



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:

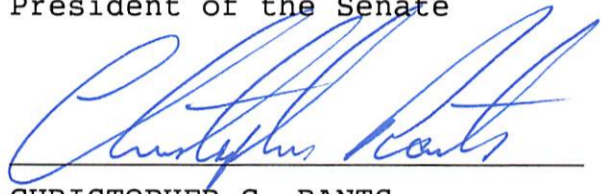
9. a. The provisions of the Iowa consumer credit code, chapter 537, shall apply to consumer loans made by a credit union, and a provision of that code shall supersede any conflicting provision of this chapter with respect to a consumer loan.

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 April 11, 2006



THOMAS J. VILSACK  
Governor