

Senate File 2275 - Enrolled

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SENATE FILE 2275

AN ACT

RELATING TO DEBT CANCELLATION COVERAGE OFFERED BY BANKS
AND CREDIT UNIONS.

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

Section 1. Section 524.913, Code 2005, is amended by
adding the following new subsection:

NEW SUBSECTION. 3. Notwithstanding subsection 1, a state
bank may offer voluntary debt cancellation coverage, whether
insurance or debt waiver, to consumers. The amount charged
for the coverage shall be included in the amount financed, as
defined in section 537.1301. However, the charge for such
coverage may be excluded from the finance charge under the
federal Truth in Lending Act as defined in section 537.1302.

Sec. 2. Section 533.16, subsection 9, Code 2005, is
amended to read as follows:

9. a. The provisions of the Iowa consumer credit code,
chapter 537, shall apply to consumer loans made by a credit
union, and a provision of that code shall supersede any
conflicting provision of this chapter with respect to a
consumer loan.

b. Notwithstanding paragraph "a", a credit union may offer
voluntary debt cancellation coverage, whether insurance or
debt waiver, to members. The amount charged for the coverage
shall be included in the amount financed, as defined in
section 537.1301. However, the charge for such coverage may
be excluded from the finance charge under the federal Truth in
Lending Act as defined in section 537.1302.

JEFFREY M. LAMBERTI
President of the Senate

CHRISTOPHER C. RANTS
Speaker of the House

I hereby certify that this bill originated in the Senate and
is known as Senate File 2275, Eighty-first General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2006

THOMAS J. VILSACK
Governor