apply in a transaction referred to in section five hundred thirty-five point two (535.2), subsection two (2) of the Code. With respect to a consumer credit sale, as defined in section five hundred thirty-seven point one thousand three hundred one (537.1301) of the Code, the limitations contained in this section supersede conflicting provisions of chapter five hundred thirty-seven (537), article two (2), part two (2) of the Code.

Sec. 12. Section five hundred thirty-seven point one thousand three hundred one (537.1301), subsection fifteen (15), paragraph b, subparagraph two (2), Code 1979, is amended by striking the subparagraph and inserting in lieu thereof the following:

(2) A loan secured by a first lien on land given to finance the acquisition of that land.

Sec. 13. Section five hundred thirty-seven point two thousand two hundred one (537.2201), subsection two (2), Code 1979, is amended to read as follows:

2. The finance charge, calculated according to the actuarial method, may not exceed ~~fifteen~~ twenty-one percent per year on the unpaid balances of the amount financed.

Sec. 14. Section five hundred thirty-seven point two thousand four hundred one (537.2401), subsection one (1), Code 1979, is amended to read as follows:

1. Except as provided with respect to a finance charge for loans pursuant to open end credit under section 537.2402, a lender may contract for and

receive a finance charge not exceeding the maximum charge permitted by the laws of this state or of the United States for similar lenders, and, in addition, with respect to a consumer loan ~~not-secured-by-a-first-lien-on-a dwelling-of-the-debtor-given-to-finance-the-acquisition-of-that-dwelling~~, a supervised financial organization may contract for and receive a finance charge, calculated according to the actuarial method, not exceeding ~~fifteen~~ twenty-one percent per year on the unpaid balance of the amount financed.

Sec. 15. Section five hundred thirty-five point two (535.2), subsection four (4), Code 1979 Supplement, is amended by striking that subsection.

Sec. 16. With respect to any written agreement which was executed prior to August 3, 1978, and which contained a provision for the adjustment of the interest rate specified in that agreement, and which was governed by the limitation contained in section five hundred thirty-five point two (535.2), subsection four (4), Code 1979 Supplement, the interest rate may be adjusted after the effective date of this Act according to the terms of the agreement to any rate of interest permitted by the laws of this state as of the date an adjustment in interest is to be made. This section does not authorize adjustment of interest in any manner other than that expressly permitted by the terms of the written agreement, and nothing contained in this section or section fifteen (15) of this Act authorizes the collection of additional interest with respect to any portion of a debt which was paid or repaid prior to the effective date of an interest-rate adjustment.

Sec. 17. Section five hundred thirty-seven point one thousand three hundred one (537.1301), subsection four (4), Code 1979, is amended by striking the subsection and renumbering the remaining subsections.

Sec. 18. Section five hundred thirty-seven point one thousand three hundred one (537.1301), subsection thirteen (13), paragraph a, subparagraph three (3), Code 1979, is amended to read as follows:

(3) The goods, services or interest in land are purchased primarily for a personal, family, or household ~~or-agricultural~~ purpose.

Sec. 19. Section five hundred thirty-seven point one thousand three hundred one (537.1301), subsection fourteen (14), paragraph c, Code 1979, is amended to read as follows:

c. The lessee takes under the lease primarily for a personal, family, or household ~~or-agricultural~~ purpose.

Sec. 20. Section five hundred thirty-seven point one thousand three hundred one (537.1301), subsection fifteen (15), paragraph a, subparagraphs three (3) and five (5), Code 1979, are amended to read as follows:

(3) The debt is incurred primarily for a personal, family, or household ~~or-agricultural~~ purpose.

(5) Either the amount financed does not exceed thirty-five thousand dollars, or the debt is ~~not-incurred-primarily-for-an-agricultural-purpose~~ and-is secured by an interest in land.

Sec. 21. Section five hundred thirty-seven point three thousand three hundred one (537.3301), subsections one (1) and two (2), Code 1979, are amended to read as follows:

1. With respect to a consumer credit sale, a seller may take a security interest in the property sold. In addition, a seller may take a security



interest in goods upon which services are performed or in which goods sold are installed or to which they are annexed, or in land to which the goods are affixed or which is maintained, repaired or improved as a result of the sale of the goods or services, if in the case of a security interest in land the amount financed is one thousand dollars or more, or in the case of a security interest in goods if either the amount financed is three hundred dollars or more, or if the goods are household goods, or motor vehicles used by a consumer, his or her dependents, or the family with which the consumer resides, as transportation to and from a place of employment, one hundred dollars or more. ~~The seller may also take a security interest in property which is itemized in the security agreement, to secure the debt arising from a consumer credit sale primarily for an agricultural purpose.~~ Except as provided with respect to cross-collateral under section 537.3302, a seller may not otherwise take a security interest in property to secure the debt arising from a consumer credit sale.

2. With respect to a consumer lease ~~other than a lease primarily for an agricultural purpose,~~ a lessor may not take a security interest in property to secure the debt arising from the lease. This subsection does not apply to a security deposit for a consumer lease.

Sec. 22. Section five hundred thirty-seven point three thousand three hundred three (537.3303), subsection one (1), Code 1979, is amended to read as follows:

1. If debts arising from two or more consumer credit sales, other than sales ~~primarily for an agricultural purpose or~~ pursuant to open end credit, are secured by cross-collateral or consolidated into one debt payable on a single schedule of payments, and the debt is secured by security interests taken with respect to one or more of the sales, payments received by the seller after the taking of the cross-collateral or the consolidation are deemed, for the purpose of determining the amount of the debt secured by the various security interests, to have been first applied to the payment of the debts arising from the sales first made. To the extent debts are paid according to this section, security interests in items of property terminate as the debt originally incurred with respect to each item is paid.

Sec. 23. Section five hundred thirty-seven point three thousand three hundred seven (537.3307), Code 1979, is amended to read as follows:

537.3307 CERTAIN NEGOTIABLE INSTRUMENTS PROHIBITED. With respect to a consumer credit sale or consumer lease, ~~other than a sale or lease primarily for an agricultural purpose,~~ the creditor may not take a negotiable instrument other than a check or credit union share draft dated not later than ten days after its issuance as evidence of the obligation of the consumer.

Sec. 24. Section five hundred thirty-seven point three thousand three hundred eight (537.3308), subsection two (2), paragraph c, Code 1979, is amended by striking the paragraph and relettering the remaining paragraphs.

Sec. 25. Section five hundred thirty-seven point three thousand three hundred ten (537.3310), subsection one (1), Code 1979, is amended to read as follows:

1. In a consumer credit transaction, ~~ether-than-one-for-an-agricultural purpose,~~ if performance by a creditor is by delivery of goods, services or both, in four or more installments, either on demand of the consumer or by prearranged scheduled performance, the consumer shall have the right to cancel the obligation with respect to that part which has not been performed on the date of cancellation.

Sec. 26. Section five hundred thirty-seven point three thousand four hundred one (537.3401), Code 1979, is amended to read as follows:

537.3401 RESTRICTION ON LIABILITY IN CONSUMER LEASE. The obligation of a lessee upon expiration of a consumer lease ~~ether-than-one-primarily-for-an agricultural-purpose,~~ may not exceed twice the average payment allocable to a monthly period under the lease. This limitation does not apply to charges for damages to the leased property or for other default.

Sec. 27. Section five hundred thirty-seven point three thousand four hundred four (537.3404), subsection one (1), Code 1979, is amended to read as follows:

1. With respect to a consumer credit sale or consumer lease, ~~ether--than one--primarily--for-an-agricultural-purpose,~~ an assignee of the rights of the seller or lessor is subject to all claims and defenses of the consumer against the seller or lessor arising from the sale or lease of property or services, notwithstanding that the assignee is a holder in due course of a negotiable instrument issued in violation of the provisions prohibiting certain negotiable instruments in section 537.3307; unless the consumer has agreed in writing not to assert against an assignee a claim or defense arising out of such sale, and the consumer's contract has been assigned to an assignee not related to the seller who acquired the consumer's contract in good faith and for value and who gives the consumer notice of the assignment as provided in this subsection and who within thirty days after the mailing of the notice receives no written notice of the facts giving rise to the consumer's claim or defense. Such agreement not to assert a claim or defense is not valid if the assignee receives such written notice from the consumer within such thirty-day period. The notice of assignment shall be in writing and addressed to the consumer at his or her address as stated in the contract, identify the contract, describe the property purchased by the consumer, state the names of the seller and consumer, the name and address of the assignee, the amount payable by the consumer and the number, amounts and due dates of the installments, and contain a conspicuous notice to the consumer that he or she has thirty days from the date of the mailing of the notice to him or her within which to notify the assignee in writing of any claims or defenses he or she may have against the seller and that if written notification of any such claims or defenses is not received by the assignee within such thirty-day period, the assignee will have the right to enforce the contract free of any claims or defenses the consumer may have against the seller. An assignee does not acquire a consumer's contract in good faith within the meaning of this subsection if the assignee has knowledge or, from his or her course of dealing with the seller or his records, notice of substantial complaints by other consumers of the seller's failure or refusal to perform his or her contracts with them and of the seller's failure to

remedy his or her defaults within a reasonable time after the assignee notifies him or her of the complaints.

Sec. 28. Section five hundred thirty-seven point three thousand four hundred five (537.3405), subsection one (1), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

A lender, other than the issuer of a lender credit card, who, with respect to a particular transaction, makes a consumer loan for the purpose of enabling a consumer to buy or lease from a particular seller or lessor property or services, ~~---other---than---for---use---primarily---for---an---agricultural---purpose,~~ is subject to all claims and defenses of the consumer against the seller or lessor arising from that sale or lease of the property or services if any of the following are applicable:

Sec. 29. Section five hundred thirty-seven point three thousand five hundred one (537.3501), Code 1979, is amended to read as follows:

537.3501 DOOR-TO-DOOR SALES. In a consumer credit sale or a sale in which the goods or services are paid for in whole or in part by a lender credit card or a consumer loan in which the lender is subject to defenses arising from the sale under section 537.3405, ~~other-than-a-transaction-for-an-agricultural-purpose,~~ a consumer has, in addition to all the rights and remedies provided by chapter 713B, a cause of action under section 537.5201, subsection 1, and the administrator has all powers granted under article 6, part 1, to enforce the provisions of chapter 713B.

Sec. 30. Notwithstanding sections seventeen (17) through twenty-nine (29) of this Act, a consumer credit transaction for an agricultural purpose which was executed or undertaken before July 1, 1980, is subject to the applicable provisions of chapter five hundred thirty-seven (537) of the Code as they existed prior to July 1, 1980, and nothing in sections seventeen (17) through twenty-nine (29) of this Act applies with respect to rights, duties, privileges, obligations or remedies of parties to such a transaction; provided, however, that no additional loans, advances or extensions of credit shall be made on or after July 1, 1980, with respect to agreements which were made prior to July 1, 1980. Sections seventeen (17) through twenty-nine (29) of this Act apply to a consumer credit transaction executed or undertaken on or after July 1, 1980.

Sec. 31. Section five hundred thirty-four point twenty-one (534.21), subsection two (2), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Renegotiable rate mortgage loans may be made for a term of three, four or five years, secured by a mortgage of up to thirty years, and automatically renewable at a varying interest rate. However, the authority to make home loans under this paragraph is available only for periods of time when federally chartered savings and loan associations operating in this state are granted similar authority, and the state authorization is subject to the rights and limitations imposed upon the federally chartered associations for this type of activity.

Sec. 32. The general assembly of the state of Iowa hereby declares and states that it does not want any of the provisions of Public Law No. 96-221 (94 stat. 132), section 501, subsection (a), paragraph (1), to apply with

respect to loans, mortgages, credit sales, and advances made in this state; and that it does not want any of the provisions of Public Law No. 96-221 (94 stat. 132), Part B (section 511, subsections (a) and (b)), to apply with respect to loans made in this state; and that it does not want any of the provisions of any of the amendments contained in Public Law No. 96-221 (94 stat. 132), sections 521, 522 and 523 to apply with respect to loans made in this state; and that it does not want any of the provisions of Public Law No. 96-221 (94 stat. 132), section 524 to apply with respect to loans made in this state. It is the intent of the general assembly of the state of Iowa in enacting this section to exercise all authority granted by Congress and to satisfy all requirements imposed by Congress in Public Law No. 96-221 (94 stat. 132), section 501 subsection (b), paragraph (2), and section 512, and section 524 subsection (i), paragraph (3), and section 525, for the purpose of rendering the provisions of Public Law No. 96-221 (94 stat. 132), Title V, inapplicable in this state.

Sec. 33. All of the provisions of this Act except sections one (1), three (3), four (4), five (5), seventeen (17) through thirty (30), thirty-one (31) and thirty-two (32) of this Act expire July 1, 1983.

Sec. 34.

1. This Act, being deemed of immediate importance, takes effect from and after its publication in the Quad City Times, a newspaper published in Davenport, Iowa, and in The Council Bluffs Nonpareil, a newspaper published in Council Bluffs, Iowa.

2. Section one (1) of this Act applies to any refund order issued by the Iowa state commerce commission on or after the effective date of this Act.

3. Sections nine (9), ten (10) and eleven (11) of this Act apply only with respect to contracts executed on or after the effective date of this Act. Sections thirteen (13) and fourteen (14) of this Act apply only with respect to loans or extensions of credit made or granted on or after the effective date of this Act.

Approved April 30, 1980

I hereby certify that the foregoing Act, House File 2492, was published in the Quad City Times, Davenport, Iowa on May 9, 1980, and in The Council Bluffs Nonpareil, Council Bluffs, Iowa on May 9, 1980.

J. HERMAN SCHWEIKER, *Deputy Secretary of State*