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HOUSE FILE 2492

Place On Calendar

By COMMITTEE ON COMMERCE

(Formerly Study Bill 515)

Passed House, Date 3-13-80 (p. 921) Passed Senate, Date _____

Vote: Ayes 74 Nays 23 Vote: Ayes _____ Nays _____

Approved April 30, 1980

A BILL FOR

1 An Act relating to statutory limitations on interest rates
 2 which were affected by the provisions of Acts of the
 3 Sixty-eighth General Assembly, 1979 Session, chapters
 4 one hundred seventeen (117), one hundred twenty-eight
 5 (128) and one hundred thirty (130).

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

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5437, 5375
amended
all

1 Section 1. Section four hundred seventy-six point six
2 (476.6), unnumbered paragraph six (6), Code 1979, as amended
3 by Acts of the Sixty-eighth General Assembly, 1979 Session,
4 chapter one hundred seventeen (117), section one (1), is
5 amended to read as follows:

6 However, a public utility ~~shall have the right~~ may at any
7 time after ~~said~~ rates, charges, schedules or regulations have
8 been suspended for ninety days, ~~to~~ place in effect any or
9 all of ~~such~~ the suspended rates, charges, schedules or
10 regulations by filing with the commission a bond or other
11 undertaking approved by the commission conditioned upon the
12 refund in a manner to be prescribed by the commission of any
13 amounts collected ~~thereunder~~ in excess of the amounts which
14 would have been collected under rates, charges, schedules
15 or regulations finally approved by the commission. The
16 commission shall establish a rate of interest to be paid by
17 a public utility to persons receiving refunds. ~~Such~~ The rate
18 of interest shall be a reasonable rate as determined by the
19 commission, but not less than five percent per annum, nor
20 more than twelve percent per annum, and the interest shall
21 be compounded annually.

5361

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5376
5377, 5378
amended
all
remain

22 Sec. 2. Section five hundred thirty-five point two (535.2),
23 subsection one (1), Code 1979 Supplement, is amended to read
24 as follows:

25 1. ~~Except as provided in subsection 2 hereof, the~~ The
26 rate of interest shall be five cents on the hundred by the
27 year in the following cases, unless the parties ~~shall~~ agree
28 in writing for the payment of interest at a different rate
29 not exceeding ~~the rate~~ that permitted by subsection two (2)
30 or 3 of this section:

- 31 a. Money due by express contract.
- 32 b. Money after the same becomes due.
- 33 c. Money loaned.
- 34 d. Money received to the use of another and retained
35 beyond a reasonable time, without the owner's consent, express

1 or implied.

2 e. Money due on the settlement of accounts from the day
3 the balance is ascertained.

4 f. Money due upon open accounts after six months from
5 the date of the last item.

6 g. Money due, or to become due, where there is a contract
7 to pay interest, and no rate is stipulated.

8 Sec. 3. Section five hundred thirty-five point two (535.2),
9 subsection two (2), Code 1979 Supplement, is amended to read
10 as follows:

11 2. a. Any domestic or foreign corporation, and any real
12 estate investment trust as defined in section 856 of the
13 Internal Revenue Code, and any person purchasing securities
14 as defined in chapter 502 on credit from a broker or dealer
15 registered or licensed under chapter 502 or under the
16 Securities Exchange Act of 1934, 48 Stat. 881, 15 United
17 States Code 78A, as amended, and any person borrowing money
18 or obtaining credit in the amount of one hundred thousand
19 dollars or more, exclusive of interest, for business purposes,
20 and any person borrowing money or obtaining credit in the
21 amount of five hundred thousand dollars or more, exclusive
22 of interest, for agricultural purposes, of the following
23 persons may agree in writing to pay any rate of interest in
24 excess of the rate permitted by this section, and no such
25 corporation or real estate investment trust or a person so
26 agreeing in writing shall not plead or interpose the claim
27 or defense of usury in any action or proceeding:

28 (1) A domestic or foreign corporation.

29 (2) A real estate investment trust, as defined in the
30 Internal Revenue Code, I.R.C. s. 856.

31 (3) A person purchasing securities as defined in chapter
32 five hundred two (502) of the Code on credit from a broker
33 or dealer registered or licensed under chapter five hundred
34 two (502) of the Code or under the Securities Exchange Act
35 of 1934, 48 Stat. 881, 15 U.S.C. 78A, as amended.

1 (4) A person borrowing money or obtaining credit for
2 business purposes. As used in this subparagraph, a business
3 purpose does not include an agricultural purpose as defined
4 in subparagraph five (5) of this paragraph.

5 (5) A person borrowing money or obtaining credit for an
6 agricultural purpose if the debt is secured by a first lien
7 on real property or if the amount of the loan or credit, ex-
8 clusive of interest, exceeds one hundred thousand dollars;
9 or, a vendee under a contract for deed to real property which
10 is used or to be used for an agricultural purpose. As used
11 in this subparagraph, "agricultural purpose" means and includes
12 any of the purposes referred to in section five hundred thirty-
13 seven point one thousand three hundred one (537.1301),
14 subsection four (4) of the Code.

15 (6) A person borrowing money to finance the construction
16 or acquisition of real property which is used or to be used
17 as multiple-family residential property, including the
18 refinancing of a contract for deed, the refinancing of a prior
19 loan, whether or not the borrower also was the borrower under
20 the prior loan, and, subject to the limitation contained in
21 section five hundred thirty-five point eight (535.8),
22 subsection two (2), paragraph c of the Code, the assumption
23 of a prior loan; or, a vendee under a contract for deed to
24 real property which is used or to be used as multiple-family
25 residential property. As used in this subparagraph, "multiple-
26 family residential property" means property containing more
27 than two dwelling units.

5369 >

28 b. Where a provision of the Code establishes a higher
29 maximum rate of interest for a transaction than is permitted
30 under this section, the parties may agree to the payment of
31 any rate of interest not exceeding the maximum rate established
32 by that provision.

33 Sec. 4. Section five hundred thirty-five point two (535.2),
34 subsection three (3), paragraph a, unnumbered subparagraph
35 one (1), Code 1979 Supplement, is amended to read as follows:

1 ~~The~~ Except when a higher rate is permitted by subsection
2 two (2) of this section, the maximum lawful rate of interest
3 which may be provided for in any written agreement for the
4 payment of interest entered into during any calendar month
5 commencing on or after April 13, 1979, shall be ~~two~~ four
6 percentage points above the monthly average ten-year constant
7 maturity interest rate of United States government notes and
8 bonds as published by the board of governors of the federal
9 reserve system for the calendar month second preceding the
10 month during which the maximum rate based thereon will be
11 effective, rounded to the nearest one-fourth of one percent
12 per year.

13 Sec. 5. Section five hundred thirty-five point two (535.2),
14 subsection four (4), Code 1979 Supplement, is amended to read
15 as follows:

16 4. Notwithstanding the provisions of subsection 3, with
17 respect to any agreement which was executed prior to ~~August~~
18 ~~37--1978~~ July 28, 1978, and which contained a provision for
19 the adjustment of the rate of interest specified in that
20 agreement, the maximum lawful rate of interest which may be
21 imposed under that agreement shall be nine cents on the hundred
22 by the year, and any excess charge shall be a violation of
23 section 535.4.

24 Notwithstanding the provisions of subsections two (2) and
25 three (3) of this section, with respect to any agreement which
26 was executed on or after July 28, 1978 and prior to the
27 effective date of this Act and which contained a provision
28 for the adjustment of the rate of interest specified in that
29 agreement, the maximum lawful rate of interest which may be
30 imposed under that agreement shall be the highest of the
31 various maximum rates of interest which were in effect under
32 the provisions of subsection three (3) of this section on
33 or after July 28, 1978, and prior to the effective date of
34 this Act, and any excess charge shall be a violation of section
35 five hundred thirty-five point four (535.4) of the Code;

1 provided that the limitation contained in this paragraph does
2 not apply to any transaction which was exempt from interest
3 rate limitations as provided in subsection two (2), paragraph
4 a, of this section as it existed prior to the effective date
5 of this Act.

6 Sec. 6. Section five hundred thirty-five point six (535.6),
7 Code 1979, is amended to read as follows:

8 535.6 INTEREST IN EXCESS OF TWO PERCENT PER MONTH. Every
9 person ~~or persons, company, corporation, or firm,~~ and every
10 agent of any person, ~~persons, company, corporation, or firm,~~
11 who ~~shall take~~ takes or ~~receive~~ receives, or agree agrees
12 to take or receive, directly or indirectly, by means of
13 commissions or brokerage charges, or otherwise, for the
14 forbearance or use of money in the ~~sum of~~ amount of more than
15 five hundred dollars a rate greater than two percent per
16 month, ~~shall be deemed~~ is guilty of a serious misdemeanor.
17 ~~Nothing herein contained shall be construed as authorizing~~
18 This section does not authorize a higher rate of interest
19 than is now provided by law. ~~Provided, however, this~~ This
20 section ~~shall~~ does not apply to ~~lawful~~ retail installment
21 transactions which are lawful under section three hundred
22 twenty-two point nineteen (322.19) of the Code, or to
23 transactions which are exempt from interest rate limitations
24 as provided in section five hundred thirty-five point two
25 (535.2), subsection two (2), paragraph a of the Code, or to
26 loans which are lawful under chapter 536.

27 Sec. 7. Section five hundred thirty-five point eight
28 (535.8), subsection two (2), paragraph a, Code 1979 Supple-
29 ment, is amended to read as follows:

30 2. a. ~~A lender may collect in connection with a loan~~
31 ~~a loan processing fee which does not exceed one percent of~~
32 ~~an amount which is equal to the loan principal less twelve~~
33 ~~thousand five hundred dollars, except that in the event of~~
34 ~~an assumption of a prior loan the lender may collect a loan~~
35 ~~processing fee which does not exceed an amount which is a~~

1 reasonable-estimate-of-the-expense-of-processing-the-loan
 2 assumption-but-which-does-not-exceed-one-percent-of-the-amount
 3 assumed.--A-loan-processing-fee-collected-under-the-authority
 4 of-this-paragraph-is-compensation-to-the-lender-solely-for
 5 the-use-of-money,-notwithstanding-any-provision-of-the
 6 agreement-to-the-contrary.--However,-a-loan-processing-fee
 7 collected-under-the-authority-of-this-paragraph-shall-be
 8 disregarded-for-purposes-of-determining-the-maximum-charge
 9 permitted-by-section-535.2-or-535.9,-subsection-2. The
 10 collection in connection with a loan of a loan origination
 11 fee, closing fee, commitment fee or similar charge ~~other than~~
 12 expressly-authorized-by-this-paragraph is prohibited.

13 Sec. 8. Section three hundred twenty-two point nineteen
 14 (322.19), Code 1979, is amended by adding the following new
 15 unnumbered paragraph:

16 NEW UNNUMBERED PARAGRAPH. The limitations contained in
 17 this section do not apply if the buyer is a person referred
 18 to in section five hundred thirty-five point two (535.2),
 19 subsection two (2), paragraph a, of the Code.

20 Sec. 9. Section five hundred twenty-four point nine hundred
 21 six (524.906), subsection seven (7), paragraph c, Code 1979,
 22 is amended to read as follows:

23 c. ~~Are the obligations of a customer which is a cor-~~
 24 peration Arise out of transactions that are referred to in
 25 section five hundred thirty-five point two (535.2), subsec-
 26 tion two (2), paragraph a, of the Code.

27 Sec. 10. Section five hundred thirty-three point four-
 28 teen (533.14), Code 1979, as amended by Acts of the Sixty-
 29 eighth General Assembly, 1979 Session, chapter one hundred
 30 thirty (130), section seven (7), is amended to read as fol-
 31 lows:

32 533.14 INTEREST RATES.

33 1. Interest rates on loans made by a credit union, ~~other~~
 34 ~~than loans secured by a mortgage or deed of trust which is~~
 35 ~~a first lien upon real property~~ shall not exceed one percent

1 a per month on unpaid balances, except that with respect to
2 consumer loans, a credit union may charge the finance charge
3 permitted in sections 537.2401 and 537.2402.

4 ~~2.---With-respect-to-a-loan-secured-by-a-mortgage-or-deed~~
5 ~~of-trust-which-is-a-first-lien-upon-real-property,-a-credit~~
6 ~~union-shall-not-charge-a-rate-of-interest-which-exceeds-the~~
7 ~~maximum-rate-permitted-by-section-535-2-~~

8 3 2. ~~The-provisions-of-this-section-do~~ This section does
9 not apply to a loan which is subject to section 682.46, and
10 does not apply in transactions that are referred to in section
11 five hundred thirty-five point two (535.2), subsection two
12 (2), paragraph a, of the Code.

13 Sec. 11. Section five hundred thirty-four point nineteen
14 (534.19), subsection six (6), Code 1979, as the section is
15 amended by Acts of the Sixty-eighth General Assembly, 1979
16 Session, chapter one hundred twenty-nine (129), section seven
17 (7), is amended to read as follows:

18 6. PROPERTY IMPROVEMENT LOANS. To make loans for
19 maintenance, repair, landscaping, modernization, furniture
20 and fixtures, improvement and equipment, with or without
21 security provided that no such loan without security shall
22 exceed ten thousand dollars, and provided further that not
23 in excess of twenty percent of the assets of the association
24 shall be so invested, said twenty percent to be exclusive
25 of the forty percent of assets lending power set out in section
26 534.21 hereof. The provisions of the Iowa consumer credit
27 code ~~shall~~ apply to consumer loans made by a savings and loan
28 association and a provision of that code ~~shall-supersede~~
29 supersedes any conflicting provision of this chapter with
30 respect to a consumer loan. Loans made pursuant to this
31 subsection shall be for terms not exceeding fifteen years
32 and shall not be made at interest rates in excess of rates
33 allowed for consumer loans. The interest rate limitation
34 contained in this section does not apply in transactions that
35 are referred to in section five hundred thirty-five point

1 two (535.2), subsection two (2), paragraph a, of the Code.

2 Sec. 12. Section five hundred thirty-six point thirteen
3 (536.13), subsection four (4), Code 1979, as the section is
4 amended by Acts of the Sixty-eighth General Assembly, 1979
5 Session, chapter one hundred thirty-one (131), section two
6 (2), is amended by adding the following new unnumbered
7 paragraph:

8 NEW UNNUMBERED PARAGRAPH. The interest-rate limitations
9 fixed by this section or fixed by the board pursuant to this
10 section do not apply in transactions that are referred to
11 in section five hundred thirty-five point two (535.2),
12 subsection two (2), paragraph a, of the Code.

13 Sec. 13. Section five hundred thirty-six A point twenty-
14 three (536A.23), subsection one (1), unnumbered paragraph
15 three (3), Code 1979 Supplement, is amended to read as follows:

16 The limitation on interest rate which is contained in this
17 subsection ~~shall~~ does not apply ~~to any loan in which the~~
18 ~~borrower is a corporation or investment trust or any other~~
19 ~~person who is~~ in transactions that are referred to in section
20 535.2, subsection 2, paragraph a, of the Code.

21 Sec. 14. Section five hundred thirty-seven point one
22 thousand three hundred one (537.1301), subsection thirteen
23 (13), Code 1979, is amended to read as follows:

24 13. CONSUMER CREDIT SALE.

25 a. Except as provided in paragraph "b", a consumer credit
26 sale is a sale of goods, services, or an interest in land
27 in which all of the following are applicable:

28 (1) Credit is granted either pursuant to a seller credit
29 card or by a seller who regularly engages as a seller in
30 credit transactions of the same kind.

31 (2) The buyer is a person other than an organization.

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

35 (4) Either the debt is payable in installments or a finance

1 charge is made.

2 (5) With respect to a sale of goods or services for
3 personal, family or household purposes, the amount financed
4 does not exceed thirty-five thousand dollars; or, with respect
5 to a sale of goods or services for agricultural purposes,
6 the amount financed does not exceed one hundred thousand
7 dollars.

8 b. A "consumer credit sale" does not include:

9 (1) A sale in which the seller allows the buyer to purchase
10 goods or services pursuant to a lender credit card.

11 (2) A sale of an interest in land if ~~the finance charge~~
12 ~~does not exceed twelve percent per year calculated on the~~
13 ~~actuarial method on the assumption that the debt will be paid~~
14 ~~according to the agreed terms and will not be paid before~~
15 ~~the end of the agreed term~~ the finance charge, calculated
16 according to the actuarial method on the assumption that the
17 debt will be paid according to the agreed terms and will not
18 be paid before the end of the agreed term, does not exceed
19 the maximum rate in effect under section five hundred thirty-
20 five point two (535.2), subsection three (3) of the Code.

21 (3) A sale of an interest in real property which is a
22 transaction referred to in section five hundred thirty-five
23 point two (535.2), subsection two (2), paragraph a,
24 subparagraphs five (5) or six (6) of the Code.

25 Sec. 15. Section five hundred thirty-seven point one
26 thousand three hundred one (537.1301), subsection fourteen
27 (14), Code 1979, is amended to read as follows:

28 14. CONSUMER LEASE. A "consumer lease" is a lease of
29 goods in which all of the following are applicable:

30 a. The lessor is regularly engaged in the business of
31 leasing.

32 b. The lessee is a person other than an organization.

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

35 d. The With respect to a lease of goods for personal,

1 family or household purposes, the amount payable under the
2 lease does not exceed thirty-five thousand dollars; or, with
3 respect to a lease of goods for agricultural purposes, the
4 amount payable under the lease does not exceed one hundred
5 thousand dollars.

6 e. The lease is for a term exceeding four months.

7 Sec. 16. Section five hundred thirty-seven point one
8 thousand three hundred one (537.1301), subsection fifteen
9 (15), Code 1979, is amended to read as follows:

10 15. CONSUMER LOAN.

11 a. Except as provided in paragraph "b", a "consumer loan"
12 is a loan in which all of the following are applicable:

13 (1) The person is regularly engaged in the business of
14 making loans.

15 (2) The debtor is a person other than an organization.

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

18 (4) Either the debt is payable in installments or a finance
19 charge is made.

20 (5) ~~Either~~ With respect to a debt for personal, family
21 or household purposes, either the amount financed does not
22 exceed thirty-five thousand dollars, or the debt is ~~not~~
23 ~~incurred-primarily-for-an-agricultural-purpose-and-is~~ secured
24 by an interest in land; or, with respect to a debt for
25 agricultural purposes, the amount financed does not exceed
26 one hundred thousand dollars.

27 b. A "consumer loan" does not include:

28 (1) A sale or lease in which the seller or lessor allows
29 the buyer or lessee to purchase or lease pursuant to a seller
30 credit card.

31 (2) A loan which is for a personal, family or household
32 purpose and secured by an interest in land if the security
33 interest is bona fide and not for the purpose of circumvention
34 or evasion of this chapter and the finance charge, calculated
35 according to the actuarial method on the assumption that the

1 debt will be paid according to the agreed terms and will not
2 be paid before the end of the agreed term, does not exceed
3 ~~the rate of interest permitted under chapter 535~~ the maximum
4 rate in effect under section five hundred thirty-five point
5 two (535.2), subsection three (3) of the Code.

6 (3) A loan which is a transaction referred to in section
7 five hundred thirty-five point two (535.2), subsection two
8 (2), paragraph a, subparagraphs five (5) or six (6) of the
9 Code.

10 Sec. 17. Section five hundred thirty-seven point one
11 thousand three hundred one (537.1301), subsection forty-three
12 (43), Code 1979, is amended to read as follows:

13 43. "Supervised loan" means a consumer loan, including
14 a loan made pursuant to open end credit, in which the rate
15 of the finance charge, calculated according to the actuarial
16 method, exceeds ~~the rate of finance charge permitted in chapter~~
17 535 the maximum rate in effect under section five hundred
18 thirty-five point two (535.2), subsection three (3) of the
19 Code.

20 With respect to a consumer loan made pursuant to open end
21 credit, the finance charge shall be deemed not to exceed ~~the~~
22 rate permitted in chapter 535 the maximum rate in effect under
23 section five hundred thirty-five point two (535.2), subsection
24 three (3) of the Code if the finance charge contracted for
25 and received does not exceed a charge for each monthly billing
26 cycle which is one-twelfth of that rate multiplied by the
27 average daily balance of the open end account in the billing
28 cycle for which the charge is made. The average daily balance
29 of the open end account is the sum of the amount unpaid each
30 day during that cycle divided by the number of days in the
31 cycle. The amount unpaid on a day is determined by adding
32 to the balance, if any, unpaid as of the beginning of that
33 day all purchases and other debits and deducting all payments
34 and other credits made or received as of that day. If the
35 billing cycle is not monthly, the finance charge shall be

1 deemed not to exceed that rate per year if the finance charge
2 contracted for and received does not exceed a percentage which
3 bears the same relation to that rate as the number of days
4 in the billing cycle bears to three hundred sixty-five. A
5 billing cycle is monthly if the closing date of the cycle
6 is the same date each month or does not vary by more than
7 four days from the regular date.

8 Sec. 18. Acts of the Sixty-eighth General Assembly, 1979
9 Session, chapter one hundred twenty-eight (128), section one
10 (1), amending chapter three hundred twenty-one (321) of the
11 Code, is amended to read as follows:

12 NEW SECTION. SEMITRAILER RETAIL INSTALLMENT CONTRACT--
13 FINANCE CHARGES. ~~Notwithstanding the provisions of any other~~
14 ~~law,~~ a A retail installment contract or agreement for the
15 sale of a semitrailer may include a finance charge not in
16 excess of the following rates:

17 Class 1. Any new semitrailer designated by the manufacturer
18 by a year model not earlier than the year in which the sale
19 is made, an amount equivalent to one and one-fourth percent
20 per month simple interest on the declining balance of the
21 amount financed.

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

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

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

1 The limitations contained in this section do not apply
2 in a transaction referred to in section five hundred thirty-
3 five point two (535.2), subsection two (2), paragraph a, of
4 the Code. With respect to a consumer credit sale, as defined
5 in section five hundred thirty-seven point one thousand three
6 hundred one (537.1301) of the Code, which is for an
7 agricultural purpose, the limitations contained in this section
8 supersede conflicting provisions of chapter five hundred
9 thirty-seven (537), article two (2), part two (2) of the Code.

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10 Sec. 19.

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

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

19 EXPLANATION

20 This bill amends the Iowa usury law and related provisions
21 of the Code. The bill essentially makes the following substan-
22 tive changes in the law:

23 1. Removes the 12% limitation on interest payable on
24 utility rate refunds under chapter 476 of the Code and gives
25 the commerce commission full discretion to determine the in-
26 terest rate.

27 2. Removes all interest-rate controls on loans and credit
28 for business purposes.

29 3. Removes all interest-rate controls on loans for the
30 construction or acquisition of residential property containing
31 more than two dwelling units. Contracts for deed to such
32 property also would be exempt from interest-rate controls.

33 4. Adjusts the floating usury ceiling to four percentage
34 points above the ten-year government bond rate. Presently
35 the ceiling is two percentage points above that index rate.

1 5. Removes the statutory authority for, and in lieu
2 thereof, prohibits origination fees on conventional home
3 mortgage loans.

4 6. Amends the consumer credit code such that its
5 provisions, including the interest rate ceilings contained
6 in article 2, apply to agricultural purpose transactions
7 involving amounts up to \$100,000 except as noted in item 7.
8 Presently the consumer credit code does not apply to
9 transactions involving more than \$35,000.

10 7. Amends the consumer credit code and the general usury
11 law to remove all interest rate controls on agricultural
12 purpose loans and credit where (a) the amount involved exceeds
13 \$100,000, or (b) the debt is secured by a first lien on
14 agricultural land, or (c) the debt involves the purchase of
15 agricultural land.

16 The following is a discussion of the various sections of
17 this bill.

18 Section 1 amends Code section 476.6 by removing the 12%
19 limitation on the interest rate payable on utility rate
20 refunds. The effect is that the commerce commission would
21 have the authority to set any reasonable rate above 5%.

22 Section 2 amends section 535.2, subsection 1 of the Code
23 to clarify cross references to other subsections. The changes
24 are correlating amendments which are intended to make the
25 internal cross references more understandable. Subsection
26 1 specifies the "legal" interest rate which applies whenever
27 a different rate is not agreed to in writing.

28 Section 3 amends section 535.2, subsection 2 of the Code.
29 That subsection is substantially revised, as to both substance
30 and form. The existing language in subsection 2 contains
31 all of the exemptions from the usury law.

32 Paragraph a of subsection 2, as amended, contains the re-
33 ferences to transactions which would be exempt from all
34 statutory interest-rate limitations.

35 Subparagraphs 1, 2 and 3 exempt loans or credit to corpora-

1 tions and real estate investment trusts, and credit or persons
2 buying securities from registered brokers or dealers. These
3 exemptions are unchanged from current law (but see discussion
4 of section 6 below).

5 Subparagraph 4 contains the exemption for business purpose
6 debt. Under existing law business debt is exempt from usury
7 if the amount involved exceeds \$100,000. Under this bill,
8 all business debt would be exempt from interest ceilings.

9 Subparagraph 5 relates to the exemption for agricultural
10 purpose debt. This language, in conjunction with sections
11 14, 15 and 16 of the bill, would determine the interest rate
12 ceilings, if any, which would apply to agricultural purpose
13 transactions. Under existing law there is, for practical
14 purposes, a three-tiered interest rate structure: On debt
15 up to \$35,000 the interest rate is controlled by the consumer
16 credit code (e.g., 15 percent maximum on closed-end loans
17 and credit); on debt between \$35,000 and \$500,000 the interest
18 rate is controlled by the floating rate under Code section
19 535.2(3); and on debt over \$500,000 there is no limit. Under
20 this bill, agricultural land purchase transactions,
21 agricultural purpose debt secured by a first lien on real
22 property, and other agricultural purpose debt exceeding
23 \$100,000 would be exempt from interest rate limitations.
24 Purchases of goods and services, leases, and loans not secured
25 by a first lien on real property would be subject to the
26 maximum interest rate provisions contained in the consumer
27 credit code so long as the amount involved does not exceed
28 \$100,000.

29 Subparagraph 6 relates to purchases of multiple-family
30 residential property. Under existing law, loans to finance
31 the construction or acquisition of residential property and
32 real estate sales contracts are, unless the borrower or buyer
33 is a corporation or real estate investment trust, subject
34 to the floating usury rate. Under this bill, all loans and
35 contracts for deed involving residential real estate having

1 more than two dwelling units would be exempt from interest-
2 rate limitations.

3 Paragraph b is new language which is added for the purpose
4 of clarifying the interrelationship between the general
5 floating usury ceiling (section 535.2, subsection 3) and other
6 Code sections which permit higher rates of interest (e.g.,
7 sections 322.19, relating to retail installment contracts
8 on automobiles, and 536A.9, relating to loans by industrial
9 loan companies).

10 Section 4 of the bill makes a correlating amendment to
11 section 535.2, subsection 3 of the Code. Section 4 also
12 amends the floating usury ceiling to establish a rate which
13 is 4 percentage points above the index rate. The present
14 ceiling is 2 percentage points above the index.

15 Section 5 is a correlating amendment to section 534.2,
16 subsection 4 of the Code. That Code section contains the
17 language which establishes the law for variable rate contracts
18 executed prior to the recent modifications in the usury law.
19 Two changes are contained in the amendments. The first inserts
20 the date of July 28, 1978, in the first paragraph. This
21 paragraph governs contracts executed prior to the date when
22 the usury rate was first changed from nine percent. A legal
23 question has arisen with respect to the date itself. House
24 File 2467, which repealed the nine percent ceiling, was to
25 take effect upon publication. That Act was published on July
26 28, 1978, but an error was made in the publication of the
27 bill and it was republished on August 2, 1978. This bill
28 inserts the earlier of the two dates as the effective date
29 in order to protect persons who may have relied on the first
30 publication date.

31 The second change is to add new language to govern variable
32 rate contracts executed on or after July 28, 1978, and before
33 the effective date of this bill. Under the additional
34 paragraph, variable rate contracts executed during that period
35 of time would be limited to the highest of the various maximum

1 rates in effect under the floating usury ceiling during the
2 same time period.

3 Section 6 amends Code section 535.6 which establishes a
4 criminal penalty for receiving interest in excess of two
5 percent per month. This section was adopted early in this
6 century, and thus pre-dates all of the exceptions to the usury
7 law otherwise contained in Code section 535.2. At the time
8 the corporation exception was added to section 535.2, and
9 subsequently when the other exceptions were added, no
10 modification was made to section 535.6. The legal effect
11 arguably is that all of the exempt transactions referred to
12 in section 535.2 are still subject to the 24 percent per year
13 limitation contained in section 535.6. The new language added
14 by the amendment is intended to make it clear that corporate
15 transactions and the others referred to in section 535.2(2)(a)
16 are not subject to the two percent per month limitation.
17 The reference to section 322.19 is added because in certain
18 types of automobile retail sale transactions a rate of 2 1/4
19 percent per month is lawful.

20 Section 7 contains the amendment relating to point charges
21 in purchase-money home-loan transactions. As amended, section
22 535.8 would prohibit the collection of any points on home
23 loans, except federally insured loans which presently are
24 exempt from the limitation on point charges.

25 Sections 8, 9, 10, 11, 12 and 13 add correlating language
26 to the interest rate sections contained in regulatory chapters
27 322 (retail auto sales), 524 (banking), 533 (credit unions),
28 534 (savings and loan associations), 536 (small loan
29 licensees), and 536A (industrial loan companies) to clarify
30 the intent that the usury exceptions contained in section
31 535.2, subsection 2, paragraph a, as amended by this bill,
32 also are exceptions to the interest rate limitations contained
33 in those chapters.

34 Sections 14, 15, 16 and 17 of the bill amend the consumer
35 credit code to adjust its provisions in accordance with the

1 substantive changes made to chapter 535. All of these
2 amendments are to definitions which determine whether or not
3 the consumer credit code applies to a given transaction.

4 Section 14 strikes a reference to "twelve percent per year"
5 in favor of a reference to the rate in effect under the
6 floating usury rate provision. This is consistent with the
7 amendment in 1978 to the definition of "consumer loan". The
8 purpose and effect of the percentage figure in both cases
9 is to exclude from regulation by the consumer credit code
10 those credit sales and loans in which the contract finance
11 charge is below the stated percentage, and to make subject
12 to the provisions of the consumer credit code those credit
13 sales and loans where the finance charge is greater than the
14 stated percentage. Section 14 also adds language to exclude
15 from the definition of consumer credit sale those residential
16 real-property transactions which are exempted from usury under
17 section 535.2, subsection 2, paragraph d, as amended by section
18 2 of this bill. Section 14 also exempts agricultural land
19 purchase transactions from the consumer credit code, and
20 changes the definition of consumer credit sale of goods or
21 services to include agricultural purpose sales of up to
22 \$100,000.

23 Section 15 amends the definition of "consumer lease" to
24 include agricultural purpose leases of goods where the amount
25 payable is \$100,000 or less.

26 Section 16 amends the definition of consumer loan to include
27 agricultural purpose loans of up to \$100,000, but excluding
28 any agricultural purpose loan which is secured by a first
29 lien on real property. The section also adds language to
30 exclude purchase-money residential real-property loans that
31 are referred to in section 535.2, subsection 2, as amended
32 by section 2 of this bill.

33 Section 17 amends the definition of supervised loan to
34 clarify a cross reference to the general usury rate under
35 section 535.2 of the Code.

1 Section 18 amends a new interest-rate provision enacted
2 during the 1979 Session, relating to installment sales of
3 semitrailers, to coordinate that section with the other
4 statutory interest provisions. No substantive change is made
5 in the provision.

6 The bill would take effect upon publication.

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HOUSE FILE 2492

H-5508

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. By inserting on page 1, before line 1, the
4 following:

5 "Amend House File 2492 by striking everything after
6 the title page, line 5, and inserting in lieu thereof
7 the following:

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

9 Section 1. Section four hundred seventy-six point
10 six (476.6), unnumbered paragraph six (6), Code 1979,
11 as amended by Acts of the Sixty-eighth General Assembly,
12 1979 Session, chapter one hundred seventeen (117), section
13 one (1), is amended to read as follows:

14 However, a public utility ~~shall have the right~~ at any
15 time after said the rates, charges, schedules or regulations
16 have been suspended for ninety days, may request the authority
17 to place in effect any or all of such the suspended rates,
18 charges, schedules or regulations by filing with the commission
19 a bond or other undertaking approved by the commission
20 conditioned upon the refund in a manner to be prescribed by
21 the commission of any amounts collected thereunder in excess
22 of the amounts which would have been collected under rates,
23 charges, schedules or regulations finally approved by the
24 commission. In determining that portion, if any, of the
25 utility's proposed increase in rates and charges to be placed
26 in effect subject to refund, the commission shall at a minimum
27 allow the rates and charges which, consistent with the
28 principles of the utility's last rate case, will allow the
29 utility the opportunity to earn a return on common stock
30 equity equal to that which the commission held reasonable and
31 just in the utility's last rate case. If the commission
32 fails to make such a determination within thirty days of
33 the request, the utility may place in effect any or all of
34 the suspended rates, charges, schedules or regulations. The
35 commission shall establish a rate of interest to be paid by
36 a public utility to persons receiving refunds. Such The
37 rate of interest shall be a reasonable rate as determined by
38 the commission, but not less than five percent per annum, nor
39 more than twelve percent per annum, and the interest shall be
40 compounded annually."

41 2. Page 1, by striking lines 1 through 27.
42

HOUSE FILE 2492

H-5518

- 1 Amend amendment H-5505A to amendment H-5437 to
- 2 House File 2492 as follows:
- 3 1. Page 2, by striking lines 7 and 8 and inserting
- 4 in lieu thereof the following:
- 5 "c. The public utility shall not".

H-5518 FILED
MARCH 13, 1980
ADOPTED (p. 918)

BY POFFENBERGER of Dallas
MULLINS of Kossuth
SCHROEDER of Pottawattamie
SHIMANEK of Jones

HOUSE FILE 2492

H-5519

- 1 Amend House File 2492 as follows:
- 2 1. By striking the title and inserting in lieu
- 3 thereof the following: "An Act relating to the regulation
- 4 of terms and conditions of certain loans, advances and
- 5 extensions of credit."

H-5519 FILED MARCH 13, 1980 SCHROEDER of Pottawattamie
ADOPTED BY UNANIMOUS CONSENT (p. 921)

HOUSE FILE 2492

H-5505

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. Page 1, by striking lines 1 through 27 and
4 inserting in lieu thereof the following:

5 "Amend House File 2492 by striking everything after
6 title page, line 5, and inserting in lieu thereof
7 the following:

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

9 Section 1. Section four hundred seventy-six point
10 six (476.6), unnumbered paragraph six (6), Code 1979,
11 as amended by Acts of the Sixty-eighth General
12 Assembly, 1979 Session, chapter one hundred seventeen
13 (117), is amended by striking the paragraph and
14 inserting in lieu thereof the following:

15 However upon a suspension by the commission, a
16 public utility may proceed as follows:

17 1. Subject to the provisions of subparagraph two
18 (2) of this paragraph, a public utility may, at any
19 time after rates, charges, schedules or regulations
20 have been suspended for ninety days, place in effect
21 any or all of the suspended rates, charges, schedules
22 or regulations by filing with the commission a bond
23 or other undertaking approved by the commission
24 conditioned upon the refund in a manner to be
25 prescribed by the commission of any amounts collected
26 in excess of the amounts which would have been
27 collected under rates, charges, schedules or
28 regulations finally approved by the commission. The
29 commission shall establish a rate of interest to be
30 paid by a public utility to persons receiving refunds.
31 The rate of interest shall be a reasonable rate as
32 determined by the commission, but not less than five
33 percent per annum, and the interest shall be compounded
34 annually.

35 2. a. The public utility shall not place into
36 effect any portion of the suspended rates, charges,
37 schedules or regulations which would result in an
38 increase in gross intrastate operating revenues which
39 is greater than the annual inflation factor unless
40 the public utility specifically applies to the
41 commission for authority to impose a greater interim
42 increase and the commission approves a greater interim
43 increase on the basis of need.

44 b. If the commission has not issued a final order
45 in the rate proceedings within twelve months following
46 the date formal proceedings were commenced, the public
47 utility may, at the end of that twelve-month period
48 and of each subsequent twelve-month period, place
49 into effect such additional portion of the suspended
50 rates, charges, schedules or regulations as will

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Page Two

5518
1 result in an additional increase in gross intrastate
2 operating revenues which is equal to the annual
3 inflation factor for the respective twelve-month
4 period; provided that the public utility may apply
5 for and receive authority for a greater increase in
6 the manner otherwise permitted by this subparagraph.
7 c. Except as provided in subdivisions a and b
8 of this subparagraph, the public utility shall not
9 place into effect any portion of any suspended rates,
10 charges, schedules or regulations of any subsequent
11 rate filing relating to services with respect to which
12 a rate filing is pending until after the commission
13 has issued a final order in the previously filed rate
14 proceedings, unless the public utility applies to
15 the commission for authority and receives authority
16 to place a portion of the subsequent filed rate filing
A 17 into effect on an interim basis.
18 d. "Annual inflation factor" means the annual
19 percent change in the consumer price index produced
20 by the bureau of labor statistics of the United States
21 department of labor. As used in subdivisions a and
22 b, of this subparagraph, the annual inflation factor
23 shall mean this annual percent change as of the
24 calendar month preceding the month in which the
25 respective portion of the suspended rules, charges,
26 schedules or regulations is actually placed into
27 effect."

28 2. Page 3, by inserting after line 27 the
29 following:

30 "Sec. ____ Chapter five hundred thirty-five (535),
31 Code 1979, is amended by adding the following new
32 section:

33 NEW SECTION. FINANCE CHARGE ON ACCOUNTS RECEIVABLE.

B 34 1. Except where the parties have agreed in writing
35 for the payment of a different finance charge or rate
36 of interest, a creditor may charge a finance charge
37 on the unpaid balances of an account receivable at
38 a rate not exceeding that permitted by subsection
39 three (3) or four (4) of this section if the creditor
40 gives notice as required by subsection two (2) of
41 this section.

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

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

49 b. In a transaction that is not subject to the
50 truth in lending Act, the creditor shall give written

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Page Three

1 notice to the debtor at the time the debt arises.
2 The notice shall be contained on the invoice or bill
3 of sale evidencing the credit transaction, and shall
4 disclose the rate of the finance charge and the date
5 or day of the month before which payment must be
6 received if the finance charge is to be avoided.
7 With respect to open accounts, this notice shall be
8 given at the time credit is initially extended;
9 provided that additional advance notice in writing
10 shall be given to the debtor not less than ninety
11 days prior to any change in the terms of the agreement
12 or of rate of the finance charge or date payment is
13 due. For purposes of this paragraph, notice is given
14 if the invoice or bill of sale is delivered with the
15 goods, whether or not the debtor is present at the
16 time of delivery.

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

21 3. With respect to an account other than an open
22 account, the creditor may impose a finance charge
23 not exceeding that permitted by section five hundred
24 thirty-seven point two thousand two hundred one
25 (537.2201), subsections two (2) through five (5) of
26 the Code.

B 27 4. With respect to an open account, the creditor
28 may impose a finance charge not exceeding that
29 permitted by section five hundred thirty-seven point
30 two thousand two hundred two (537.2202), subsections
31 two (2) and three (3) of the Code.

32 5. As used in this section, "finance charge" means
33 as defined in section five hundred thirty-seven point
34 one thousand three hundred one (537.1301) of the Code;
35 and "account receivable" means a debt arising from
36 the retail sale of goods or services or both on credit;
37 and "open account" means an account receivable con-
38 sisting of debt arising from the extension of open-
39 end credit, as defined in section five hundred thirty-
40 seven point one thousand three hundred one (537.1301)
41 of the Code.

42 6. This section does not supersede any of the
43 provisions of chapter five hundred thirty-seven (537)
44 of the Code, except that section five hundred thirty-
45 seven point three thousand two hundred twelve
46 (537.3212) of the Code does not apply to a consumer
47 credit transaction in which a finance charge is imposed
48 under this section. This section does not authorize
49 the compounding of a finance charge.

50 7. The finance charge authorized by this section

H-5505
Page Four

1 is in lieu of interest or a finance charge authorized
2 under section five hundred thirty-five point two
3 (535.2), subsection one (1) of the Code or any other
4 provision of law. The rate of a finance charge imposed
5 pursuant to this section is applicable to a judgment
6 in an action on the account, notwithstanding section
7 five hundred thirty-five point three (535.3) of the
8 Code.

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

17 3. By renumbering sections and correcting internal
18 references."

H-5505 FILED	BY WEST of Marshall	SCHNEKLOTH of Scott
MARCH 13, 1980	JOHNSON of Linn	SCHROEDER of Pottawattamie
A - ADOPTED - (p. 902)	POFFENBERGER of Dallas	MULLINS of Kossuth
RECONSIDERED AND		
ADOPTED AS AMENDED	by 5518 (p. 919)	
B - ADOPTED (p. 906)		

HOUSE FILE 2492

H-5498

1 Amend amendment H-5437 to House File 2492 as follows:

2 1. By inserting on page 1, before line 1,
3 the following:

4 "Amend House File 2492 by striking everything
5 after "title page, line 5 and inserting in lieu
6 thereof the following:

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

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

13 However, a public utility shall have the right
14 may, at any time after said rates, charges, schedules
15 or regulations have been suspended for ninety days,
16 request authority to place in effect any or all of
17 such the suspended rates, charges, schedules or
18 regulations by filing with the commission a bond or
19 other undertaking approved by the commission
20 conditioned upon the refund in a manner to be
21 prescribed by the commission of any amounts collected
22 thereunder in excess of the amounts which would have
23 been collected under rates, charges, schedules or
24 regulations finally approved by the commission. The
25 commission shall establish a rate of interest to be
26 paid by a public utility to persons receiving refunds.
27 Such The rate of interest shall be a reasonable rate
28 as determined by the commission, but not less than
29 five percent per annum, nor more than twelve percent
30 per annum, and the interest shall be compounded
31 annually."
32
33

34 2. By striking on page 1, lines 1 through 27.
35

H-5498 FILED

BY BRUNER of Story

MARCH 12, 1980

Lead 3/13 (p. 894)

HOUSE FILE 2492

H-5502

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. Page 1, by striking lines 5 through 27.

4 2. By renumbering sections as necessary in
5 compliance with this amendment.

H-5502 FILED

BY SCHROEDER of Pottawattamie

MARCH 12, 1980

*Placed out of order
3/13 (p. 902)*

HOUSE FILE 2492

H-5497

1 Amend amendment H-5437 to House File 2492 as follows:

2 1. By inserting on page 1, before line 1,
3 the following:

4 "Amend House File 2492 by striking everything
5 after "title page, line 5 and inserting in lieu
6 thereof the following:

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

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

13
14 However, a public utility shall have the right
15 may, at any time after said rates, charges, schedules
16 or regulations have been suspended for ninety days,
17 request authority to place in effect any or all of
18 such the suspended rates, charges, schedules or
19 regulations by filing with the commission a bond or
20 other undertaking approved by the commission
21 conditioned upon the refund in a manner to be
22 prescribed by the commission of any amounts collected
23 thereunder in excess of the amounts which would have
24 been collected under rates, charges, schedules or
25 regulations finally approved by the commission. The
26 commission shall establish a rate of interest to be
27 paid by a public utility to persons receiving refunds.
28 Such The rate of interest shall be a reasonable rate
29 as determined by the commission, but not less than
30 five percent per annum, nor more than twelve percent
31 per annum, and the interest shall be compounded
32 annually. This rate of interest shall also be the
33 maximum interest or penalty charged by all public
34 utilities for utility services provided in the past
35 on which customers have not made payment. If the
36 commission finds, under section four hundred seventy-
37 six point three (476.3) of the Code, that a public
38 utility's rates produce an excessive return, the
39 commission may also order a refund, with the rate of
40 interest the same as for other refunds provided by
41 this section, of amounts collected after the initiation
42 of the formal proceeding in excess of that amount
43 which would have been collected under the rates
44 finally approved."
45

46 2. By striking on page 1, lines 1 through 27.
47

HOUSE FILE 2492

H-5479

1 Amend amendment H-5437 to House File 2492,
2 page one, by inserting after line 27 the following
3 new sentence:
4 "If the commission finds, under section four
5 hundred seventy-six point three (476.3) of the
6 Code, that a public utility's rates produce an
7 excessive return, the commission may also order a
8 refund, with the rate of interest the same as for
9 other refunds provided by this section, of amounts
10 collected after the initiation of the formal
11 proceeding in excess of that amount which would
12 have been collected under the rates finally
13 approved."

H-5479 FILED *Lost 3/13* BY CHIODO of Polk
MARCH 12, 1980 (*p. 904*)

HOUSE FILE 2492

H-5474

1 Amend the amendment H-5437, to House File 2492, as
2 follows:
3 1. Page 3, line 14, by inserting after the word
4 "assumed." the following: "A loan processing fee collected
5 under the authority of this paragraph is deemed a
6 reimbursement of expenses to be incurred by the lender
7 in the event the obligation or an interest in the oblig-
8 ation is subsequently sold by the lender. A fee which
9 does not exceed the maximum amount permitted by this
10 paragraph is conclusively presumed to be the amount of
11 the lender's expenses in the event of sale. However,
12 if the obligation or an interest in the obligation
13 has not been sold upon the expiration of thirty-six
14 months after the date of closing the loan, the lender
15 shall repay the entire amount of the fee without interest
16 to the borrower within thirty days."

H-5474 FILED BY JOCHUM of Dubuque
MARCH 12, 1980
Lost 2/13 (p. 913)

HOUSE FILE 2492

H-5480

1 Amend amendment H-5437 to House File 2492,
2 page one, by inserting after line 27 the following
3 new sentence:
4 "This rate of interest shall also be the
5 maximum interest or penalty charged by all public
6 utilities for utility service provided in the past
on which customers have not made payment."

H-5480 FILED BY RAPP of Black Hawk
MARCH 12, 1980
Lost 3/13 (p. 905)

H-5476

- 1 Amend the House amendment H-5437 to House File
 2 2492 as follows:
 3 1. Page 5, by inserting after line 7 the following:
 4 "Sec. ____ Federal limitations on interest rates
 5 paid to depositors by financial institutions and
 6 agencies authorized to do business in this state shall
 7 be increased by thirty-five percent on the effective
 8 date of this Act, by an additional thirty-five percent
 9 on September 1, 1980, and shall be eliminated on March
 10 1, 1981."
 11 2. Renumber as required.

H-5476 FILED

BY EGENES of Story

MARCH 12, 1980

Adopted 3/13 (p. 918)

HOUSE FILE 2492

H-5478

- 1 Amend amendment H-5437 to House File 2492, page 1,
 2 by striking lines 2 through 27 and inserting in
 3 lieu thereof the following:
 4 "title page, line 5 and inserting in lieu
 5 thereof the following:
 6 "BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
 7 Section 1. Section four hundred seventy-six point
 8 six (476.6), unnumbered paragraph six (6), Code 1979,
 9 as amended by Acts of the Sixty-eighth General
 10 Assembly, 1979 Session, chapter one hundred seventeen
 11 (117), section one (1), is amended to read as follows:
 12 However, a public utility shall have the right
 13 may, at any time after said rates, charges, schedules
 14 or regulations have been suspended for ninety days,
 15 request authority to place in effect any or all of
 16 such the suspended rates, charges, schedules or
 17 regulations by filing with the commission a bond or
 18 other undertaking approved by the commission
 19 conditioned upon the refund in a manner to be
 20 prescribed by the commission of any amounts collected
 21 thereunder in excess of the amounts which would have
 22 been collected under rates, charges, schedules or
 23 regulations finally approved by the commission. The
 24 commission shall establish a rate of interest to be
 25 paid by a public utility to persons receiving refunds.
 26 Such The rate of interest shall be a reasonable rate
 27 as determined by the commission, but not less than
 28 five percent per annum, nor more than twelve percent
 29 per annum, and the interest shall be compounded
 30 annually.

H-5478 FILED

BY BRUNER of Story

MARCH 12, 1980

Placed out of order 3/13 (p. 902)

HOUSE FILE 2492

H-5477

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. Page 1, by striking lines 9 through 27 and
4 inserting in lieu thereof the following:
5 "(117), section one (1), is amended by striking
6 the paragraph and inserting in lieu thereof the
7 following:

8 However upon a suspension by the commission, a
9 public utility may proceed as follows:

10 1. Subject to the provisions of subsection two
11 (2) of this section, a public utility may, at any
12 time after rates, charges, schedules or regulations
13 have been suspended for ninety days, place in effect
14 any or all of the suspended rates, charges, schedules
15 or regulations by filing with the commission a bond
16 or other undertaking approved by the commission
17 conditioned upon the refund in a manner to be
18 prescribed by the commission of any amounts collected
19 in excess of the amounts which would have been
20 collected under rates, charges, schedules or
21 regulations finally approved by the commission. The
22 commission shall establish a rate of interest to be
23 paid by a public utility to persons receiving refunds.
24 The rate of interest shall be a reasonable rate as
25 determined by the commission, but not less than five
26 percent per annum, and the interest shall be compounded
27 annually.

28 2. a. The public utility shall not place into
29 effect any portion of the suspended rates, charges,
30 schedules or regulations which would result in an
31 increase in gross intrastate operating revenues of
32 more than ten percent unless the public utility
33 specifically applies to the commission for authority
34 to impose an interim increase of more than ten percent
35 and the commission approves a greater interim increase
36 on the basis of need.

37 b. If the commission has not issued a final order
38 in the rate proceedings within twelve months following
39 the date formal proceedings were commenced, the public
40 utility may, at the end of that twelve-month period
41 and of each subsequent twelve-month period, place
42 into effect such portion of the suspended rates,
43 charges, schedules or regulations as will result in
44 an additional increase in gross intrastate operating
45 revenues of not more than ten percent; provided that
46 the public utility may apply for and receive authority
47 for an increase of greater than ten percent, in the
48 manner otherwise permitted by this subsection.

49 c. Except as provided in paragraphs a and b of
50 this subsection, the public utility shall not place

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Page Two

1 into effect any portion of any suspended rates,
2 charges, schedules or regulations of any subsequent
3 rate filing relating to services with respect to which
4 a rate filing is pending until after the commission
5 has issued a final order in the previously filed rate
6 proceedings, unless the public utility applies to
7 the commission for authority and receives authority
8 to place a portion of the subsequent filed rate filing
9 into effect on an interim basis."

BY	POFFENBERGER of Dallas	SHIMANEK of Jones
	SCHROEDER of Pottawattamie	PELTON of Clinton
	RITSEMA of Sioux	LARSEN of Wapello
	HANSON of Delaware	KREWSON of Polk
	KIRKENSLAGER of Des Moines	MULLINS of Kossuth

H-5477 FILED
MARCH 12, 1980

*Placed out of order 3/13
(p. 902)*

HOUSE FILE 2492

H-5461

1 Amend amendment H-5437 to House File 2492 as
2 follows:
3 1. Page 5, by inserting after line 7 the following:
4 "Sec. ____ Section five hundred thirty-five point
5 eight (535.8), Code 1979 Supplement, is reenacted.
6 It is the intent of the general assembly in enacting
7 this section to adopt the limitations on discount
8 points and other charges which are contained in section
9 five hundred thirty-five point eight (535.8), Code
10 1979 Supplement, as required by the provisions of
11 Public Law 96-161, section 105, subsection c, for
12 the purpose of superseding the provisions of Public
13 Law 96-161, section 105, subsection a, provided that
14 the limitation on discount points contained in section
15 five hundred thirty-five point eight (535.8),
16 subsection two (2), paragraph a, Code 1979 Supplement,
17 is subject to the temporary provisions contained in
18 section two (2), subsection four (4) of this Act."
19 2. By renumbering sections.

H-5461 FILED *4/9 3/13*
MARCH 12, 1980 *(p. 917)*

BY RAPP of Black Hawk
BRUNER of Story

HOUSE FILE 2492

H-5460

- 1 Amend amendment H-5437 to House File 2492 as
2 follows:
- 3 1. Page 3, by inserting after line 36 the
4 following:
5 "Sec. _____. Chapter three hundred twenty-one (321),
6 Code 1979, is amended by adding the following new
7 section:
8 "NEW SECTION. MOBILE HOME AND MODULAR HOME RETAIL
9 INSTALLMENT CONTRACT--FINANCE CHARGE. A retail
10 installment contract or agreement for the sale of
11 a mobile home or modular home may include a finance
12 charge not in excess of an amount equivalent to one
13 and one-half percent per month simple interest on
14 the declining balance of the amount financed.
15 "Amount financed" shall be as defined in section
16 five hundred thirty-seven point one thousand three
17 hundred one (537.1301) of the Code.
18 The limitations contained in this section do not
19 apply in a transaction referred to in section five
20 hundred thirty-five point two (535.2), subsection
21 two (2), of the Code. With respect to a consumer
22 credit sale, as defined in section five hundred thirty-
23 seven point one thousand three hundred one (537.1301)
24 of the Code, the limitation contained in this section
25 supersede conflicting provisions of chapter five
26 hundred thirty-seven (537), article two (2), part
27 two (2) of the Code."
28 2. Page 3, lines 44 and 45, by striking the words
29 ", MOBILE HOME, MODULAR HOME".
30 3. Page 3, lines 48 and 49, by striking the words
31 ", mobile home, modular home".
32 4. Page 4, lines 1 and 2, by striking the words
33 ", mobile home, modular home".
34 5. Page 4, lines 7 and 8, by striking the words
35 ", mobile home, modular home".
36 6. Page 4, lines 15 and 16, by striking the words
37 ", mobile home, modular home".
38 7. By renumbering sections and correcting internal
39 references.

H-5460 FILED
MARCH 12, 1980

Adopted 4/13 (p. 917)

BY MILLER of Buchanan
BRANDT of Black Hawk
PAVICH of Pottawattamie

HOUSE FILE 2492

H-5459

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. By striking page 2, line 49 through page 3,
4 line 24.

5 2. Page 3, by inserting after line 27 the
6 following:

7 "Sec. 3. Section five hundred thirty-five point
8 eight (535.8), subsection two (2), paragraph a, Code
9 1979 Supplement, is amended to read as follows:

10 2. a. ~~A lender may collect in connection with~~
11 ~~a loan a loan processing fee which does not exceed~~
12 ~~one percent of an amount which is equal to the loan~~
13 ~~principal less twelve thousand five hundred dollars,~~
14 ~~except that in the event of an assumption of a prior~~
15 ~~loan the lender may collect a loan processing fee~~
16 ~~which does not exceed an amount which is a reasonable~~
17 ~~estimate of the expense of processing the loan~~
18 ~~assumption but which does not exceed one percent of~~
19 ~~the amount assumed. A loan processing fee collected~~
20 ~~under the authority of this paragraph is compensation~~
21 ~~to the lender solely for the use of money,~~
22 ~~notwithstanding any provision of the agreement to~~
23 ~~the contrary. However, a loan processing fee collected~~
24 ~~under the authority of this paragraph shall be~~
25 ~~disregarded for purposes of determining the maximum~~
26 ~~charge permitted by section 535-2 or 535-9, subsection~~
27 2. The collection in connection with a loan of a
28 loan origination fee, closing fee, commitment fee
29 or similar charge ~~other than expressly authorized~~
30 ~~by this paragraph is prohibited.~~

31 Sec. 4. Section five hundred thirty-five point
32 eight (535.8), Code 1979 Supplement, as amended by
33 section three (3) of this Act, is reenacted as amended
34 by section three (3) of this Act. It is the intent
35 of the general assembly in enacting this section to
36 adopt the limitations on discount points and other
37 charges which are contained in section five hundred
38 thirty-five point eight (535.8), Code 1979 Supplement,
39 as amended by section three (3) of this Act, as
40 required by the provisions of Public Law 96-161,
41 section 105, subsection c, for the purpose of
42 superseding the provisions of Public Law 96-161,
43 section 105, subsection a."

44 3. By renumbering sections and subsections and
45 correcting internal references.

H-5459 FILED
MARCH 12, 1980
Lost 3/13 (p. 910)

BY RAPP of Black Hawk
BRUNER of Story

HOUSE FILE 2492

H-5452

- 1 Amend amendment H-5437 to House File 2492 as follows:
2 1. Page 3, line 8, by striking the word "fifteen"
3 and inserting in lieu thereof the word "twenty-five".

H-5452 FILED

BY PELTON of Clinton

MARCH 12, 1980

Loss 3/13 (p. 911)

HOUSE FILE 2492

H- 5458

- 1 Amend amendment H-5437 to House File 2492 as
2 follows:
3 1. Page 3, by inserting after line 27 the
4 following:
5 "Sec. _____. Section five hundred thirty-five point
6 nine (535.9), Code 1979 Supplement is reenacted.
7 It is the intent of the general assembly in enacting
8 this section to adopt the limitations on prepayment
9 penalties and other provisions contained in section
10 five hundred thirty-five point nine (535.9), Code
11 1979 Supplement, as may be required by the provisions
12 of Public Law 96-161, section 105, subsection c, for
13 the purpose of superseding the provisions of Public
14 Law 96-161, section 105, subsection a."
15 2. By renumbering sections and correcting internal
16 references.

H- 5458 FILED

BY RAPP of Black Hawk

MARCH 12, 1980

BRUNER of Story

Loss 2/13 (p. 916)

HOUSE FILE 2492

H-5462

- 1 Amend amendment H-5437 to House File 2492 as
2 follows:
3 1. Page 1, by inserting after line 27, the following:
4 "Sec. _____. NEW SECTION. TEMPORARY EXEMPTIONS--PUBLIC
5 FUNDS.
6 1. Associations as defined in section five hundred
7 thirty-four point two (534.2) may accept deposits of
8 public funds and pay interest on deposits of public funds.
9 2. The provisions of subsection one (1) of this Act are
10 effective through July 1, 1983, and supersede the provisions
11 of chapters ninety-seven (97), ninety-seven A (97A), ninety-
12 seven B (97B), two hundred sixty-two (262), three hundred
13 two (302), four hundred ten (410), four hundred eleven
14 (411), four hundred fifty-two (452), four hundred fifty-
15 three (453), and four hundred fifty-four (454)."

H-5462 FILED

BY RAPP of Black Hawk

MARCH 12, 1980

BRUNER of Story

Build not german 2/13 (p. 905)

HOUSE FILE 2492

H-5454

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. By striking page 1, line 28 through page 5,
4 line 7, and inserting in lieu thereof the following:

5 "Sec. 2. Any interest rate limitation contained
6 in the provisions of sections three hundred twenty-
7 two point nineteen (322.19), five hundred twenty-four
8 point nine hundred six (524.906), five hundred thirty-
9 three point fourteen (533.14), five hundred thirty-
10 four point nineteen (534.19), five hundred thirty-
11 five point two (535.2), five hundred thirty-six point
12 thirteen (536.13), five hundred thirty-six A point
13 twenty-three (536A.23), five hundred thirty-seven
14 point two thousand two hundred one (537.2201), five
15 hundred thirty-seven point two thousand two hundred
16 two (537.2202), five hundred thirty-seven point two
17 thousand four hundred one (537.2401) or five hundred
18 thirty-seven point two thousand four hundred two
19 (537.2402) of the Code and Acts of the Sixty-eighth
20 General Assembly, 1979 Session, chapter one hundred
21 twenty-eight (128), section one (1), is temporarily
22 suspended commencing on the effective date of this
23 Act and until July 1, 1983, and does not apply with
24 respect to any loan or extension of credit made on
25 or after the effective date of this Act and prior
26 to July 1, 1983.

27 Sec. 3. The provisions of section five hundred
28 thirty-five point eight (535.8), Code 1979 Supplement,
29 except subsection two (2), paragraph c, of that
30 section, are temporarily suspended commencing on the
31 effective date of this Act, and do not apply to any
32 loan agreement executed by the borrower on or after
33 the effective date of this Act and prior to July 1,
34 1983.

35 Sec. 4. The provisions of section five hundred
36 thirty-five point nine (535.9), Code 1979 Supplement
37 are temporarily suspended commencing on the effective
38 date of this Act and until July 1, 1983, and do not
39 apply to any loan agreement executed by the borrower
40 on or after the effective date of this Act and prior
41 to July 1, 1983.

42 Sec. 5. The provisions of sections two (2) through
43 four (4) of this Act do not apply to any loan or
44 extension of credit made prior to the effective date
45 of this Act."

46 2. By renumbering sections.

H-5451

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. Page 4, by inserting after line 34 the
4 following:

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

8 NEW SECTION. FINANCE CHARGE ON ACCOUNTS RECEIVABLE.

9 1. Except where the parties have agreed in writing
10 for the payment of a different finance charge or rate
11 of interest, a creditor may charge a finance charge
12 on the unpaid balance of an account receivable at
13 a rate not exceeding that permitted by this section
14 if at the time the debt arises the creditor gives
15 the notice required by subsection two (2) of this
16 section.

17 2. As a condition of imposing a finance charge
18 under subsection one (1) of this section the creditor
19 must give written notice to the debtor at the time
20 the debt arises. The notice shall be contained on
21 the invoice or bill of sale evidencing the transaction,
22 and shall disclose the rate of the finance charge,
23 and the date or day of the month before which payment
24 must be received if the finance charge is to be
25 avoided. With respect to open accounts, this notice
26 must be given each time credit is extended.

27 3. a. With respect to an account other than an
28 open account the maximum finance charge which may
29 be imposed under this section is one and one-fourth
30 percent per month on the unpaid balance.

31 b. This subsection does not limit or restrict
32 the manner of calculating the finance charge whether
33 by way of add-on, discount, or otherwise, so long
34 as the rate of the finance charge does not exceed
35 that permitted by this subsection.

36 c. For the purposes of this subsection, an account
37 balance arises on the date credit is granted or, if
38 goods are delivered or services performed ten days
39 or more after that date, with the date of commencement
40 of delivery or performance. Any month may be counted
41 as one-twelfth of a year, but a day is counted as
42 one-three hundred sixty-fifth of a year. Subject
43 to classifications and differentiations the seller
44 may reasonably establish, a part of a month in excess
45 of fifteen days may be treated as a full month if
46 periods of fifteen days or less are disregarded and
47 that procedure is not consistently used to obtain
48 a greater yield than would otherwise be permitted.

49 d. Subject to classifications and differentiations
50 the creditor may reasonably establish, the creditor

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1 may make the same finance charge on all amounts
2 financed within a specified range. A finance charge
3 so made does not violate this subsection if both of
4 the following are applicable:
5 (1) When applied to the median amount within each
6 range, the finance charge does not exceed the maximum
7 rate permitted by this subsection.
8 (2) When applied to the lowest amount within each
9 range, the finance charge does not produce a rate
10 exceeding the rate calculated according to subparagraph
11 one (1) of this paragraph by more than eight percent
12 of the rate calculated according to subparagraph one
13 (1) of this paragraph.
14 4. a. With respect to an open account, a creditor
15 may contract for and receive a finance charge not
16 exceeding that permitted in this subsection.
17 b. For each billing cycle, a charge may be made
18 which is a percentage of an amount not exceeding the
19 greatest of the following:
20 (1) The average daily balance of the open account
21 in the billing cycle for which the charge is made,
22 which is the sum of the amount unpaid each day during
23 that cycle, divided by the number of days in that
24 cycle. The amount unpaid on a day is determined by
25 adding to the balance, if any, unpaid as of the
26 beginning of that day all debits and deducting all
27 credits received as of that day.
28 (2) The balance of the open account at the
29 beginning of the first day of the billing cycle, after
30 deducting all credits made in the cycle except credits
31 attributable to additional debt charged to the account
32 during the cycle.
33 (3) The median amount within a specified range
34 including the balance of the open account not exceeding
35 that permitted by subparagraphs one (1) or two (2)
36 of this paragraph. A charge may be made pursuant
37 to this paragraph only if the creditor, subject to
38 classifications and differentiations the creditor
39 may reasonably establish, makes the same charge on
40 all balances within the specified range and if the
41 percentage when applied to the median amount within
42 the range does not produce a charge exceeding the
43 charge resulting from applying that percentage to
44 the lowest amount within the range by more than eight
45 percent of the charge on the median amount.
46 c. If the billing cycle is monthly, the charge
47 may not exceed an amount equal to one and one-half
48 percent of that part of the maximum amount pursuant
49 to paragraph b of this section which is five hundred
50 dollars or less and one and one-fourth percent of

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1 that part of the maximum amount which is more than
2 five hundred dollars. If the billing cycle is not
3 monthly, the maximum charge for the billing cycle
4 shall bear the same relation to the applicable monthly
5 maximum charge as the number of days in the billing
6 cycle bears to three hundred sixty-five divided by
7 twelve. A billing cycle is monthly if the closing
8 date of the cycle is the same date each month or does
9 not vary by more than four days from the regular date.

10 5. As used in this section, open account means
11 an account arrangement under which credit is extended
12 from time to time and the debtor is authorized to
13 make either partial or full payment when billed.

14 6. This section does not supersede any of the
15 provisions of chapter five hundred thirty-seven (537)
16 of the Code except sections five hundred thirty-seven
17 point three thousand two hundred one (537.3201) and
18 five hundred thirty-seven point three thousand two
19 hundred twelve (537.3212) of the Code, and a finance
20 charge imposed under this section is a finance charge
21 as defined and used in chapter five hundred thirty-
22 seven (537) of the Code. This section does not
23 authorize the compounding of a finance charge.

24 7. The finance charge authorized by this section
25 is in lieu of interest or a finance charge which may
26 be authorized under section five hundred thirty-five
27 point two (535.2), subsection one (1) of the Code
28 or any other provision of law. The rate of a finance
29 charge lawfully imposed under this section shall be
30 the rate applicable to a judgment rendered in an
31 action on the account, notwithstanding section five
32 hundred thirty-five point three (535.3) of the Code.

33 8. Imposing or receiving a finance charge which
34 is greater than that authorized by this section shall
35 subject the creditor to the civil and criminal
36 penalties provided in this chapter relating to unlawful
37 interest."

38 2. By renumbering sections and correcting internal
39 references.

BY SCHNEKLOTH of Scott
JOHNSON of Howard
PERKINS of Greene
VAN MAANEN of Mahaska
MILLER of Buchanan
DE GROOT of Lyon

H-5451 FILED
MARCH 12, 1980

*Placed out of order
3/12 (p. 906)*

HOUSE FILE 2492

H-5449

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. Page 3, by striking lines 29 through 36 and
4 inserting in lieu thereof the following: "nineteen
5 (322.19), Code 1979, is amended by striking the section
6 and inserting in lieu thereof the following:

7 "322.19 FINANCE CHARGES--AMOUNT. Notwithstanding
8 the provisions of any other law to the contrary, a
9 retail installment transaction may include a finance
10 charge not exceeding an amount equivalent to one and
11 one-half percent per month simple interest on the
12 declining balance of the amount financed.

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

H-5449 FILED *4/10 3/13 (p. 9/16)* BY MILLER of Buchanan
MARCH 12, 1980

HOUSE FILE 2492

H-5450

1 Amend amendment H-5437 to House File 2492 as
2 follows:

3 1. By striking page 3, line 50 through page 4,
4 line 21, and inserting in lieu thereof the following:

5 "~~finance charge not in excess of the following~~
6 ~~rates exceeding an amount equivalent to one and one-~~
7 ~~half percent per month simple interest on the declining~~
8 ~~balance of the amount financed.~~

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

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

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

27 2. Page 4, line 25, by striking the word
28 "limitations" and inserting in lieu thereof the word
29 "limitation".

30 3. Page 4, line 31, by striking the word
31 "limitations" and inserting in lieu thereof the word
32 "limitation".

H-5450 FILED *4/10 3/13 (p. 9/17)* BY MILLER of Buchanan
MARCH 12, 1980

HOUSE FILE 2492

H-5447

1 Amend amendment H-5437 to House File 2492 as
2 follows:
3 1. By striking everything after page 1, line 3
4 and inserting in lieu thereof the following:
5 "Section 1. NEW SECTION. INTEREST RATE COMMISSION.
6 1. There is established an interest rate
7 commission, composed of five members who shall be
8 appointed by the governor, subject to confirmation
9 by the affirmative vote of two-thirds of the members
10 of the senate. Not more than three of the members
11 shall be affiliated with the same political party.
12 2. Members of the commission shall serve terms
13 ending June 30, 1984, and June thirtieth of each
14 fourth year thereafter. A member of the commission
15 is eligible for reappointment to successive terms.
16 Appointments to fill within-term vacancies shall be
17 for the remainder of the unexpired term.
18 3. The membership of the commission shall contain
19 the following:
20 a. One person who is experienced in the banking
21 industry.
22 b. One person who is experienced in the savings
23 and loan industry.
24 c. One person who is experienced in the credit
25 union industry.
26 d. Two persons who are not affiliated, either
27 directly or indirectly, with a bank, savings and loan
28 association or credit union, or with any person who
29 is affiliated, either directly or indirectly, with
30 a bank, savings and loan association or credit union.
31 4. A person shall not exercise any of the duties
32 of a member of the interest rate commission until
33 that person's appointment has been confirmed by the
34 senate. A person shall cease to be a member of the
35 commission upon the expiration of the person's term
36 of appointment, notwithstanding the hold-over
37 provisions of section sixty-nine point one (69.1)
38 of the Code, unless the person has been reappointed
39 and the appointment confirmed by the senate prior
40 to the expiration of the prior term.
41 5. Each member of the commission shall be paid
42 reimbursement for actual and necessary expenses, plus
43 the sum of forty dollars for each day or major portion
44 thereof spent in performing commission duties,
45 including time spent in travel to and from Des Moines.
46 Sec. 2. The commission created by section one
47 (1) of this Act shall establish maximum numerical
48 rates of interest which may be imposed in transactions
49 which respectively are subject to the limitations
50 on interest rate contained in section three hundred

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1 twenty-two point nineteen (322.19), five hundred
2 twenty-four point nine hundred six (524.906), five
3 hundred thirty-three point fourteen (533.14), five
4 hundred thirty-four point nineteen (534.19), five
5 hundred thirty-five point two (535.2), five hundred
6 thirty-five point three (535.3), five hundred thirty-
7 six point thirteen (536.13), five hundred thirty-six
8 A point twenty-three (536A.23), five hundred thirty-
9 seven point two thousand two hundred one (537.2201),
10 five hundred thirty-seven point two thousand two
11 hundred two (537.2202), five hundred thirty-seven
12 point two thousand four hundred one (537.2401), or
13 five hundred thirty-seven point two thousand four
14 hundred two (537.2402) of the Code.

15 2. Interest rates to be established by the
16 commission under section one (1) of this Act shall
17 be promulgated by administrative rule under chapter
18 seventeen A (17A) of the Code. Notwithstanding section
19 seventeen A point four (17A.4) of the Code, notice
20 and public hearing is required for each rule
21 establishing a changed interest rate. The commission
22 shall cause reasonable advance notice of any such
23 hearing to be published in the Iowa administrative
24 bulletin and in two newspapers, each having a
25 circulation of not less than ten thousand subscribers
26 in this state.

27 3. The commission shall meet as often as necessary
28 to accomplish its duties, and shall select one of
29 its members to serve as chairperson of the commission.

30 4. The commission may promulgate new interest
31 rate limitations for any one or more of the sections
32 referred to in subsection one (1) of this section
33 from time to time as appropriate in the discretion
34 of the commission, according to the standards con-
35 tained in subsection five (5) of this section. Each
36 rate established by the commission shall be in effect
37 as of the date provided in the rule by which it is
38 established and until superseded by a subsequent rule.

39 5. When establishing interest rate limitations
40 under this section the commission shall comply with
41 the following standards:

42 a. Each interest rate limitation shall be designed
43 to encourage the free flow of funds into the lending
44 or credit activities to which it applies, while
45 preventing the extraction of rates of interest which
46 in the opinion of the commission are unconscionable.
47 The commission shall consider relevant factors,
48 including but not limited to the costs to the
49 industries of the lending or credit activities
50 involved, and the risks inherent in the types of loans

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1 or credit involved.

2 b. Each interest rate limitation shall bear a
3 reasonable relationship, as determined by the
4 commission, to actual interest rates which prevail
5 in the relevant money markets, including but not
6 limited to interest rates payable on obligations of
7 the United States government, nationwide averages
8 for interest rates payable on mortgage loans bought
9 by the federal national mortgage association and
10 similar instrumentalities, and interest rates paid
11 by member banks on funds borrowed from federal reserve
12 banks.

13 c. The commission shall not, at any time, establish
14 interest rate limitations for the purpose of diverting
15 funds from one sector of the economy to another.

16 6. Rules adopted by the commission under this
17 section do not expire by reason of the failure to
18 reappoint or confirm new members at the expiration
19 of terms of office. Rules in effect upon the ex-
20 piration of the terms of office of members of the
21 commission shall continue to have effect until
22 superseded by rules subsequently adopted or until
23 repealed by subsequent legislation.

24 Sec. 3. NEW SECTION. LIMITATION. The authority
25 of the interest rate commission under section two
26 (2) of this Act is limited to the establishment of
27 numerical interest rate limitations. The commis-
28 sion shall not adopt any rule which purports to exempt
29 a transaction from a section of the Code limiting
30 the rate of interest in that transaction, or which
31 purports to establish classifications of transactions
32 other than those classifications which exist by
33 statute.

34 Sec. 4. NEW SECTION. JUDICIAL REVIEW. The Iowa
35 supreme court has exclusive original jurisdiction
36 under section seventeen A point nineteen (17A.19)
37 of the Code with respect to judicial review of rules
38 adopted by the commission. Pertinent provisions of
39 chapter seventeen A (17A) of the Code apply to those
40 review proceedings in the supreme court.

41 Sec. 5. NEW SECTION. ADMINISTRATIVE PROVISIONS.

42 1. The secretary of the executive council shall
43 serve as the secretary of the interest rate commission,
44 and is the custodian of all records of the commission.

45 2. The secretary of the executive council shall
46 provide administrative assistance to the commission,
47 including but not limited to secretarial staff and
48 physical facilities.

49 3. The interest rate commission shall hold each
50 of its meetings and hearings at the state house.

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Page Four

1 Sec. 6. Section three hundred twenty-two point
2 nineteen (322.19), Code 1979, is amended by adding
3 the following new unnumbered paragraph:
4 NEW UNNUMBERED PARAGRAPH. The limitations on
5 interest rates which are contained in this section
6 are effective until superseded by administrative rule
7 adopted under section two (2) of this Act.
8 Sec. 7. Section five hundred twenty-four point
9 nine hundred six (534.906), Code 1979, is amended
10 by adding the following new subsection:
11 NEW SUBSECTION. The limitation on interest which
12 is contained in this section is effective until
13 superseded by administrative rule adopted under section
14 two (2) of this Act.
15 Sec. 8. Section five hundred thirty-three point
16 fourteen (533.14), Code 1979, as amended by Acts of
17 the Sixty-eighth General Assembly, 1979 Session,
18 chapter one hundred thirty (130), section seven (7),
19 is amended by adding the following new subsection:
20 NEW SUBSECTION. The limitation on interest rate
21 which is contained in this section is effective until
22 superseded by administrative rule adopted under section
23 two (2) of this Act.
24 Sec. 9. Section five hundred thirty-four point
25 nineteen (534.19), subsection six (6), Code 1979,
26 as the section is amended by Acts of the Sixty-eighth
27 General Assembly, 1979 Session, chapter one hundred
28 twenty-nine (129), section seven (7), is amended by
29 adding the following new unnumbered paragraph:
30 NEW UNNUMBERED PARAGRAPH. The limitation on
31 interest rate which is contained in this subsection
32 is effective until superseded by administrative rule
33 adopted under section two (2) of this Act.
34 Sec. 10. Section five hundred thirty-five point
35 two (535.2), subsection one (1), Code 1979 Supplement,
36 is amended by adding the following new unnumbered
37 paragraph:
38 NEW UNNUMBERED PARAGRAPH. The numerical rate of
39 interest specified in this subsection is effective
40 until superseded by administrative rule adopted under
41 section two (2) of this Act.
42 Sec. 11. Section five hundred thirty-five point
43 two (535.2), subsection three (3), Code 1979
44 Supplement, is amended by adding the following new
45 lettered paragraph:
46 NEW LETTERED PARAGRAPH. The limitation on interest
47 rate which is contained in this subsection is effective
48 until superseded by administrative rule adopted under
49 section two (2) of this Act.
50 Sec. 12. Section five hundred thirty-five point

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1 three (535.3), Code 1979, is amended by adding the
2 following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. The numerical rate of
4 interest specified in this section is effective until
5 superseded by administrative rule adopted under section
6 two (2) of this Act.

7 Sec. 13. Section five hundred thirty-five point
8 six (535.6), Code 1979, is amended by adding the
9 following new unnumbered paragraph:

10 NEW UNNUMBERED PARAGRAPH. The provisions of this
11 section do not apply with respect to any transaction
12 which is lawful under administrative rule adopted under
13 section two (2) of this Act.

14 Sec. 14. Section five hundred thirty-six point
15 thirteen (536.13), Code 1979, as the section is amended
16 by Acts of the Sixty-eighth General Assembly, 1979
17 Session, chapter one hundred thirty-one (131), section
18 two (2), is amended by adding the following new
19 subsection:

20 NEW SUBSECTION. The limitations on interest rate
21 which are contained in this section or which are
22 contained in rules adopted by the state banking board
23 are effective until superseded by administrative
24 rule adopted under section two (2) of this Act.

25 Sec. 15. Section five hundred thirty-six A point
26 twenty-three (536A.23), subsection one (1), Code 1979
27 Supplement, is amended by adding the following new
28 unnumbered paragraph:

29 NEW UNNUMBERED PARAGRAPH. The limitation on
30 interest rate which is contained in this subsection
31 is effective until superseded by administrative rule
32 adopted under section two (2) of this Act.

33 Sec. 16. Section five hundred thirty-seven point
34 two thousand two hundred one (537.2201), subsection
35 two (2), Code 1979, is amended by adding the following
36 new unnumbered paragraph:

37 NEW UNNUMBERED PARAGRAPH. The limitation on finance
38 charge which is contained in this subsection is
39 effective until superseded by administrative rule
40 adopted under section two (2) of this Act.

41 Sec. 17. Section five hundred thirty-seven point
42 two thousand two hundred two (537.2202), subsection
43 three (3), Code 1979, is amended by adding the
44 following new unnumbered paragraph:

45 NEW UNNUMBERED PARAGRAPH. The limitations on
46 finance charge which are contained in this subsection
47 are effective until superseded by administrative rule
48 adopted under section two (2) of this Act.

49 Sec. 18. Section five hundred thirty-seven point
50 two thousand four hundred one (537.2401), subsection

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1 one (1), Code 1979, is amended by adding the following
2 new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. The limitation on finance
4 charge which is contained in this subsection is
5 effective until superseded by administrative rule
6 adopted under section two (2) of this Act.
7 Sec. 19. Section five hundred thirty-seven point
8 two thousand four hundred two (537.2402), subsection
9 three (3), Code 1979, is amended by adding the
10 following new unnumbered paragraph:
11 NEW UNNUMBERED PARAGRAPH. The limitations on
12 finance charge which are contained in this subsection
13 are effective until superseded by administrative rule
14 adopted under section two (2) of this Act.
15 Sec. 20. This Act, being deemed of immediate
16 importance, takes effect from and after its publication
17 in the Independence Conservative, a newspaper published
18 in Independence, Iowa, and in the Atlantic News-
19 Telegraph, a newspaper published in Atlantic, Iowa."

H-5447 FILED BY MILLER of Buchanan
MARCH 11, 1980
W/D 3/12 (p. 878)

HOUSE FILE 2492

H-5440

1 Amend amendment H-5437 to House File 2492
2 as follows:
3 1. Page 3, line 14, by striking the word
4 "As" and inserting in lieu thereof the following:
5 "If the loan is a refinancing of a prior loan to
6 the same borrower, a loan processing fee shall
7 not be collected by the lender with respect to
8 that amount of the loan principal which is used
9 to repay the outstanding balance of the prior
10 loan. As".

H-5440 FILED BY BRUNER of Story
MARCH 11, 1980
Let 3/13 (p. 914)

HOUSE FILE 2492

H-5442

1 Amend amendment H-5437 to House File 2492 as
2 follows:
3 1. Page 1, line 12, by inserting after the word
4 "days," the words "request authority".
5 2. Page 1, line 13, by striking the word "to"
6 and inserting in lieu thereof the word "to".

H-5442 FILED BY BRUNER of Story CHIODO of Polk
MARCH 11, 1980 RAPP of Black Hawk JOCHUM of Dubuque
Placed out of order 3/13 (p. 902) BINA of Scott

H-5441

1 Amend amendment H-5437 to House File 2492, page
 2 1, line 10, by inserting after the word "However,"
 3 the words "and for no more than one filing before the
 4 commission within any twelve-month period".

BY JOCHUM of Dubuque
 CHIODO of Polk
 RAPP of Black Hawk
 CONNOLLY of Dubuque
 BRUNER of Story

H-5441 FILED *Filed not
 genuine*
 MARCH 11, 1980 *3/12 (p. 880)*

HOUSE FILE 2492

H-5443

1 Amend amendment H-5437 to House File 2492 as
 2 follows:

3 1. Page 1, line 9, by striking the words "to read
 4 as follows:" and inserting in lieu thereof the words
 5 "by striking the paragraph."
 6 2. Page 1, by striking lines 10 through 27.

BY JOCHUM of Dubuque
 RAPP of Black Hawk
 CHIODO of Polk
 BRUNER of Story
 CONNOLLY of Dubuque

H-5443 FILED *Last 2/12 (p. 879)*
 MARCH 11, 1980

HOUSE FILE 2492

H-5444

1 Amend amendment H-5437 to House File 2492, page
 2 1, line 27, by inserting after the word "annually."
 3 the following new sentence: "This rate of interest
 4 shall also be the maximum interest or penalty charged
 5 by all public utilities for utility service provided
 6 in the past on which customers have not made payment."

BY RAPP of Black Hawk
 BRUNER of Story
 BINA of Scott
 CHIODO of Polk
 CONNOLLY of Dubuque
 JOCHUM of Dubuque

H-5444 FILED
 MARCH 11, 1980

Placed out of order 3/13 (p. 902)
 HOUSE FILE 2492

H-5446

1 Amend amendment H-5437 to House File 2492, page 1,
 2 line 27, by inserting after the word "annually." the
 3 following: "If the commission finds, under section
 4 four hundred seventy-six point three (476.3) of the
 5 Code, that a public utility's rates produce an
 6 excessive return, the commission may also order a
 7 refund, with the rate of interest the same as for
 8 other refunds provided by this section, of amounts
 9 collected after the initiation of the formal proceeding
 10 in excess of that amount which would have been collected
 11 under the rates finally approved."

BY CHIODO of POLK
 BRUNER of Story
 JOCHUM of Dubuque
 CONNOLLY of Dubuque
 AVENSON of Fayette

H-5446 FILED *Placed out of
 order 3/13 (902)*
 MARCH 11, 1980

HOUSE FILE 2492

H-5437

1 Amend House File 2492 by striking everything after
2 title page, line 5 and inserting in lieu thereof the
3 following:

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

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

10 However, a public utility ~~shall have the right~~
11 may at any time after said rates, charges, schedules
12 or regulations have been suspended for ninety days,
13 to place in effect any or all of such the suspended
14 rates, charges, schedules or regulations by filing
15 with the commission a bond or other undertaking
16 approved by the commission conditioned upon the refund
17 in a manner to be prescribed by the commission of
18 any amounts collected ~~thereunder~~ in excess of the
19 amounts which would have been collected under rates,
20 charges, schedules or regulations finally approved
21 by the commission. The commission shall establish
22 a rate of interest to be paid by a public utility
23 to persons receiving refunds. ~~Such~~ The rate of
24 interest shall be a reasonable rate as determined
25 by the commission, but not less than five percent
26 per annum, ~~not more than twelve percent per annum,~~
27 and the interest shall be compounded annually.

28 Sec. 2. NEW SECTION. TEMPORARY EXEMPTIONS.

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

36 a. A person borrowing money to finance the
37 acquisition of real property, including the refinancing
38 of a contract for deed, the refinancing of a prior
39 loan whether or not the borrower also was the borrower
40 under the prior loan, or, subject to section five
41 hundred thirty-five point eight (535.8), subsection
42 two (2), paragraph c, Code 1979 Supplement, the
43 assumption of a prior loan;

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

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

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

4 2. A person borrowing money or obtaining credit
5 for business or agricultural purposes, or a person
6 borrowing money or obtaining credit in an amount which
7 exceeds thirty-five thousand dollars for personal,
8 family or household purposes, may agree in writing
9 to pay any rate of interest which is not more than
10 five percentage points in excess of the discount rate
11 on ninety-day commercial paper in effect at the federal
12 reserve bank of Chicago, Illinois at 12:00 o'clock
13 noon on the day preceding the day on which the
14 agreement to pay interest is executed, and a person
15 so agreeing in writing shall not plead or interpose
16 the claim or defense of usury in any action or
17 proceeding, and the person agreeing to receive such
18 rate of interest shall not be subject to any penalty
19 or forfeiture for agreeing to receive or receiving
20 such interest. As used in this subsection,
21 "agricultural purpose" means and includes any of the
22 purposes referred to in section five hundred thirty-
23 seven point one thousand three hundred one (537.1301),
24 subsection four (4) of the Code, but regardless of
25 whether or not the activities described in that
26 subsection are undertaken by a natural person or other
27 entity.

28 3. The provisions of subsections one (1) and two
29 (2) of this section apply only to written agreements
30 which are executed on or after the effective date
31 of this Act and before July 1, 1983, and with respect
32 to those agreements, the provisions of this Act
33 supersede any interest rate or finance charge
34 limitations contained in the Code, including but not
35 limited to provisions of chapters three hundred twenty-
36 one (321), three hundred twenty-two (322), five hundred
37 twenty-four (524), five hundred thirty-three (533),
38 five hundred thirty-four (534), five hundred thirty-
39 five (535), five hundred thirty-six A (536A), and
40 five hundred thirty-seven (537) of the Code. A rate
41 of interest which is lawful under the provisions of
42 this Act shall remain lawful during the entire term
43 of the written agreement in which the rate is set
44 forth, including any extensions thereof, and until
45 the principal amount to which the rate pertains is
46 paid, and may apply to all money due or to become
47 due under that agreement, including future advances,
48 if any.

49 4. A lender may collect, in connection with any
50 loan made pursuant to a written agreement executed

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1 by the borrower on or after the effective date of
 2 this Act and prior to July 1, 1983, or in connection
 3 with any loan made pursuant to a written commitment
 4 by the lender mailed or delivered to the borrower
 5 on or after the effective date of this Act and prior
 6 to July 1, 1983, a loan processing fee which does
 7 not exceed two percent of an amount which is equal
 8 to the loan principal less fifteen thousand dollars,
 9 except that in the event of an assumption of a prior
 10 loan the lender may collect a loan processing fee
 11 which does not exceed an amount which is a reasonable
 12 estimate of the expenses of processing the loan
 13 assumption but which does not exceed one percent of
 14 the amount assumed. As used in this subsection, the
 15 term "loan" means as defined in section five hundred
 16 thirty-five point eight (535.8), subsection one (1),
 17 of the Code. The provisions of this subsection
 18 supersede conflicting provisions of section five
 19 hundred thirty-five point eight (535.8), subsection
 20 two (2), paragraph a, Code 1979 Supplement, but no
 21 other provision of this section is intended to affect
 22 any other subsection or paragraph of section five
 23 hundred thirty-five point eight (535.8) Code 1979
 24 Supplement.

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

28 Sec. 3. Section three hundred twenty-two point
 29 nineteen (322.19), unnumbered paragraph two (2), Code
 30 1979, is amended to read as follows:

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

37 Sec. 4. Acts of the Sixty-eighth General Assembly,
 38 1979 Session, chapter one hundred twenty-eight (128),
 39 section one (1), amending chapter three hundred twenty-
 40 one (321) of the Code, is amended to read as follows:

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

44 NEW SECTION. SEMITRAILER, MOBILE HOME, MODULAR
 45 HOME OR TRAVEL TRAILER RETAIL INSTALLMENT CONTRACT-
 46 -FINANCE CHARGES. ~~Notwithstanding the provisions~~
 47 ~~of any other law, a~~ A retail installment contract
 48 or agreement for the sale of a semitrailer, mobile
 49 home, modular home or travel trailer may include a
 50 finance charge not in excess of the following rates:

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5474, 544

5585 543
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1 Class 1. Any new semitrailer, mobile home, modular
2 home or travel trailer designated by the manufacturer
3 by a year model not earlier than the year in which
4 the sale is made, an amount equivalent to one and
5 one-fourth one-half percent per month simple interest
6 on the declining balance of the amount financed.

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

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

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

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

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35 Sec. 5. Section five hundred thirty-seven point
36 two thousand two hundred one (537.2201), subsection
37 two (2), Code 1979, is amended to read as follows:

38 2. The finance charge, calculated according to
39 the actuarial method, may not exceed ~~fifteen~~ eighteen
40 percent per year on the unpaid balances of the amount
41 financed.

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42 Sec. 6. Section five hundred thirty-seven point
43 two thousand four hundred one (537.2401), subsection
44 one (1), Code 1979, is amended to read as follows:

45 1. Except as provided with respect to a finance
46 charge for loans pursuant to open end credit under
47 section 537.2402, a lender may contract for and receive
48 a finance charge not exceeding the maximum charge
49 permitted by the laws of this state or of the United
50 States for similar lenders, and, in addition, with

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1 respect to a consumer loan not secured by a first
2 lien on a dwelling of the debtor given to finance
3 the acquisition of that dwelling, a supervised
4 financial organization may contract for and receive
5 a finance charge, calculated according to the actuarial
6 method, not exceeding ~~fifteen~~ eighteen percent per
7 year on the unpaid balance of the amount financed.
8 Sec. 7.

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

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

H-5437 FILED
MARCH 11, 1980

BY SCHROEDER of Pottawattamie
JOHNSON of Linn

CHIODO of Polk 3/13 (p. 893)

*Ruled not germane,
rules suspended 3/12 (p. 886)*

*Adopted as amended by
5460, 5476, and 5505 3/13 (p. 917)*

HOUSE FILE 2492

H-5431

1 Amend amendment H-5375 to House File 2492 as
2 follows:

3 1. Page 7, by inserting after line 44 the
4 following:

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

8 NEW SECTION. FINANCE CHARGE ON ACCOUNTS RECEIVABLE.

9 1. Except where the parties have agreed in writing
10 for the payment of a different finance charge or rate
11 of interest, a creditor may charge a finance charge
12 on the unpaid balance of an account receivable at
13 a rate not exceeding that permitted by this section
14 if at the time the debt arises the creditor gives
15 the notice required by subsection two (2) of this
16 section.

17 2. As a condition of imposing a finance charge
18 under subsection one (1) of this section the creditor
19 must give written notice to the debtor at the time
20 the debt arises. The notice shall be contained on
21 the invoice or bill of sale evidencing the transaction,
22 and shall disclose the rate of the finance charge,
23 and the date or day of the month before which payment
24 must be received if the finance charge is to be
25 avoided. With respect to open accounts, this notice
26 must be given each time credit is extended.

27 3. a. With respect to an account other than an
28 open account the maximum finance charge which may
29 be imposed under this section is one and one-fourth
30 percent per month on the unpaid balance.

31 b. This subsection does not limit or restrict
32 the manner of calculating the finance charge whether
33 by way of add-on, discount, or otherwise, so long
34 as the rate of the finance charge does not exceed
35 that permitted by this subsection.

36 c. For the purposes of this subsection, an account
37 balance arises on the date credit is granted or, if
38 goods are delivered or services performed ten days
39 or more after that date, with the date of commencement
40 of delivery or performance. Any month may be counted
41 as one-twelfth of a year, but a day is counted as
42 one-three hundred sixty-fifth of a year. Subject
43 to classifications and differentiations the seller
44 may reasonably establish, a part of a month in excess
45 of fifteen days may be treated as a full month if
46 periods of fifteen days or less are disregarded and
47 that procedure is not consistently used to obtain
48 a greater yield than would otherwise be permitted.

49 d. Subject to classifications and differentiations
50 the creditor may reasonably establish, the creditor

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1 may make the same finance charge on all amounts
2 financed within a specified range. A finance charge
3 so made does not violate this subsection if both of
4 the following are applicable:

5 (1) When applied to the median amount within each
6 range, the finance charge does not exceed the maximum
7 rate permitted by this subsection.

8 (2) When applied to the lowest amount within each
9 range, the finance charge does not produce a rate
10 exceeding the rate calculated according to subparagraph
11 one (1) of this paragraph by more than eight percent
12 of the rate calculated according to subparagraph one
13 (1) of this paragraph.

14 4. a. With respect to an open account, a creditor
15 may contract for and receive a finance charge not
16 exceeding that permitted in this subsection.

17 b. For each billing cycle, a charge may be made
18 which is a percentage of an amount not exceeding the
19 greatest of the following:

20 (1) The average daily balance of the open account
21 in the billing cycle for which the charge is made,
22 which is the sum of the amount unpaid each day during
23 that cycle, divided by the number of days in that
24 cycle. The amount unpaid on a day is determined by
25 adding to the balance, if any, unpaid as of the
26 beginning of that day all debits and deducting all
27 credits received as of that day.

28 (2) The balance of the open account at the
29 beginning of the first day of the billing cycle, after
30 deducting all credits made in the cycle except credits
31 attributable to additional debt charged to the account
32 during the cycle.

33 (3) The median amount within a specified range
34 including the balance of the open account not exceeding
35 that permitted by subparagraphs one (1) or two (2)
36 of this paragraph. A charge may be made pursuant
37 to this paragraph only if the creditor, subject to
38 classifications and differentiations the creditor
39 may reasonably establish, makes the same charge on
40 all balances within the specified range and if the
41 percentage when applied to the median amount within
42 the range does not produce a charge exceeding the
43 charge resulting from applying that percentage to
44 the lowest amount within the range by more than eight
45 percent of the charge on the median amount.

46 c. If the billing cycle is monthly, the charge
47 may not exceed an amount equal to one and one-half
48 percent of that part of the maximum amount pursuant
49 to paragraph b of this section which is five hundred
50 dollars or less and one and one-fourth percent of

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1 that part of the maximum amount which is more than
2 five hundred dollars. If the billing cycle is not
3 monthly, the maximum charge for the billing cycle
4 shall bear the same relation to the applicable monthly
5 maximum charge as the number of days in the billing
6 cycle bears to three hundred sixty-five divided by
7 twelve. A billing cycle is monthly if the closing
8 date of the cycle is the same date each month or does
9 not vary by more than four days from the regular date.

10 5. As used in this section, open account means
11 an account arrangement under which credit is extended
12 from time to time and the debtor is authorized to
13 make either partial or full payment when billed.

14 6. This section does not supersede any of the
15 provisions of chapter five hundred thirty-seven (537)
16 of the Code except sections five hundred thirty-seven
17 point three thousand two hundred one (537.3201) and
18 five hundred thirty-seven point three thousand two
19 hundred twelve (537.3212) of the Code, and a finance
20 charge imposed under this section is a finance charge
21 as defined and used in chapter five hundred thirty-
22 seven (537) of the Code. This section does not
23 authorize the compounding of a finance charge.

24 7. The finance charge authorized by this section
25 is in lieu of interest or a finance charge which may
26 be authorized under section five hundred thirty-five
27 point two (535.2), subsection one (1) of the Code
28 or any other provision of law. The rate of a finance
29 charge lawfully imposed under this section shall be
30 the rate applicable to a judgment rendered in an
31 action on the account, notwithstanding section five
32 hundred thirty-five point three (535.3) of the Code.

33 8. Imposing or receiving a finance charge which
34 is greater than that authorized by this section shall
35 subject the creditor to the civil and criminal
36 penalties provided in this chapter relating to unlawful
37 interest."

38 2. By renumbering sections and correcting internal
39 references.

H-5431 FILED
MARCH 11, 1980

BY SCHNEKLOTH of Scott

Placed out of order 3/13 (p. 920)

HOUSE FILE 2492

H-5401

1 Amend House File 2492 by striking page 1,
2 lines 1 through 21 and inserting in lieu thereof
3 the following:
4 "Section 1. Section four hundred seventy-six point
5 six (476.6), unnumbered paragraph six (6), Code 1979,
6 as amended by Acts of the Sixty-eighth General
7 Assembly, 1979 Session, chapter one hundred seventeen
8 (117), section one (1), is amended to read as follows:
9 However, a public utility ~~shall have the right~~
10 may, at any time after said rates, charges, schedules
11 or regulations have been suspended for ninety days,
12 request authority to place in effect any or all of
13 such the suspended rates, charges, schedules or
14 regulations by filing with the commission a bond or
15 other undertaking approved by the commission
16 conditioned upon the refund in a manner to be
17 prescribed by the commission of any amounts collected
18 thereunder in excess of the amounts which would have
19 been collected under rates, charges, schedules or
20 regulations finally approved by the commission. The
21 commission shall establish a rate of interest to be
22 paid by a public utility to persons receiving refunds.
23 Such The rate of interest shall be a reasonable rate
24 as determined by the commission, but not less than
25 five percent per annum, ~~not more than twelve percent~~
26 per annum, and the interest shall be compounded
27 annually. This rate of interest shall also be the
28 maximum interest or penalty charged by all public
29 utilities for utility services provided in the past
30 on which customers have not made payment.
31 If the commission finds, under section
32 four hundred seventy-six point three (476.3) of
33 the Code, that a public utility's rates produce
34 an excessive return, the commission may also
35 order a refund, with the rate of interest the
36 same as for other refunds provided by this section,
37 of amounts collected after the initiation of
38 the formal proceeding in excess of that amount
39 which would have been collected under the rates
40 finally approved."

H-5401 FILED
MARCH 6, 1980

BY BRUNER of Story

Placed out of order 2/13 (p. 920)

HOUSE FILE 2492

H-5399

1 Amend House File 2492 as follows:

2 1. By striking everything after page 1, line 21
3 and inserting in lieu thereof the following:

4 "Sec. 2. NEW SECTION. TEMPORARY EXEMPTIONS.

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

12 (1) A person borrowing money to finance the
13 construction or acquisition of real property which
14 is used or to be used as residential property, including
15 the refinancing of a contract for deed, the refinancing
16 of a prior loan, whether or not the borrower also
17 was the borrower under the prior loan, and, subject
18 to the limitation contained in section five hundred
19 thirty-five point eight (535.8), subsection two (2),
20 paragraph c of the Code, the assumption of a prior
21 loan.

22 (2) A vendee under a contract for deed to real
23 property which is used or to be used as residential
24 property.

25 b. A person borrowing money or obtaining credit
26 in the amount of twenty-five thousand dollars or more,
27 exclusive of interest, for business or agricultural
28 purposes may agree in writing to pay any rate of
29 interest, but not exceeding a rate which is equal
30 to the sum of five percentage points plus the discount
31 rate on ninety-day commercial paper in effect at the
32 federal reserve bank of Chicago as of the day the
33 agreement is executed, and a person so agreeing in
34 writing shall not plead or interpose the claim or
35 defense of usury in any action or proceeding, and
36 the person agreeing to receive such rate of interest
37 shall not be subject to any penalty or forfeiture
38 for agreeing to receive or receiving such interest.

39 2. The provisions of subsection one (1) of this
40 section apply only to those written agreements
41 specified in subsection one (1) of this section which
42 are executed on or after the effective date of this
43 Act and before July 1, 1983, and with respect to those
44 agreements, supersede any interest-rate limitations
45 contained in the Code, including but not limited to
46 provisions of chapters three hundred twenty-one (321),
47 three hundred twenty-two (322), five hundred twenty-
48 four (524), five hundred thirty-three (533), five
49 hundred thirty-four (534), five hundred thirty-five
50 (535), five hundred thirty-six A (536A), and five

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1 hundred thirty-seven (537) of the Code.
2 Sec. 3. Section three hundred twenty-two point
3 nineteen (322.19), unnumbered paragraph two (2), Code
4 1979, is amended to read as follows:
5 Class 1. Any new motor vehicle designated by the
6 manufacturer by a year model not earlier than the
7 year in which the sale is made, an amount equivalent
8 to one and ~~one-fourth~~ one-half percent per month
9 simple interest on the declining balance of the amount
10 financed.
11 Sec. 4. Acts of the Sixty-eighth General Assembly,
12 1979 Session, chapter one hundred twenty-eight (128),
13 section one (1), amending chapter three hundred twenty-
14 one (321) of the Code, is amended to read as follows:
15 Section 1. Chapter three hundred twenty-one (321),
16 Code 1979, is amended by adding the following new
17 section:
18 NEW SECTION. SEMITRAILER, MOBILE HOME OR TRAVEL
19 TRAILER RETAIL INSTALLMENT CONTRACT--FINANCE CHARGES.
20 ~~Notwithstanding the provisions of any other law, a~~
21 A retail installment contract or agreement for the
22 sale of a semitrailer, mobile home or travel trailer
23 may include a finance charge not in excess of the
24 following rates:
25 Class 1. Any new semitrailer, mobile home or
26 travel trailer designated by the manufacturer by a
27 year model not earlier than the year in which the
28 sale is made, an amount equivalent to one and ~~one-~~
29 ~~fourth~~ one-half percent per month simple interest
30 on the declining balance of the amount financed.
31 Class 2. Any new semitrailer, mobile home or
32 travel trailer not in Class 1 and any used semitrailer
33 designated by the manufacturer by a year model of
34 the same or not more than two years prior to the year
35 in which the sale is made, an amount equivalent to
36 one and three-fourths percent per month simple interest
37 on the declining balance of the amount financed.
38 Class 3. Any used semitrailer, mobile home or
39 travel trailer not in Class 2 and designated by the
40 manufacturer by a year model more than two years prior
41 to the year in which the sale is made, an amount
42 equivalent to two and one-fourth percent per month
43 simple interest on the declining balance of the amount
44 financed.
45 Amount financed shall be as defined in section
46 five hundred thirty-seven point one thousand three
47 hundred one (537.1301) of the Code.
48 The limitations contained in this section do not
49 apply in a transaction referred to in section five
50 hundred thirty-five point two (535.2), subsection

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1 two (2) of the Code. With respect to a consumer
2 credit sale, as defined in section five hundred thirty-
3 seven point one thousand three hundred one (537.1301)
4 of the Code, the limitations contained in this section
5 supersede conflicting provisions of chapter five
6 hundred thirty-seven (537), article two (2), part
7 two (2) of the Code.

8 Sec. 5.

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

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

H-5399 FILED
MARCH 6, 1980

*Placed out of order
3/13 (p. 920)*

BY CHIODO of Polk
SCHROEDER of Pottawattamie
JOHNSON of Linn

HOUSE FILE 2492

H-5395

1 Amend amendment H-5375 to House File 2492,
2 page 1, line 27, by inserting after the word "annually."
3 the following: "If the commission finds, under section
4 four hundred seventy-six point three (476.3) of
5 the Code, that a public utility's rates produce
6 an excessive return, the commission may also
7 order a refund, with the rate of interest the
8 same as for other refunds provided by this
9 section, of amounts collected after the init-
10 iation of the formal proceeding in excess of
11 that amount which would have been collected
12 under the rates finally approved."

BY CHIODO of Polk
BRUNER of Story
JOCHUM of Dubuque
CONNOLLY of Dubuque
BINA of Scott

H-5395 FILED
MARCH 6, 1980

Placed out of order 3/13 (p. 920)

H-5394

1 Amend the amendment, H-5375, to House File
2 2492, as follows:
3 1. Page 3, line 40, by striking the word
4 "unconscionable" and inserting in lieu thereof the
5 word "excessive".

H-5394 FILED BY PERKINS of Greene

MARCH 6, 1980

Placed out of order 2/13 (p. 920)

HOUSE FILE 2492

H-5393

1 Amend amendment H-5375 to House File 2492,
2 page 1, line 10, by inserting after the word
3 "However," the words "and for no more than one
4 filing before the commission within any twelve
5 month period".

BY JOCHUM of Dubuque
CHIODO of Polk
RAPP of Black Hawk
CONNOLLY of Dubuque
BRUNER of Story

H-5393 FILED

MARCH 6, 1980

Placed out of order 2/13 (p. 920)

HOUSE FILE 2492

H-5392

1 Amend amendment H-5375 to House File 2492,
2 Page 1, line 27, by inserting after the word
3 "annually." the following new sentence: "This
4 rate of interest shall also be the maximum
5 interest or penalty charged by all public
6 utilities for utility services provided in the
7 past on which customers have not made payment."

BY RAPP of Black Hawk
BRUNER of Story
BINA of Scott
CHIODO of Polk
CONNOLLY of Dubuque
JOCHUM of Dubuque

H-5392 FILED

MARCH 6, 1980

Placed out of order 2/13 (p. 920)

HOUSE FILE 2492

H-5391

1 Amend amendment H-5375 to House File 2492
2 as follows:
3 1. Page 1, line 9, by striking the words
4 "to read as follows:" and inserting in lieu
5 thereof the words "by striking the paragraph."
6 2. Page 1, by striking lines 10 through
7 27.

BY JOCHUM of Dubuque
RAPP of Black Hawk
CHIODO of Polk
BRUNER of Story
CONNOLLY of Dubuque

H-5391 FILED

MARCH 6, 1980

Placed out of order 2/13 (p. 920)

HOUSE FILE 2492

H-5388

- 1 Amend amendment H-5375 to House File 2492 as
- 2 follows:
- 3 1. Page 2, line 38, by inserting before the word
- 4 "five" the word "and".
- 5 2. Page 2, by striking lines 39 through 45 and
- 6 inserting in lieu thereof the words "twenty-three
- 7 (536A.23) of the Code, and section twenty-five (25)".
- 8 3. Page 4, by striking lines 29 through 34.
- 9 4. Page 4, by striking lines 37 through 43 and
- 10 inserting in lieu thereof the words "twenty-two point
- 11 nineteen (322.19) of the Code or".
- 12 5. Page 7, by striking lines 3 through 34.
- 13 6. Page 7, by striking lines 45 through 50.
- 14 7. Page 8, by striking lines 1 through 50.
- 15 8. Page 9, by striking line 1.
- 16 9. By renumbering sections and subsections and
- 17 correcting internal references.

H-5388 FILED *Placed out of order 2/13 (p. 920)* BY SCHROEDER of Pottawattamie
MARCH 6, 1980 JOHNSON of Linn
CHIODO of Polk

HOUSE FILE 2492

H-5390

- 1 Amend the amendment H-5375, to House File
- 2 2492, as follows:
- 3 1. Page 1, by striking lines 38 through 50 and
- 4 inserting in lieu thereof the following:
- 5 "d. Three persons appointed by the governor
- 6 and confirmed by the Senate, who shall be voting
- 7 members, and who shall not be officers or stockholders
- 8 of any financial institution or bond underwriter or
- 9 investment company."
- 10 2. Page 2, by striking lines 1 and 2.
- 11 3. Page 2, line 3, by striking the letter "f"
- 12 and inserting in lieu thereof the letter "e".
- 13 4. Page 2, line 17, by striking the words
- 14 "paragraphs d and e," and inserting in lieu thereof
- 15 the words "paragraph d".
- 16 5. Page 2, line 26, by striking the word "three"
- 17 and inserting in lieu thereof the word "four".

H-5390 FILED BY NORLAND of Worth
MARCH 6, 1980

Placed out of order 2/13 (p. 920)

HOUSE FILE 2492

H-5387

- 1 Amend amendment H-5375 to House File 2492
- 2 as follows:
- 3 1. Page 1, by striking line 21, and inserting
- 4 in lieu thereof the following: "by the commission.
- 5 The interest rate commission established by this Act
- 6 shall establish".
- 7 2. Page 1, line 25, by inserting after the
- 8 word "the" the words "interest rate".

H-5387 FILED *Placed out of order 2/13 (p. 920)* BY BRUNER of Story
MARCH 6, 1980 RAPP of Black Hawk

HOUSE FILE 2492

H-5389

- 1 Amend amendment H-5375 to House File 2492,
- 2 as follows:
- 3 1. Page 1, line 12, by inserting after the word "days,"
- 4 the words "request authority".
- 5 2. Page 1, line 13, by striking the word
- 6 "to" and inserting in lieu thereof the word
- 7 "to".

BY BRUNER of Story
RAPP of Black Hawk
BINA of Scott
CHIDO of Polk
JOCHUM of Dubuque

H-5389 FILED
MARCH 6, 1980

*Placed out of order
2/13 (p. 920)*

MARCH 7, 1980
PAGE NINE

HOUSE FILE 2492

H-5386

1 Amend amendment H-5375 to House File 2492 as
2 follows:
3 1. Page 6, by striking lines 20 through 26, and
4 inserting in lieu thereof the following:
5 "Sec. _____. Section five hundred thirty-five point
6 three (535.3), Code 1979, is amended to read as
7 follows:
8 535.3 INTEREST ON JUDGMENTS AND DECREES. Interest
9 shall be allowed on all money due on judgments and
10 decrees of courts at the rate of seven cents on the
11 hundred by the year, unless a different rate is fixed
12 by the contract on which the judgment or decree is
13 rendered, in which case the judgment or decree shall
14 draw interest at the rate expressed in the contract,
15 not exceeding the maximum ~~applicable~~ rate permitted
16 by ~~the provisions of section 535.2~~ applicable law,
17 which rate must be expressed in the judgment or
18 decree."

H-5386 FILED BY SCHROEDER of Pottawattamie
MARCH 6, 1980

Placed out of order 3/13 (p. 420)

HOUSE FILE 2492

H-5384

1 Amend amendment H-5375 to House File 2492
2 as follows:
3 1. Page 2, by inserting after line 7 ,
4 the following new lettered paragraph:
5 "g. Four members of the general assembly.
6 Two members shall be appointed by the speaker
7 of the house from the membership of the house
8 of representatives, not more than one of whom
9 shall be from the same political party. Two
10 members shall be appointed by the majority
11 leader of the senate from the membership
12 of the senate, not more than one of whom shall
13 be from the same political party. These persons
14 shall be advisory members of the commission, and
15 shall not vote on any matter before the
16 commission."

H-5384 FILED BY BRUNER of Story
MARCH 6, 1980 CHIODO of Polk

*Placed out of order
3/13 (p. 420)*

HOUSE FILE 2492

H-5383

1 Amend amendment H-5375 to House File 2492 by
2 striking page 1, lines 2 through 27 and inserting
3 in lieu thereof the following:
4 "1. By striking everything after the enacting
5 clause and inserting in lieu thereof the following:

6 "DIVISION I

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

12 However, a public utility ~~shall have the right~~
13 may, at any time after said rates, charges, schedules
14 or regulations have been suspended for ninety days,
15 request authority to place in effect any or all of
16 such the suspended rates, charges, schedules or
17 regulations by filing with the commission a bond or
18 other undertaking approved by the commission
19 conditioned upon the refund in a manner to be
20 prescribed by the commission of any amounts collected
21 thereunder in excess of the amounts which would have
22 been collected under rates, charges, schedules or
23 regulations finally approved by the commission. The
24 commission shall establish a rate of interest to be
25 paid by a public utility to persons receiving refunds.
26 Such The rate of interest shall be a reasonable rate
27 as determined by the commission, but not less than
28 five percent per annum, ~~nor more than twelve percent~~
29 per annum, and the interest shall be compounded
30 annually. This rate of interest shall also be the
31 maximum interest or penalty charged by all public
32 utilities for utility services provided in the past
33 on which customers have not made payment."

H-5383 FILED

BY BRUNER of Story

MARCH 6, 1980

Placed out of order 3/13 (p. 920)

HOUSE FILE 2492

H-5377

1 Amend House File 2492 as follows:

2 1. By striking everything after page 1, line 21
3 and inserting in lieu thereof the following:

4 "Sec. 2. NEW SECTION. TEMPORARY EXEMPTIONS.

5 1. a. A person borrowing money or obtaining
6 credit in the amount of twenty-five thousand dollars
7 or more, exclusive of interest, for business or
8 agricultural purposes may agree in writing to pay
9 any rate of interest, and a person so agreeing in
10 writing shall not plead or interpose the claim or
11 defense of usury in any action or proceeding, and
12 the person agreeing to receive such rate of interest
13 shall not be subject to any penalty or forfeiture
14 for agreeing to receive or receiving such interest.
15 As used in this paragraph, "agricultural purposes"
16 means and includes any of the purposes referred to
17 in section five hundred thirty-seven point one thousand
18 three hundred one (537.1301), subsection four (4)
19 of the Code.

20 b. The provisions of paragraph a of this subsection
21 apply only to written agreements which are executed
22 on or after the effective date of this Act and before
23 July 1, 1983, and with respect to those agreements,
24 supersede any conflicting interest-rate limitations
25 contained in the Code, including but not limited to
26 provisions of chapters three hundred twenty-one (321),
27 three hundred twenty-two (322), five hundred twenty-
28 four (524), five hundred thirty-three (533), five
29 hundred thirty-four (534), five hundred thirty-five
30 (535), five hundred thirty-six A (536A), and five
31 hundred thirty-seven (537) of the Code.

32 2. a. A person borrowing money to finance the
33 construction or acquisition of real property which
34 is used or to be used as residential property or a
35 vendee under a contract for deed to real property
36 which is used or to be used as residential property,
37 may agree in writing to pay any rate of interest not
38 exceeding the maximum rate in effect under paragraph
39 b of this subsection, and a person so agreeing in
40 writing shall not plead or interpose the claim or
41 defense of usury in any action or proceeding, and
42 the person agreeing to receive such rate of interest
43 shall not be subject to any penalty or forfeiture
44 for agreeing to receive or receiving such interest.

45 b. The maximum lawful rate of interest which may
46 be provided for in any written agreement for the
47 payment of interest referred to in paragraph a of
48 this subsection and entered into during any calendar
49 week commencing on or after the effective date of
50 this Act shall be an annual simple interest rate which

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Page Two

1 is equal to 5 percentage points plus the Federal
2 Discount Rate as established by the Federal Reserve
3 Board.

4 c. The provisions of paragraph a of this subsection
5 apply only to those written agreements which are
6 executed on or after the effective date of this Act
7 and before July 1, 1983, and with respect to those
8 agreements, supersede any conflicting interest-rate
9 limitations contained in the Code, including but not
10 limited to provisions of chapters five hundred twenty-
11 four (524), five hundred thirty-three (533), five
12 hundred thirty-four (534), five hundred thirty-five
13 (535) and five hundred thirty-six A (536A) of the
14 Code.

15 Sec. 3

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

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

H-5377 FILED BY CHIODO of Polk

MARCH 5, 1980

Placed out of order 3/13 (p. 919)

HOUSE FILE 2492

H-5361

1 Amend House File 2492 by striking lines
2 5 through 21 on page 1 and inserting in lieu
3 thereof "amended by striking the paragraph."

BY JOCHUM of Dubuque
BRUNER of Story
CHIODO of Polk
RAPP of Black Hawk
CONNOLLY of Dubuque
CUSACK of Scott
BINA of Scott

H-5361 FILED

MARCH 5, 1980

Placed out of order 3/13 (p. 919)

HOUSE FILE 2492

H-5364

1 Amend House File 2492, page 1, line 8, by
2 inserting after the word "days," the words
3 "request authority to".

BY BRUNER of Story
JOCHUM of Dubuque
RAPP of Black Hawk
CHIODO of Polk

H-5364 FILED

MARCH 5, 1980

Placed out of order 3/13 (p. 919)

HOUSE FILE 2492

H-5376

1 Amend House File 2492 as follows:

2 1. By striking everything after page 1, line 21
3 and inserting in lieu thereof the following:

4 "Sec. 2. NEW SECTION. TEMPORARY EXEMPTIONS.

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

13 a. A person borrowing money or obtaining credit
14 in the amount of twenty-five thousand dollars or more,
15 exclusive of interest, for business or agricultural
16 purposes. As used in this paragraph, "agricultural
17 purposes" means and includes any of the purposes
18 referred to in section five hundred thirty-seven point
19 one thousand three hundred one (537.1301), subsection
20 four (4) of the Code.

21 b. A person borrowing money to finance the
22 construction or acquisition of real property which
23 is used or to be used as residential property, including
24 the refinancing of a contract for deed, the refinancing
25 of a prior loan, whether or not the borrower also
26 was the borrower under the prior loan, and, subject
27 to the limitation contained in section five hundred
28 thirty-five point eight (535.8), subsection two (2),
29 paragraph c of the Code, the assumption of a prior
30 loan; or a vendee under a contract for deed to real
31 property which is used or to be used as residential
32 property.

33 2. The provisions of subsection one (1) of this
34 section apply only to those written agreements
35 specified in subsection one (1) of this section which
36 are executed on or after the effective date of this
37 Act and before July 1, 1981, and with respect to those
38 agreements, supersede any interest-rate limitations
39 contained in the Code, including but not limited to
40 provisions of chapters three hundred twenty-one (321),
41 three hundred twenty-two (322), five hundred twenty-
42 four (524), five hundred thirty-three (533), five
43 hundred thirty-four (534), five hundred thirty-five
44 (535), five hundred thirty-six A (536A), and five
45 hundred thirty-seven (537) of the Code.

46 Sec. 3. Section five hundred thirty-seven point
47 two thousand two hundred one (537.2201), subsection
48 two (2), Code 1979, is amended to read as follows:

49 2. The finance charge, calculated according to
50 the actuarial method, may not exceed ~~fifteen~~ eighteen

1 percent per year on the unpaid balances of the amount
2 financed.

3 Sec. 4. Section five hundred thirty-seven point
4 two thousand two hundred two (537.2202), subsection
5 three (3), Code 1979, is amended to read as follows:

6 3. If the billing cycle is monthly, the charge
7 may not exceed an amount equal to one and one-half
8 percent of ~~that-part-of~~ the maximum amount pursuant
9 to subsection 2 ~~which-is-five-hundred-dollars-or-less~~
10 ~~and-one-and-one-fourth-percent-of-that-part-of-the~~
11 ~~maximum-amount-which-is-more-than-five-hundred-dollars.~~
12 If the billing cycle is not monthly, the maximum
13 charge for the billing cycle shall bear the same
14 relation to the applicable monthly maximum charge
15 as the number of days in the billing cycle bears to
16 three hundred sixty-five divided by twelve. A billing
17 cycle is monthly if the closing date of the cycle
18 is the same date each month or does not vary by more
19 than four days from the regular date.

20 Sec. 5. Section five hundred thirty-seven point
21 two thousand four hundred one (537.2401), subsection
22 one (1), Code 1979, is amended to read as follows:

23 1. Except as provided with respect to a finance
24 charge for loans pursuant to open end credit under
25 section 537.2402, a lender may contract for and receive
26 a finance charge not exceeding the maximum charge
27 permitted by the laws of this state or of the United
28 States for similar lenders, and, in addition, with
29 respect to a consumer loan not secured by a first
30 lien on a dwelling of the debtor given to finance
31 the acquisition of that dwelling, a supervised
32 financial organization may contract for and receive
33 a finance charge, calculated according to the actuarial
34 method, not exceeding ~~fifteen~~ eighteen percent per
35 year on the unpaid balance of the amount financed.

36 Sec. 6. Section five hundred thirty-seven point
37 two thousand four hundred two (537.2402), subsection
38 three (3), Code 1979, is amended to read as follows:

39 3. If the billing cycle is monthly, the charge
40 may not exceed an amount equal to one and one-half
41 percent of ~~that-part-of~~ the maximum amount pursuant
42 to subsection 2 ~~which-is-five-hundred-dollars-or-less~~
43 ~~and-one-and-one-fourth-percent-of-that-part-of-the~~
44 ~~maximum-amount-which-is-more-than-five-hundred-dollars.~~
45 If the billing cycle is not monthly, the maximum
46 charge for the billing cycle shall bear the same
47 relation to the applicable monthly maximum charge
48 as the number of days in the billing cycle bears to
49 three hundred sixty-five divided by twelve. A billing
50 cycle is monthly if the closing date of the cycle

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1 is the same date each month or does not vary by more
2 than four days from the regular date.

3 Sec. 7. It is the intent of the general assembly
4 in enacting sections three (3) through six (6) of
5 this Act that the amendments contained in those
6 sections are of temporary effect only, and that the
7 provisions of law as amended by sections three (3)
8 through six (6) of this Act shall be the law of this
9 state only during the period commencing on the
10 effective date of this Act and ending July 1, 1983.
11 Effective July 1, 1983, the law of this state as
12 amended by sections three (3) through six (6) of this
13 Act expires, and the provisions of sections five
14 hundred thirty-seven point two thousand two hundred
15 one (537.2201), five hundred thirty-seven point two
16 thousand two hundred two (537.2202), five hundred
17 thirty-seven point two thousand four hundred one
18 (537.2401) and five hundred thirty-seven point two
19 thousand four hundred two (537.2402) of the Code as
20 they existed prior to amendment by section three (3)
21 through six (6) of this Act shall be the law of this
22 state on and after July 1, 1983.

23 Sec. 8.

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

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

H-5376 FILED
MARCH 5, 1980

BY SCHROEDER of Pottawattamie

Placed out of order 2/13 (p. 919)

HOUSE FILE 2492

H-5365

1 Amend House File 2492, page 1, line 21, by
2 inserting after the word "annually:" the
3 following new sentence: "This rate of interest
4 shall also be the maximum interest or penalty
5 charged by all public utilities for utility
6 services provided in the past on which cus-
7 tomers have not made payment."

BY RAPP of Black Hawk
JOCHUM of Dubuque
BRUNER of Story
CONNOLLY of Dubuque
CHIODO of Polk

H-5365 FILED
MARCH 5, 1980

Placed out of order 3/13 (p. 919)

HOUSE FILE 2492

H-5374

1 Amend House File 2492 as follows:
2 1. Page 13, by inserting after line 9 the
3 following:
4 "Sec. ____ Chapter three hundred twenty-one (321),
5 Code 1979, is amended by adding the following new
6 section:
7 NEW SECTION. RETAIL SALES OF MOBILE HOMES AND
8 TRAVEL TRAILERS--INTEREST RATE.
9 1. A retail installment contract or agreement
10 for the sale of a mobile home or travel trailer may
11 include a finance charge not in excess of the following
12 applicable rate:
13 a. With respect to a new mobile home or new travel
14 trailer, an amount per month which is equivalent to
15 one-twelfth of the sum of the maximum rate in effect
16 under section five hundred thirty-five point two
17 (535.2), subsection three (3) of the Code as of the
18 date of sale plus three percentage points, simple
19 interest on the unpaid balances of the amount financed.
20 b. With respect to a used mobile home or travel
21 trailer, an amount per month which is equivalent to
22 one-twelfth of the sum of the maximum rate in effect
23 under section five hundred thirty-five point two
24 (535.2), subsection three (3) of the Code as of the
25 date of sale plus five percentage points, simple
26 interest on the unpaid balances of the amount financed.
27 2. The limitations contained in this section do
28 not apply in a transaction referred to in section
29 five hundred thirty-five point two (535.2), subsection
30 two (2), paragraph a, of the Code. With respect to
31 a consumer credit transaction, as defined in section
32 five hundred thirty-seven point one thousand three
33 hundred one (537.1301) of the Code, the limitations
34 contained in this section supersede conflicting
35 provisions of chapter five hundred thirty-seven (537),
36 article two (2), part two (2) of the Code.

H-5374 FILED
MARCH 5, 1980

BY JOHNSON of Linn
MILLER of Buchanan

Placed out of order 3/13 (p. 919)

HOUSE FILE 2492

5375

1 Amend House File 2492 as follows:

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

4 "DIVISION I

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

10 However, a public utility ~~shall have the right~~
11 ~~may~~ at any time after said rates, charges, schedules
12 or regulations have been suspended for ninety days,
13 ~~to~~ place in effect any or all of ~~such the~~ suspended
14 rates, charges, schedules or regulations by filing
15 with the commission a bond or other undertaking
16 approved by the commission conditioned upon the refund
17 in a manner to be prescribed by the commission of
18 any amounts collected ~~thereunder~~ in excess of the
19 amounts which would have been collected under rates,
20 charges, schedules or regulations finally approved
21 by the commission. The commission shall establish
22 a rate of interest to be paid by a public utility
23 to persons receiving refunds. ~~Such~~ The rate of
24 interest shall be a reasonable rate as determined
25 by the commission, but not less than five percent
26 per annum, ~~not more than twelve percent per annum,~~
27 and the interest shall be compounded annually.

28 DIVISION II

29 Sec. 2. NEW SECTION. INTEREST RATE COMMISSION.

30 1. There is established an interest rate
31 commission, composed of the following persons:

32 a. The treasurer of state, who shall be the
33 chairperson of the commission and a voting member.

34 b. The auditor of state, who shall be a voting
35 member.

36 c. The commissioner of insurance, who shall be
37 a voting member.

38 d. A person appointed by the governor, who shall
39 be a voting member, and who shall be selected and
40 appointed by the governor on the basis of superior
41 knowledge and experience in professional or
42 occupational activities relating to the financing
43 of governmental operations through the issuance of
44 public bonds and other debt obligations.

45 e. A person appointed by the governor, who shall
46 be a voting member, and who shall be selected and
47 appointed by the governor to represent the general
48 public. The governor shall not appoint any person
49 to serve under this paragraph who directly or
50 indirectly has any affiliation with a financial

1 institution, a state or local governmental unit, or
2 a bond underwriter or an investment company.

3 f. The superintendent of banking, the credit union
4 administrator and the supervisor of savings and loan
5 associations. These persons shall be advisory members
6 of the commission, and shall not vote on any matter
7 before the commission.

8 2. Members of the commission who are officers
9 of state government may designate their respective
10 first deputies to exercise duties and responsibilities
11 relating to the commission. The duties and
12 responsibilities of other members shall not be
13 delegated.

14 3. For purposes of this section, "appointive
15 member" means each of those persons appointed to the
16 commission by the governor under subsection one (1),
17 paragraphs d and e, of this section.

18 4. Each appointive member of the commission shall
19 be paid reimbursement for actual and necessary
20 expenses, plus the sum of forty dollars for each day
21 or major portion thereof spent in performing commission
22 duties, including time spent in travel to and from
23 Des Moines.

24 5. The commission shall not take any affirmative
25 action except upon the affirmative vote of at least
26 three of the voting members.

27 Sec. 3. NEW SECTION. DUTIES.

28 1. Subject to the limitations contained in this
29 section and section four (4) of this Act, the
30 commission created by section two (2) of this Act
31 shall establish maximum numerical rates of interest
32 for purposes of section three hundred twenty-two point
33 nineteen (322.19), five hundred twenty-four point
34 nine hundred six (524.906), five hundred thirty-three
35 point fourteen (533.14), five hundred thirty-four
36 point nineteen (534.19), five hundred thirty-five
37 point two (535.2), five hundred thirty-six point
38 thirteen (536.13), five hundred thirty-six A point
39 twenty-three (536A.23), five hundred thirty-seven
40 point two thousand two hundred one (537.2201), five
41 hundred twenty-seven point two thousand two hundred
42 two (537.2202), five hundred thirty-seven point two
43 thousand four hundred one (537.2401), or five hundred
44 thirty-seven point two thousand four hundred two
45 (537.2402) of the Code, and section twenty-five (25)
46 of this Act.

47 2. Interest rates to be established by the
48 commission under section one (1) or thirty-nine (39)
49 of this Act shall be promulgated by administrative
50 rule under chapter seventeen A (17A) of the Code.

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1 Notwithstanding section seventeen A point four (17A.4)
2 of the Code, notice and public hearing is required
3 for each rule establishing a changed interest rate.
4 The commission shall cause reasonable advance notice
5 of any such hearing to be published in the Iowa
6 administrative bulletin and in two newspapers, each
7 having a circulation of not less than ten thousand
8 subscribers in this state. Notwithstanding any
9 contrary provisions of chapter seventeen A (17A) of
10 the Code, the commission may adopt a rule at any time
11 after the close of the public hearing, and the rule
12 shall take effect upon publication in the Iowa adminis-
13 trative bulletin or at such later date following
14 publication as may be specified in the rule as adopted
15 by the commission. Section seventeen A point four
16 (17A.4), subsection one (1), paragraphs b and c, and
17 subsections four (4), five (5) and six (6) do not
18 apply to rules issued under this section or section
19 thirty-nine (39) of this Act.

20 3. The commission shall meet as often as necessary
21 to accomplish its duties. The commission shall meet
22 at the call of the chairperson or upon the request
23 of any two of its members.

24 4. The commission may promulgate new interest
25 rate limitations for any one or more of the sections
26 referred to in subsection one (1) of this section
27 from time to time as appropriate in the discretion
28 of the commission, according to the standards con-
29 tained in subsection five (5) of this section. Each
30 rate established by the commission shall be in effect
31 as of the date provided in the rule by which it is
32 established and until superseded by a subsequent rule.

33 5. When establishing interest rate limitations
34 under this section the commission shall comply with
35 the following standards:

36 a. Each interest rate limitation shall be designed
37 to encourage the free flow of funds into the lending
38 or credit activities to which it applies, while
39 preventing the extraction of rates of interest which
40 in the opinion of the commission are unconscionable.
41 The commission shall consider relevant factors,
42 including but not limited to the costs to the
43 industries of the lending or credit activities
44 involved, and the risks inherent in the types of loans
45 or credit involved.

46 b. Each interest rate limitation shall bear a
47 reasonable relationship, as determined by the
48 commission, to actual interest rates which prevail
49 in the relevant money markets, including but not
50 limited to interest rates payable on obligations of

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1 the United States government, nationwide averages
2 for interest rates payable on mortgage loans bought
3 by the federal national mortgage association and
4 similar instrumentalities, and interest rates paid
5 by member banks on funds borrowed from federal reserve
6 banks.

7 c. The commission shall not, at any time, establish
8 interest rate limitations for the purpose of diverting
9 funds from one sector of the economy to another.

10 6. Rules adopted by the commission do not expire
11 by reason of the failure to reappoint or confirm new
12 members at the expiration of terms of office. Rules
13 in effect upon the expiration of the terms of office
14 of members of the commission shall continue to have
15 effect until superseded by rules subsequently adopted,
16 or until repealed by subsequent legislation.

17 7. The commission also shall have the duties
18 specified in section thirty-nine (39) of this Act.

19 Sec. 4. NEW SECTION. LIMITATIONS.

20 1. The authority of the interest rate commission
21 under section three (3) of this Act is limited to
22 the establishment of numerical interest rate
23 limitations. The commission shall not adopt any rule
24 which purports to exempt a transaction from a section
25 of the Code limiting the rate of interest in that
26 transaction, or which purports to establish
27 classifications of transactions other than those
28 classifications which exist by statute.

29 2. The commission shall not modify maximum interest
30 rates under section five hundred thirty-seven point
31 two thousand two hundred two (537.2202) or five hundred
32 thirty-seven point two thousand four hundred two
33 (537.2402) of the Code more than once in any twelve-
34 month period.

35 3. The commission shall not establish a maximum
36 rate of interest for purposes of section three hundred
37 twenty-two point nineteen (322.19), five hundred
38 thirty-seven point two thousand two hundred one
39 (537.2201), five hundred thirty-seven point two
40 thousand two hundred two (537.2202), five hundred
41 thirty-seven point two thousand four hundred one
42 (537.2401) or five hundred thirty-seven point two
43 thousand four hundred two (537.2402) of the Code or
44 section twenty-five (25) of this Act prior to July
45 1, 1981.

46 4. The maximum lawful rate which may be established
47 by the commission for purposes of any of the sections
48 of the Code referred to in section three (3),
49 subsection one (1) of this Act shall be an annual
50 rate which is equal to the sum of six percentage

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1 points plus that percentage which is the arithmetic
2 average of the weekly discount rates as reported and
3 published by the United States treasury bills with
4 six-month maturities sold at auction at the twelve
5 most recent weekly auctions held prior to the date
6 notice of the proposed rule is published under section
7 three (3), subsection two (2), of this Act, rounded
8 to the nearest one-fourth of one percent per year.
9 All interest rates established by the commission shall
10 be simple interest.

11 Sec. 5. NEW SECTION. ADMINISTRATIVE PROVISIONS.

12 1. The secretary of the executive council shall
13 serve as the secretary of the interest rate commission,
14 and is the custodian of all records of the commission.

15 2. The secretary of the executive council shall
16 provide administrative assistance to the commission,
17 including but not limited to secretarial staff and
18 physical facilities.

19 3. The interest rate commission shall hold each
20 of its meetings and hearings at the state house.

21 Sec. 6. Section three hundred twenty-two point
22 nineteen (322.19), Code 1979, is amended by adding
23 the following new unnumbered paragraph:

24 NEW UNNUMBERED PARAGRAPH. The limitations on
25 interest rates which are contained in this section
26 are effective until superseded by administrative rule
27 adopted under section two (2) of this Act.

28 Sec. 7. Section five hundred twenty-four point
29 nine hundred six (534.906), Code 1979, is amended
30 by adding the following new subsection:

31 NEW SUBSECTION. The limitation on interest which
32 is contained in this section is effective until
33 superseded by administrative rule adopted under section
34 two (2) of this Act.

35 Sec. 8. Section five hundred thirty-three point
36 fourteen (533.14), Code 1979, as amended by Acts of
37 the Sixty-eighth General Assembly, 1979 Session,
38 chapter one hundred thirty (130), section seven (7),
39 is amended by adding the following new subsection:

40 NEW SUBSECTION. The limitation on interest rate
41 which is contained in this section is effective until
42 superseded by administrative rule adopted under section
43 two (2) of this Act.

44 Sec. 9. Section five hundred thirty-four point
45 nineteen (534.19), subsection six (6), Code 1979,
46 as the section is amended by Acts of the Sixty-eighth
47 General Assembly, 1979 Session, chapter one hundred
48 twenty-nine (129), section seven (7), is amended by
49 adding the following new unnumbered paragraph:

0 NEW UNNUMBERED PARAGRAPH. The limitation on

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1 interest rate which is contained in this subsection
2 is effective until superseded by administrative rule
3 adopted under section two (2) of this Act.

4 Sec. 10. Section five hundred thirty-five point
5 two (535.2), subsection one (1), Code 1979 Supplement,
6 is amended by adding the following new unnumbered
7 paragraph:

8 NEW UNNUMBERED PARAGRAPH. The numerical rate of
9 interest specified in this subsection is effective
10 until superseded by administrative rule adopted under
11 section two (2) of this Act.

12 Sec. 11. Section five hundred thirty-five point
13 two (535.2), subsection three (3), Code 1979
14 Supplement, is amended by adding the following new
15 lettered paragraph:

16 NEW LETTERED PARAGRAPH. The limitation on interest
17 rate which is contained in this subsection is effective
18 until superseded by administrative rule adopted under
19 section two (2) of this Act.

20 Sec. 12. Section five hundred thirty-five point
21 three (535.3), Code 1979, is amended by adding the
22 following new unnumbered paragraph:

23 NEW UNNUMBERED PARAGRAPH. The numerical rate of
24 interest specified in this section is effective until
25 superseded by administrative rule adopted under section
26 two (2) of this Act.

27 Sec. 13. Section five hundred thirty-five point
28 six (535.6), Code 1979, is amended by adding the
29 following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. The provisions of this
31 section do not apply with respect to any transaction
32 which is lawful under administrative rule adopted under
33 section two (2) of this Act.

34 Sec. 14. Section five hundred thirty-six point
35 thirteen (536.13), Code 1979, as the section is amended
36 by Acts of the Sixty-eighth General Assembly, 1979
37 Session, chapter one hundred thirty-one (131), section
38 two (2), is amended by adding the following new
39 subsection:

40 NEW SUBSECTION. The limitations on interest rate
41 which are contained in this section or which are
42 contained in rules adopted by the state banking board
43 are effective until superseded by administrative
44 rule adopted under section two (2) of this Act.

45 Sec. 15. Section five hundred thirty-six A point
46 twenty-three (536A.23), subsection one (1), Code 1979
47 Supplement, is amended by adding the following new
48 unnumbered paragraph:

49 NEW UNNUMBERED PARAGRAPH. The limitation on
50 interest rate which is contained in this subsection

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1 is effective until superseded by administrative rule
2 adopted under section two (2) of this Act.

3 Sec. 16. Section five hundred thirty-seven point
4 two thousand two hundred one (537.2201), subsection
5 two (2), Code 1979, is amended by adding the following
6 new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. The limitation on finance
8 charge which is contained in this subsection is
9 effective until superseded by administrative rule
10 adopted under section two (2) of this Act.

11 Sec. 17. Section five hundred thirty-seven point
12 two thousand two hundred two (537.2202), subsection
13 three (3), Code 1979, is amended by adding the
14 following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. The limitations on
16 finance charge which are contained in this subsection
17 are effective until superseded by administrative rule
18 adopted under section two (2) of this Act.

19 Sec. 18. Section five hundred thirty-seven point
20 two thousand four hundred one (537.2401), subsection
21 one (1), Code 1979, is amended by adding the following
22 new unnumbered paragraph:

23 NEW UNNUMBERED PARAGRAPH. The limitation on finance
24 charge which is contained in this subsection is
25 effective until superseded by administrative rule
26 adopted under section two (2) of this Act.

27 Sec. 19. Section five hundred thirty-seven point
28 two thousand four hundred two (537.2402), subsection
29 three (3), Code 1979, is amended by adding the
30 following new unnumbered paragraph:

31 NEW UNNUMBERED PARAGRAPH. The limitations on
32 finance charge which are contained in this subsection
33 are effective until superseded by administrative rule
34 adopted under section two (2) of this Act.

35 DIVISION III

36 Sec. 20. Section three hundred twenty-two point
37 nineteen (322.19), unnumbered paragraph two (2), Code
38 1979, is amended to read as follows:

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

5431 45 Sec. 21. Section five hundred thirty-seven point
46 two thousand two hundred one (537.2201), subsection
47 two (2), Code 1979, is amended to read as follows:

48 2. The finance charge, calculated according to
49 the actuarial method, may not exceed ~~fifteen~~ eighteen
50 percent per year on the unpaid balances of the amount

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1 financed.

2 Sec. 22. Section five hundred thirty-seven point
3 two thousand two hundred two (537.2202), subsection
4 three (3), Code 1979, is amended to read as follows:

5 3. If the billing cycle is monthly, the charge
6 may not exceed an amount equal to one and one-half
7 percent of ~~that part of~~ the maximum amount pursuant
8 to subsection 2 ~~which is five hundred dollars or less~~
9 ~~and one and one-fourth percent of that part of the~~
10 ~~maximum amount which is more than five hundred dollars.~~
11 If the billing cycle is not monthly, the maximum
12 charge for the billing cycle shall bear the same
13 relation to the applicable monthly maximum charge
14 as the number of days in the billing cycle bears to
15 three hundred sixty-five divided by twelve. A billing
16 cycle is monthly if the closing date of the cycle
17 is the same date each month or does not vary by more
18 than four days from the regular date.

19 Sec. 23. Section five hundred thirty-seven point
20 two thousand four hundred one (537.2401), subsection
21 one (1), Code 1979, is amended to read as follows:

22 1. Except as provided with respect to a finance
23 charge for loans pursuant to open end credit under
24 section 537.2402, a lender may contract for and receive
25 a finance charge not exceeding the maximum charge
26 permitted by the laws of this state or of the United
27 States for similar lenders, and, in addition, with
28 respect to a consumer loan not secured by a first
29 lien on a dwelling of the debtor given to finance
30 the acquisition of that dwelling, a supervised
31 financial organization may contract for and receive
32 a finance charge, calculated according to the actuarial
33 method, not exceeding ~~fifteen~~ eighteen percent per
34 year on the unpaid balance of the amount financed.

35 Sec. 24. Section five hundred thirty-seven point
36 two thousand four hundred two (537.2402), subsection
37 three (3), Code 1979, is amended to read as follows:

38 3. If the billing cycle is monthly, the charge
39 may not exceed an amount equal to one and one-half
40 percent of ~~that part of~~ the maximum amount pursuant
41 to subsection 2 ~~which is five hundred dollars or less~~
42 ~~and one and one-fourth percent of that part of the~~
43 ~~maximum amount which is more than five hundred dollars.~~
44 If the billing cycle is not monthly, the maximum
45 charge for the billing cycle shall bear the same
46 relation to the applicable monthly maximum charge
47 as the number of days in the billing cycle bears to
48 three hundred sixty-five divided by twelve. A billing
49 cycle is monthly if the closing date of the cycle
50 is the same date each month or does not vary by more

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1 than four days from the regular date.

2 Sec. 25. Acts of the Sixty-eighth General Assembly,
3 1979 Session, chapter one hundred twenty-eight (128),
4 section one (1), amending chapter three hundred twenty-
5 one (321) of the Code, is amended to read as follows:

6 NEW SECTION. SEMITRAILER, MOBILE HOME OR TRAVEL
7 TRAILER RETAIL INSTALLMENT CONTRACT--FINANCE CHARGES.

8 ~~Notwithstanding the provisions of any other law, a~~
9 A retail installment contract or agreement for the
10 sale of a semitrailer, mobile home or travel trailer
11 may include a finance charge not in excess of the
12 following rates:

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

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

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

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

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

46 DIVISION IV

47 Sec. 26. Section seventy-four point one (74.1),
48 Code 1979, is amended to read as follows:

49 74.1 APPLICABILITY.

50 1. This The procedures of this chapter shall apply

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1 to all warrants which are legally drawn on a public
2 treasury, including the treasury of a city, and which,
3 when presented for payment, are not paid for want
4 of funds.

5 2. This The procedures of this chapter and its
6 procedures shall also apply whenever a municipality,
7 as defined in section 24.2, or a city shall determine
8 that there are not or will not be sufficient funds
9 on hand to pay the legal obligations of a fund. Said
10 municipality Each of these municipalities is authorized
11 to provide for the payment of such present and future
12 obligations by drawing one or more anticipatory
13 warrants payable to a bank or other business entity
14 authorized by law to loan money in an amount or amounts
15 legally available and believed to be sufficient to
16 cover the anticipated deficiencies. The duties imposed
17 on the treasurer by this chapter may be assigned by
18 the a city council to another city officer.

19 3. The procedures of this chapter also apply to
20 the issuance of anticipatory warrants by the state
21 under section nineteen point eight (19.8) of the Code.

22 4. The procedures of this chapter also apply to
23 anticipatory warrants, pledge orders, improvement
24 certificates, anticipatory certificates or similar
25 obligations payable from special assessments against
26 benefited properties, or payable from charges, fees
27 or other operating income from a publicly owned
28 enterprise or utility.

29 Sec. 27. Section seventy-four point two (74.2),
30 Code 1979, as amended by Acts of the Sixty-eighth
31 General Assembly, 1979 Session, chapter twenty-four
32 (24), section three (3), is amended to read as follows:

33 74.2 ENDORSEMENT AND INTEREST. Except-as-provided
34 in-section-74-87-when-any-such If a warrant other
35 than an anticipatory warrant is presented for payment,
36 and is not paid for want of funds, or is only partially
37 paid, the treasurer shall endorse the fact thereon,
38 with the date of presentation, and sign the
39 endorsement, and thereafter the warrant or the balance
40 due thereon, shall draw bear interest at six-percent
41 per-annum-on-state-and-county-warrants,-and-six-percent
42 per-annum-on-city-and-school-warrants,-unless-the
43 treasurer arranges for the sale of said warrant at
44 par-at-a-lower-rate-of-interest the rate specified
45 in section thirty-five (35) of this Act.

46 An anticipatory warrant issued under the authority
47 of section one (1), subsection two (2) of this Act
48 shall bear interest at a rate determined by the issuing
49 governmental body, but not exceeding that permitted
50 by chapter seventy-four A (74A) of the Code.

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1 Sec. 28. Section seventy-four point three (74.3),
2 Code 1979, is amended to read as follows:
3 74.3 RECORD OF WARRANTS OBLIGATIONS. The treasurer
4 shall keep a record of ~~all warrants so endorsed~~, each
5 interest-bearing obligation which received shall show
6 the number and amount, the date of presentation
7 interest commences, the rate of interest, and the
8 name and post-office address of the holder, of each
9 warrant of the obligation.

10 Sec. 29. Section seventy-four point four (74.4),
11 Code 1979, is amended to read as follows:

12 74.4 ASSIGNMENT OF WARRANT OBLIGATION. When any
13 ~~warrant shall be~~ a nonnegotiable interest-bearing
14 obligation is assigned or transferred after being
15 se-endorsed, the assignee or transferee shall be under
16 duty, for his own protection, to must notify the
17 treasurer in writing of such the assignment or transfer
18 and of his the post-office address of the assignee
19 or transferee. Upon receiving such notification,
20 the treasurer accordingly shall correct the aforesaid
21 ~~record accordingly~~ the record maintained under section
22 twenty-eight (28) of this Act.

23 Sec. 30. Section seventy-four point five (74.5),
24 Code 1979, is amended by striking the section and
25 inserting in lieu thereof the following:

26 74.5 CALL FOR PAYMENT. When a fund contains
27 sufficient money to pay one or more interest-bearing
28 obligations which are outstanding against the fund,
29 the treasurer shall call those obligations for payment.
30 Obligations may be paid in the order of presentation.
31 This section does not authorize a fixed-term obligation
32 to be called at a date earlier than is provided by
33 the conditions and terms upon which it was issued.

34 Sec. 31. Section seventy-four point six (74.6),
35 Code 1979, is amended by striking the section and
36 inserting in lieu thereof the following:

37 74.6 NOTICE OF CALL--TERMINATION OF INTEREST.

38 1. The treasurer shall make a call for payment
39 under section five (5) of this Act by mailing to the
40 holder of the obligation, as shown in the records
41 maintained under section twenty-eight (28) of this
42 Act, a notice of call which describes the obliga-
43 tion by number and amount, and which specifies a date,
44 not more than ten days thereafter when interest ceases
45 to accrue on the obligation. The treasurer shall
46 enter the date of mailing of the notice in the records
47 maintained under section twenty-eight (28) of this
48 Act.

49 2. Interest on an interest-bearing obligation
50 shall cease to accrue as of the date specified in

1 the notice of call issued under subsection one (1)
2 of this section.

3 3. This section does not apply if the parties
4 have otherwise agreed in writing.

5 Sec. 32. Section seventy-four point seven (74.7),
6 Code 1979, is amended to read as follows:

7 74.7 ENDORSEMENT OF INTEREST. When a-warrant
8 an obligation which legally draws interest is paid,
9 the treasurer shall endorse upon it the date of
10 payment, and the amount of interest allowed paid.
11 The treasurer also shall enter into the records
12 maintained under section twenty-eight (28) of this
13 Act the date of payment and the amount of interest
14 paid.

15 Sec. 33. Sections thirty-four (34) through forty-
16 one (41) of this Act are enacted as a new chapter
17 seventy-four A (74A) of the Code, which shall be
18 entitled "INTEREST RATES FOR PUBLIC OBLIGATIONS AND
19 ASSESSMENTS".

20 Sec. 34. NEW SECTION. APPLICABILITY.

21 1. Except as otherwise provided by law, this
22 chapter establishes the interest rates which are
23 applicable to all bonds, warrants, anticipatory
24 warrants, pledge orders, improvement certificates,
25 and anticipation certificates issued by a governmental
26 body or agency under the laws of this state, and the
27 interest rates which are applicable to assessments
28 levied by a governmental body or agency under the
29 laws of this state against benefited properties for
30 the retirement of public debt.

31 2. This chapter does not authorize the issuance
32 of a public obligation or the levying of an assessment,
33 and does not create an obligation to pay interest,
34 and does not determine when interest commences or
35 ceases to accrue.

36 3. This chapter does not impose an interest rate
37 or interest rate limitation where by law the rate
38 of interest payable on an obligation is within the
39 discretion of the governmental body or agency, unless
40 that discretion is expressly made subject to the
41 limitations contained in this chapter.

42 Sec. 35. NEW SECTION. UNPAID WARRANTS. A warrant
43 not paid upon presentation for want of funds bears
44 interest on unpaid balances at the rate in effect
45 at the time the warrant is first presented for payment,
46 as established by rule pursuant to section thirty-
47 nine (39) of this Act. This section does not apply
48 to an obligation which by law bears interest from
49 the time it is issued.

50 Sec. 36. NEW SECTION. MAXIMUM RATES FOR PUBLIC

1 OBLIGATIONS. Except as otherwise provided by law,
2 the maximum rates of interest on obligations issued
3 by this state, or by a county, school district, city
4 special improvement district, or any other governmental
5 body or agency are as follows:

6 1. General obligation bonds, warrants, or other
7 evidences of indebtedness which are payable from
8 general taxation or from the state's sinking fund
9 for public deposits may bear interest at a rate not
10 exceeding the maximum rate in effect at the time the
11 obligation is issued, as established by rule pursuant
12 to section thirty-nine (39) of this Act.

13 2. Revenue bonds, warrants, pledge orders or other
14 obligations, the principal and interest of which are
15 to be paid solely from the revenue derived from the
16 operations of the publicly owned enterprise or utility
17 for which the bonds or obligations are issued, may
18 bear interest at a rate not exceeding the maximum
19 rate in effect at the time the obligation is issued,
20 as established by rule pursuant to section thirty-nine
21 (39) of this Act. This limitation does not apply
22 to revenue bonds issued pursuant to chapter four
23 hundred nineteen (419) of the Code.

24 3. Special assessment bonds, certificates, warrants
25 or other obligations, the principal and interest of
26 which are payable from special assessments levied
27 against benefited property may bear interest at a
28 rate not exceeding the maximum rate in effect at the
29 time the obligation is issued, as established by rule
30 pursuant to section thirty-nine (39) of this Act.

31 Sec. 37. NEW SECTION. MAXIMUM RATES ON SPECIAL
32 ASSESSMENTS. Except as otherwise provided by law,
33 the rate of interest payable on unpaid balances of
34 special assessments levied against benefited properties
35 shall not exceed the maximum rate in effect at the
36 time of adoption of the final assessment schedule,
37 as established by rule pursuant to section thirty-
38 nine (39) of this Act.

39 Sec. 38. NEW SECTION. RELATIVE RATE ON ASSESSMENT
40 BONDS. Bonds payable from special assessments shall
41 not be sold bearing a higher rate of interest than
42 is payable on the assessments from which those bonds
43 are made payable.

44 Sec. 39. NEW SECTION. RULES TO ESTABLISH RATES.

45 1. The rule-making authority contained in this
46 section shall be exercised by the commission
47 established under section two (2) of this Act.

48 2. The commission shall adopt rules establishing
49 the following:

50 a. The annual interest rate to be applicable under

1 section thirty-five (35) of this Act.
2 b. The maximum annual interest rate to be
3 applicable under section thirty-six (36), subsection
4 one (1) of this Act.
5 c. The maximum annual interest rate to be
6 applicable under section thirty-six (36), subsection
7 two (2) of this Act.
8 d. The maximum annual interest rate to be
9 applicable under section thirty-six (36), subsection
10 three (3) of this Act.
11 e. The maximum annual interest rate to be
12 applicable under section thirty-seven (37) of this
13 Act.
14 3. The commission shall establish and from time
15 to time modify one or more of the interest rates
16 referred to in subsection two (2) of this section
17 as may be necessary in the opinion of the commission
18 to permit the orderly financing of governmental
19 activities, and to minimize interest costs to
20 governmental bodies while permitting a fair return
21 to persons whose funds are used to finance governmental
22 activities. The commission shall consider relevant
23 indices of actual interest rates in the economy when
24 establishing rates under this section, including but
25 not necessarily limited to maximum lawful interest
26 rates payable by depository financial institutions
27 on customer deposits, interest rates payable on
28 obligations issued by the United States government,
29 and interest rates payable on obligations issued by
30 governmental bodies other than those of this state.
31 4. An interest rate established by the commission
32 under this section shall be in effect commencing on
33 the date specified in the rule, and until superseded
34 by a subsequent rule.
35 5. The commission shall not establish interest
36 rates for types or categories of obligations other
37 than as specified in subsection two (2) of this
38 section. The commission shall not establish
39 subcategories within any of the categories referred
40 to in paragraphs a through e of subsection two (2)
41 of this section.
42 Sec. 40. NEW SECTION. EMERGENCY VARIANCE.
43 1. If following the adoption of an ordinance or
44 resolution authorizing the issuance of interest-bearing
45 obligations, the issuing governmental body or agency
46 finds that the obligations are not marketable because
47 of the interest-rate limitations contained in section
48 thirty-six (36) or thirty-eight (38) of this Act,
49 the governmental body or agency, upon compliance with
50 the requirements of subsection two (2) of this section,

1 may by special resolution authorize the sale of those
2 obligations at a rate of interest not more than two
3 percentage points above the rate otherwise permitted
4 under section thirty-six (36) or thirty-eight (38)
5 of this Act.

6 2. A governmental body or agency may use the
7 emergency authority contained in subsection one (1)
8 of this section upon satisfaction of the following
9 conditions:

10 a. The governmental agency or body receives from
11 bond counsel a written certification based upon good
12 faith efforts to sell the obligations that it is
13 reasonable to conclude that the obligations are not
14 marketable at the maximum lawful rate of interest.

15 b. The governmental agency or body publishes a
16 notice of its intended action, specifying the date,
17 time and place of the meeting at which the intended
18 action is to be taken, the reason for the intended
19 action, the rate of interest originally authorized,
20 and the proposed rate of interest.

21 c. The governmental body or agency maintains for
22 public inspection on and after the date of publication
23 of the notice of its intended action, and until the
24 date action is taken, a copy of the statement of bond
25 counsel referred to in paragraph a of this subsection.

26 d. The governmental body or agency receives and
27 considers oral or written objections which may be
28 presented by affected taxpayers at the meeting as
29 scheduled or at any adjournment thereof.

30 3. The notice specified in subsection two (2)
31 of this section shall be published in the manner
32 provided by law for the publication by the governing
33 body of a notice of intent to institute original
34 proceedings for the issuance of the obligations.

35 4. This section does not apply to anticipatory
36 warrants issued by a school district.

37 Sec. 41. NEW SECTION. SCHOOL DISTRICT WARRANTS.

38 1. The treasurer of a school district shall sell
39 anticipatory warrants authorized by section one (1),
40 subsection two (2) of this Act at the maximum rate
41 of interest provided in section thirty-six (36) of
42 this Act or at a lower rate of interest.

43 2. Each bank or other business entity authorized
44 by law to loan money which refuses to purchase warrants
45 at a rate of interest permitted by subsection one
46 (1) of this section shall submit a certificate of
47 refusal to the treasurer of the school district.

48 3. If the treasurer of a school district is unable
49 to sell the warrants at a rate of interest permitted
50 by subsection one (1) of this section and receives

1 at least two certificates of refusal, the treasurer
2 may offer the warrants for public sale at par, by
3 publishing notice of the sale for two consecutive
4 weeks in a newspaper of general circulation in the
5 jurisdiction of the school district issuing the
6 warrants, giving not less than ten days' notice of
7 the time and place of the sale. The notice shall
8 include a statement of the amount of the warrants
9 offered for sale.

10 4. Sealed bids may be received at any time up
11 to the time all bids are opened. The treasurer shall
12 sell the warrants to the bidder offering the lowest
13 interest rate, provided that the treasurer may reject
14 all bids and readvertise the sale of the warrants
15 pursuant to the provisions of this section.

16 5. This section applies only to school districts
17 whose anticipated receipts allocable to the current
18 budget are at least equal to their legally approved
19 budget for the current year.

20 DIVISION V

21 Sec. 42. Section nineteen point eight (19.8),
22 Code 1979, as amended by Acts of the Sixty-eighth
23 General Assembly, 1979 Session, chapter twenty-four
24 (24), section one (1), is amended to read as follows:

25 19.8 ANTICIPATION OF REVENUES. The executive
26 council may anticipate the revenues for any year,
27 when the current revenues for that year are
28 insufficient to pay all warrants issued in that year,
29 by causing state warrants, in an amount not exceeding
30 the estimated state revenues for that year, and drawing
31 ~~not-to-exceed-six-percent-per-annum~~ bearing interest
32 at a rate not exceeding that permitted by chapter
33 seventy-four A (74A) of the Code, to be issued,
34 advertised, and sold on sealed bids, and to the highest
35 bidder offering the lowest interest rate. All bids
36 and all records pertaining thereto, ~~and the names~~
37 ~~of all purchasers~~ shall be kept on file. The treasurer
38 of state shall comply with the provisions of chapter
39 seventy-four (74) of the Code.

40 Sec. 43. Section twenty-eight F point eight
41 (28F.8), Code 1979, is amended to read as follows:

42 28F.8 DETAILS OF REVENUE BONDS. Revenue bonds
43 issued pursuant to the provisions of this chapter
44 shall bear interest at a rate or rates not exceeding
45 ~~seven-percentum-per-annum~~ that permitted by chapter
46 seventy-four A (74A) of the Code, may be in one or
47 more series, may bear such date or dates, may mature
48 at such time or times not exceeding forty years from
49 their respective dates, may be payable in such medium
50 of payment, at such place or places within the state,

1 may carry such registration privileges, may be subject
2 to such terms of prior redemption, with or without
3 premium, may be executed in such manner, may contain
4 such terms, covenants and conditions, and may be in
5 such form otherwise, as such resolution or subsequent
6 resolutions shall provide.

7 Sec. 44. Section thirty-seven point six (37.6),
8 Code 1979, is amended to read as follows:

9 37.6 BONDS. For the purpose of providing funds
10 for the acquisition of necessary ground therefor,
11 and for purchasing, erecting, constructing, or
12 reconstructing such building or monument, and for
13 the necessary equipment therefor, the county may issue
14 bonds to be known as liberty memorial bonds, to be
15 issued and sold as provided by law relative to general
16 county bonds; it shall provide for portions of such
17 bonds to become due at different, definite periods,
18 but none in more than twenty years from date. In
19 issuing such bonds, such county may become indebted
20 in an amount which, added to all other indebtedness,
21 shall not exceed five percent of the actual value
22 of the taxable property in such county as determined
23 by the last state and county tax lists. Such bonds
24 shall bear interest at a rate not exceeding seven
25 ~~percent-per-annum~~ that permitted by chapter seventy-
26 four A (74A) of the Code. Bonds issued by a city
27 must be issued in accordance with provisions of law
28 relating to general corporate purpose bonds of a city.

29 Sec. 45. Section thirty-seven point twenty-eight
30 (37.28), Code 1979, as amended by Acts of the Sixty-
31 eighth General Assembly, 1979 Session, chapter twenty-
32 four (24), section two (2), is amended to read as
33 follows:

34 37.28 ANTICIPATORY WARRANTS. If the funds raised
35 under the provisions of this chapter are insufficient
36 for any fiscal year to pay the principal and interest
37 due in that year on any bonds issued for hospital
38 purposes under section 37.6 and to pay the expenses
39 of the operation and maintenance of the hospital and
40 any other hospital expenses authorized by this chapter
41 for the fiscal year, the commission may issue tax
42 anticipatory warrants drawn on the funds to be raised
43 by the taxes levied under sections 37.7 and 37.8.
44 The warrants shall be in denominations of one hundred,
45 five hundred and one thousand dollars and shall draw
46 interest at a rate not ~~to exceed six percent-per-annum~~
47 exceeding that permitted by chapter seventy-four A
48 (74A) of the Code. These warrants shall not be a
49 general obligation of any political subdivision which
50 owns the hospital.

1 Sec. 46. Section one hundred eleven A point six
2 (111A.6), unnumbered paragraph two (2), Code 1979,
3 is amended to read as follows:

4 In order to make immediately available to the
5 county conservation board the proceeds of the annual
6 tax hereinbefore authorized to be levied for recreation
7 and conservation purposes, bonds of any county may
8 be issued in anticipation of the collection of such
9 tax in the manner hereinafter provided. Upon the
10 filing of a petition by the conservation board with
11 the county board of supervisors asking that bonds
12 be issued in a specified amount for the purpose of
13 paying the cost of acquiring land and developing the
14 same for public museum, park, parkway, preserve,
15 playground, or other recreation or conservation
16 purposes within the county, then the board of
17 supervisors may call a special election to be held
18 in the county to vote on the proposition of issuing
19 such bonds. Notice of such election shall be published
20 once each week for at least four consecutive weeks
21 in one of the official county newspapers, and the
22 election shall be held on a day not less than five
23 nor more than twenty days after the last publication
24 of such notice. Voting machines may be used for the
25 purpose of voting on said proposition or, in the
26 discretion of the board of supervisors, the proposition
27 may be submitted to the voters on paper ballots.
28 The proposition shall be submitted in substantially
29 the following form:

30 "Shall County, Iowa, issue its bonds
31 in the
32 amount of \$..... for the purpose of
33?"

34 The expenses incurred in connection with the conduct
35 of such election shall be paid by the conservation
36 board from the county conservation fund. If the vote
37 in favor of issuing the bonds is equal to at least
38 sixty percent of the total votes cast for and against
39 the proposition, the board of supervisors shall issue
40 the bonds in the amount voted, and shall provide for
41 the levy of an annual tax, within the limits of the
42 special tax hereinbefore authorized, sufficient to
43 pay said bonds and the interest thereon as the same
44 respectively become due. Said bonds shall mature
45 in not more than twenty years, shall bear interest
46 at a rate or rates not exceeding ~~seven-percent-per~~
47 annum that permitted by chapter seventy-four A (74A)
48 of the Code, shall be in such form as the board of
49 supervisors shall by resolution provide, and shall
50 be payable as to both principal and interest from

1 the proceeds of the annual levy of the tax hereinbefore
2 authorized to be levied for recreation and conservation
3 purposes, or so much thereof as will be sufficient
4 to pay the principal thereof and interest thereon,
5 and prior to the authorization and issuance of such
6 bonds the board of supervisors may, with or without
7 notice, negotiate and enter into an agreement or
8 agreements with any bank, investment banker, trust
9 company or insurance company or group thereof
10 whereunder the marketing of such bonds may be assured
11 and consummated. The proceeds of such bonds shall
12 be deposited in a special fund, to be kept separate
13 and apart from all other funds of the county, and
14 shall be paid out upon warrants drawn by the county
15 auditor upon requisition of the conservation board
16 to pay the cost of acquiring land and developing the
17 same for recreation and conservation purposes as
18 specified in the election proposition.

19 Sec. 47. Section one hundred forty-five A point
20 seventeen (145A.17), Code 1979, is amended to read
21 as follows:

22 145A.17 INDEBTEDNESS AND BONDS. Boards of hospital
23 trustees may acquire sites and erect and equip
24 buildings for use by area hospitals and may contract
25 indebtedness and issue bonds bearing interest at a
26 rate not exceeding ~~seven-percent-per-annum~~ that
27 permitted by chapter seventy-four A (74A) of the Code
28 to raise funds for such purposes in accordance with
29 chapter 75.

30 Sec. 48. Section two hundred two point five
31 (202.5), Code 1979, is amended to read as follows:

32 202.5 INTEREST ON INSTALLMENTS. All unpaid
33 installments of the special assessment tax levied
34 against the property described in section 202.4 shall
35 bear interest at ~~the rate of six-percent~~ a rate not
36 exceeding that permitted by chapter seventy-four A
37 (74A) of the Code and all delinquent installments
38 shall be subject to the same penalties as are now
39 applied to delinquent general taxes.

40 Sec. 49. Section two hundred two point six (202.6),
41 Code 1979, as amended by Acts of the Sixty-eighth
42 General Assembly, 1979 Session, chapter twenty-four
43 (24), section four (4), is amended to read as follows:

44 202.6 ANTICIPATORY WARRANTS. The board shall
45 have the authority for the purpose of financing and
46 carrying out the provisions of this chapter to issue
47 anticipatory warrants drawn on the county, in
48 denominations of one hundred dollars, five hundred
49 dollars and one thousand dollars, which anticipatory
50 warrants shall draw interest at ~~not more than six~~

1 percent-per-annum a rate not exceeding that permitted
2 by chapter seventy-four A (74A) of the Code; and
3 shall not be a general obligation on the county and
4 be secured only by the special assessment tax levy
5 as herein provided.

6 Sec. 50. Section two hundred eighty A point twenty-
7 two (280A.22), unnumbered paragraph two (2), Code
8 1979, is amended to read as follows:

9 In order to make immediately available to the
10 merged area the proceeds of the voted tax hereinbefore
11 authorized to be levied, the board of directors of
12 any such merged area is hereby authorized, without
13 the necessity for any further election, to borrow
14 money and enter into loan agreements in anticipation
15 of the collection of such tax, and such board shall,
16 by resolution, provide for the levy of an annual tax,
17 within the limits of the special voted tax hereinbefore
18 authorized, sufficient to pay the amount of any such
19 loan and the interest thereon to maturity as the same
20 becomes due. A certified copy of this resolution
21 shall be filed with the county auditors of the counties
22 in which such merged area is located, and the filing
23 thereof shall make it a duty of such auditors to enter
24 annually this levy for collection until funds are
25 realized to repay the loan and interest thereon in
26 full. Said loan must mature within the number of
27 years for which the tax has been voted and shall bear
28 interest at a rate or rates not exceeding ~~seven-percent~~
29 percent-per-annum that permitted by chapter seventy-four A
30 (74A) of the Code. Any loan agreement entered into
31 pursuant to authority herein contained shall be in
32 such form as the board of directors shall by resolution
33 provide and the loan shall be payable as to both
34 principal and interest from the proceeds of the annual
35 levy of the voted tax hereinbefore authorized, or
36 so much thereof as will be sufficient to pay the loan
37 and interest thereon. In furtherance of the foregoing
38 the board of directors of such merged area may, with
39 or without notice, negotiate and enter into a loan
40 agreement or agreements with any bank, investment
41 banker, trust company, insurance company or group
42 thereof, whereunder the borrowing of the necessary
43 funds may be assured and consummated. The proceeds
44 of such loan shall be deposited in a special fund,
45 to be kept separate and apart from all other funds
46 of the merged area, and shall be paid out upon warrants
47 drawn by the president and secretary of the board
48 of directors to pay the cost of acquiring the school
49 facilities for which the tax was voted.

50 Sec. 51. Section two hundred eighty-five point

1 ten (285.10), subsection seven (7), paragraph b, Code
2 1979, is amended to read as follows:
3 b. May purchase buses and enter into contract
4 to pay for such buses over a five-year period as
5 follows: One-fourth of the cost when bus is delivered
6 and the balance in equal annual installments, plus
7 simple interest due. The interest rate shall be the
8 lowest rate available and shall not exceed ~~four-percent~~
9 ~~simple-interest~~ the rate in effect under section
10 thirty-five (35) of this Act. The bus shall serve
11 as security for balance due. Bus bodies and chassis
12 shall be purchased on separate contracts unless the
13 bus is constructed as an integral unit, inseparable
14 as to body and chassis, by the manufacturer or is
15 a used or demonstrator bus.

16 Sec. 52. Section two hundred ninety-six point
17 one (296.1), Code 1979, is amended to read as follows:
18 296.1 INDEBTEDNESS AUTHORIZED. Subject to the
19 approval of the voters thereof, school districts are
20 hereby authorized to contract indebtedness and to
21 issue general obligation bonds to provide funds to
22 defray the cost of purchasing, building, furnishing,
23 reconstructing, repairing, improving or remodeling
24 a schoolhouse or schoolhouses and additions thereto,
25 gymnasium, stadium, field house, school bus garage,
26 teachers' or superintendent's home or homes, and
27 procuring a site or sites therefor, or purchasing
28 land to add to a site already owned, or procuring
29 and improving a site for an athletic field, or
30 improving a site already owned for an athletic field,
31 and for any one or more of such purposes. Taxes for
32 the payment of said bonds shall be levied in accordance
33 with chapter 76, and said bonds shall mature within
34 a period not exceeding twenty years from date of
35 issue, shall bear interest at a rate or rates not
36 exceeding ~~seven-percent-per-annum~~ that permitted by
37 chapter seventy-four A (74A) of the Code and shall
38 be of such form as the board of directors of such
39 school district shall by resolution provide, but the
40 aggregate indebtedness of any school district shall
41 not exceed five percent of the actual value of the
42 taxable property within said school district, as
43 ascertained by the last preceding state and county
44 tax lists.

45 Sec. 53. Section two hundred ninety-eight point
46 twenty-two (298.22), unnumbered paragraph one (1),
47 Code 1979, is amended to read as follows:
48 All of said bonds shall be substantially in the
49 form provided for county bonds, but subject to changes
50 that will conform them to the action of the board

1 providing therefor; shall run not more than twenty
2 years, and may be sooner paid if so nominated in the
3 bond; bear a rate of interest not exceeding seven
4 ~~percent-per-annum~~ that permitted by chapter seventy-
5 four A (74A) of the Code, payable semiannually; be
6 signed by the president and countersigned by the
7 secretary of the board of directors; and shall not
8 be disposed of for less than par value, nor issued
9 for other purposes than this chapter provides.

10 Sec. 54. Section three hundred two point twelve
11 (302.12), Code 1979, is amended to read as follows:

12 302.12 BONDS TO COVER LOSSES. When any sum not
13 less than one thousand dollars shall be so audited
14 and so become a debt of the state to the fund, as
15 provided by the Constitution, the auditor of state
16 shall issue the bond or bonds of the state in favor
17 of the fund, bearing ~~six-percent~~ interest at a rate
18 not exceeding that permitted by chapter seventy-four
19 A (74A) of the Code, payable semiannually on the first
20 day of January and July after issuance, and the amount
21 to pay the interest as it becomes due is appropriated
22 out of any funds in the state treasury.

23 Sec. 55. Section three hundred nine point forty-
24 seven (309.47), subsection four (4), Code 1979, is
25 amended to read as follows:

26 4. The rate of interest which each certificate
27 shall bear which shall not exceed ~~five-percent-per~~
28 ~~annum~~ that permitted by chapter seventy-four A (74A)
29 of the Code, payable annually.

30 Sec. 56. Section three hundred nine point seventy-
31 three (309.73), unnumbered paragraph three (3), Code
32 1979, is amended to read as follows:

33 Taxes for the payment of county bonds shall be
34 levied in accordance with chapter 76 and said bonds
35 shall be payable in not more than twenty years and
36 bear interest at a rate not exceeding ~~five-percent~~
37 ~~per-annum~~ that permitted by chapter seventy-four A
38 (74A) of the Code, and shall be of such form as the
39 respective councils or board of supervisors shall
40 by resolution provide, but no city or county shall
41 become indebted in excess of five percent of the
42 actual value of taxable property within its taxing
43 jurisdiction as shown by the last preceding state
44 and county tax lists. The indebtedness incurred for
45 the purpose provided in this section shall not be
46 considered an indebtedness incurred for general or
47 ordinary purposes.

48 Sec. 57. Section three hundred eleven point sixteen
49 (311.16), unnumbered paragraph two (2), Code 1979,
50 as amended by Acts of the Sixty-eighth General

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1 Assembly, 1979 Session, chapter sixty-eight (68),
2 section one (1), is amended to read as follows:
3 On the final determination the board shall levy
4 the assessments and all installments thereof upon
5 the real estate within the district as finally
6 established. The entire amount of the assessment
7 shall be then due and payable, and bear interest at
8 ~~six-percent-per-annum~~ a rate not exceeding that
9 permitted by chapter seventy-four A (74A) of the Code
10 commencing twenty days from the date of the levy,
11 and shall be collected at the succeeding September
12 semiannual payment of ordinary taxes.

13 Sec. 58. Section three hundred eleven point
14 seventeen (311.17), unnumbered paragraph one (1),
15 Code 1979, as amended by Acts of the Sixty-eighth
16 General Assembly, 1979 Session, chapter sixty-eight
17 (68), section two (2), is amended to read as follows:

18 If an owner other than the state or a county or
19 city, of any tracts of land on which the assessment
20 is more than ten dollars, shall, within twenty days
21 from the date of the assessment, agree in writing
22 filed in the office of the county auditor, that in
23 consideration of the owner having the right to pay
24 the assessment in installments, the owner will not
25 make any objection of illegality or irregularity as
26 to the assessment upon the real estate, and will pay
27 the assessment plus ~~six-percent-annual~~ interest, the
28 assessment shall be payable in ten equal installments.
29 The first installment shall be payable on the date
30 of the agreement. The other installments with interest
31 on the whole amount unpaid shall be paid annually
32 at the same time and in the same manner as the
33 September semiannual payment of ordinary taxes. The
34 rate of interest shall be as established by the board,
35 but not exceeding that permitted by chapter seventy-
36 four A (74A) of the Code.

37 Sec. 59. Section three hundred eleven point twenty-
38 eight (311.28), Code 1979, is amended to read as
39 follows:

40 311.28 CERTIFICATES ANTICIPATING ASSESSMENTS.
41 In order to render immediately available that amount
42 of the estimated cost of an improvement which has
43 been specially assessed, the board may issue road
44 certificates in the name of the county in an aggregate
45 amount not exceeding the then unpaid amount of the
46 special assessment levied in said district. Each
47 issue of certificates shall be under, and in accordance
48 with, a duly adopted resolution of the board and which
49 shall recite (1) the name or designation of the road
50 district on account of which the certificates are

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1 issued; (2) that a stated amount (naming the amount)
2 has been specially assessed against the lands within
3 said district; (3) that a stated amount of said
4 aggregate special assessment has not yet been paid
5 (naming the unpaid amount); (4) that it is necessary
6 to render such unpaid amount immediately available;
7 (5) the number of road certificates authorized and
8 the specific amount of each certificate; (6) the
9 specific numbering or designation of such certificates;
10 (7) the rate of interest which each certificate shall
11 bear from date, ~~to-wit, not to exceed six percent~~
12 per-annum exceeding that permitted by chapter seventy-
13 four A (74A) of the Code; (8) the fact that said
14 certificates are payable solely from the proceeds
15 of the special assessments which have been levied
16 on the lands within said districts; (9) that each
17 certificate shall be payable on or before the first
18 day of January of the first year following the maturity
19 of the last installment of such special assessments,
20 and that interest thereon shall be paid annually;
21 (10) the authorization to the chairman of the board,
22 and to the county auditor, respectively, to sign and
23 countersign each of said certificates.

24 Sec. 60. Section three hundred thirty point seven
25 (330.7), unnumbered paragraph five (5), Code 1979,
26 is amended to read as follows:

27 Taxes for the payment of said bonds shall be levied
28 in accordance with chapter 76 and said bonds shall
29 be payable in not more than twenty years and bear
30 interest at a rate not exceeding ~~seven-percent-per~~
31 annum that permitted by chapter seventy-four A (74A)
32 of the Code and shall be of such form as the governing
33 body shall by resolution provide, but no county or
34 township shall become indebted in excess of five
35 percent of the actual value of its taxable property,
36 as shown by the last preceding state and county tax
37 lists. The indebtedness incurred for the purpose
38 provided in this section shall not be considered an
39 indebtedness incurred for general or ordinary purposes.

40 Sec. 61. Section three hundred thirty point
41 fourteen (330.14), Code 1979, is amended to read as
42 follows:

43 330.14 PAYMENT FROM EARNINGS. All political
44 subdivisions authorized by this chapter to acquire,
45 establish, improve, maintain, and operate airports
46 may, in connection therewith, purchase or construct,
47 or contract for the construction of, and maintain
48 and operate, hangars, administration and office
49 buildings and other aeronautical and commercial
50 facilities for which fees are charged, and pay for

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1 the same solely and only out of the earnings thereof.
2 Such political subdivisions are authorized to borrow
3 money for the purpose of purchasing or constructing
4 the improvements herein authorized, and as evidence
5 of such money borrowed to issue their bonds payable
6 solely and only from the revenues derived from such
7 improvements. Such bonds may be issued in such amounts
8 as may be necessary to provide sufficient funds to
9 pay all the costs of construction and operation of
10 such improvement, including engineering and other
11 expenses, together with interest to a date six months
12 subsequent to the estimated date of completion. Bonds
13 issued under the provisions of this section are
14 declared to be negotiable instruments. The principal
15 and interest of said bonds shall be payable solely
16 and only from the special fund herein provided for
17 such payments, and said bonds shall not in any respect
18 be a general obligation of such political subdivision,
19 nor shall they be payable in any manner by taxation.
20 All details pertaining to the issuance of such bonds
21 and the terms and conditions thereof shall be
22 determined by ordinance or resolution duly adopted
23 by the governing body of such political subdivision,
24 which may pledge the property purchased or constructed,
25 and the net earnings thereof, to the payment of said
26 bonds and the interest thereon, and provide that the
27 net earnings thereof shall be set apart as a sinking
28 fund for that purpose. Such political subdivision
29 is authorized and directed to charge the users of
30 such improvements at rates which at all time, shall
31 be sufficient to pay the principal and interest on
32 the bonds issued under the provisions of this chapter,
33 and the cost of operation and maintenance, and to
34 provide an adequate depreciation fund. Bonds issued
35 pursuant to the provisions of this section shall bear
36 interest at a rate not exceeding ~~seven-percent-per~~
37 annum that permitted by chapter seventy-four A (74A)
38 of the Code. This section shall be construed as
39 granting additional power, without limiting the power
40 already existing in political subdivisions.

41 Sec. 62. Section three hundred thirty point sixteen
42 (330.16), unnumbered paragraph two (2), Code 1979,
43 is amended to read as follows:

44 Taxes for the payment of said bonds shall be levied
45 in accordance with chapter 76 and said bonds shall
46 be payable in not more than twenty years and bear
47 interest at a rate not exceeding ~~seven-percent-per~~
48 annum that permitted by chapter seventy-four A (74A)
49 of the Code and shall be of such form as the governing
50 body shall by resolution provide, but no county or

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1 township shall become indebted in excess of five
2 percent of the actual value of its taxable property,
3 as shown by the last preceding state and county tax
4 lists. The indebtedness incurred for the purpose
5 provided in this section shall not be considered an
6 indebtedness incurred for general or ordinary purposes.

7 Sec. 63. Section three hundred thirty A point
8 nine (330A.9), subsection one (1), Code 1979, is
9 amended to read as follows:

10 1. The bonds issued by an authority pursuant to
11 this chapter shall be authorized by resolution of
12 the board thereof and shall be either term or serial
13 bonds, shall bear such date or dates, mature at such
14 time or times, not exceeding forty years from their
15 respective dates, bear interest at such rate or rates,
16 not exceeding eight-per-centum-per-annum that per-
17 mitted by chapter seventy-four A (74A) of the Code,
18 payable semiannually, be in such denominations, be
19 in such form, either coupon or fully registered, shall
20 carry such registration, exchangeability and
21 interchangeability privileges, be payable in such
22 medium of payment and at such place or places, within
23 or without the state, be subject to such terms of
24 redemption and be entitled to such priorities on the
25 revenues, rates, fees, rentals, or other charges or
26 receipts of the authority as such resolution or any
27 resolution subsequent thereto may provide. The bonds
28 shall be executed either by manual or facsimile
29 signature by such officers as an authority shall
30 determine, provided that such bonds shall bear at
31 least one signature which is manually executed thereon,
32 and the coupons attached to such bonds shall bear
33 the facsimile signature or signatures of such officer
34 or officers as shall be designated by an authority
35 and the bonds shall have the seal of the authority,
36 affixed, imprinted, reproduced, or lithographed
37 thereon, all as may be prescribed in such resolution
38 or resolutions. Said bonds shall be sold at public
39 sale at such price or prices as the authority shall
40 determine to be in the best interests of the authority
41 provided that such bonds shall not be sold at less
42 than the par value thereof, plus accrued interest
43 and provided that the net interest cost shall not
44 exceed eight-per-centum-per-annum that permitted
45 by chapter seventy-four A (74A) of the Code. Pending
46 the preparation of definitive bonds, interim
47 certificates or temporary bonds may be issued to the
48 purchaser or purchasers of such bonds, and may contain
49 such terms and conditions as the authority may
50 determine.

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1 Sec. 64. Section three hundred thirty-two point
2 forty-four (332.44), subsection eight (8), unnumbered
3 paragraph two (2), Code 1979, is amended to read as
4 follows:

5 Bonds issued pursuant to the provisions of this
6 section shall bear interest at a rate not exceeding
7 ~~seven-percent-per-annum~~ that permitted by chapter
8 seventy-four A (74A) of the Code.

9 Sec. 65. Section three hundred forty-five point
10 sixteen (345.16), Code 1979, is amended to read as
11 follows:

12 345.16 INTEREST RATE ON BONDS. Bonds issued
13 pursuant to the provisions of this chapter shall bear
14 interest at a rate not exceeding ~~seven-percent-per~~
15 ~~annum~~ that permitted by chapter seventy-four A (74A)
16 of the Code.

17 Sec. 66. Section three hundred forty-six point
18 three (346.3), unnumbered paragraph one (1), Code
19 1979, is amended to read as follows:

20 Said bonds shall bear interest ~~not-exceeding-seven~~
21 ~~percent-per-annum~~ at a rate not exceeding that
22 permitted by chapter seventy-four A (74A) of the Code,
23 payable semiannually, and be substantially in the
24 following form, but subject to changes that will
25 conform them to the resolution of said board, to wit:

26 Sec. 67. Section three hundred forty-six point
27 twenty-three (346.23), unnumbered paragraph two (2),
28 Code 1979, is amended to read as follows:

29 Such bonds shall be in denominations of not less
30 than one hundred dollars nor more than ten thousand
31 dollars, and shall draw interest at a rate not ~~to~~
32 ~~exceed-seven-percent-per-annum~~ exceeding that permitted
33 by chapter seventy-four A (74A) of the Code, payable
34 annually or semiannually. Such bonds shall be due
35 and payable in not more than twenty years from the
36 date of issuance but may be made subject to redemption
37 in such manner and upon such terms as is stated on
38 the face thereof, shall be in such form as the board
39 of supervisors shall by resolution provide, and shall
40 show on their face that they are county sanitary
41 disposal bonds payable from the fund hereinafter
42 provided. Funds available pursuant to the levy
43 authorized by section 455B.81 shall be used to pay
44 the interest and principal of such bonds as they
45 become due. The limitation referred to in section
46 455B.81 shall not limit the source of payment of bonds
47 and interest but shall only restrict the amount of
48 bonds which may be issued. The money arising from
49 such levies shall be known as the sanitary disposal
50 bond fund and shall be used for the payment of such

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1 bonds and interest thereon only; and the treasurer
2 shall open and keep in his or her books a separate
3 account thereof, which shall show the exact condition
4 of such fund. Such bonds shall be sold at public
5 sale and the county treasurer shall comply with and
6 be governed by all provisions of chapter 75.

7 Sec. 68. Section three hundred forty-six point
8 twenty-six (346.26), subsection three (3), Code 1979,
9 is amended to read as follows:

10 3. County bonds may bear interest at a rate not
11 ~~exceeding seven-percent-per-annum~~ that permitted by
12 chapter seventy-four A (74A) of the Code payable
13 semiannually and the principal shall be scheduled
14 to mature in not more than twenty years from the date
15 of the bonds. When a county has issued bonds it shall
16 annually levy on all taxable property in the county,
17 a tax sufficient to pay the interest and principal
18 of the bonds as they become due, and each county may
19 levy taxes sufficient to pay its portion of the cost
20 of operating, maintaining, and keeping insured the
21 building acquired or constructed under this section.

22 Sec. 69. Section three hundred forty-six point
23 twenty-sevn (346.27), subsection fourteen (14), Code
24 1979, is amended to read as follows:

25 14. Bonds issued under this section may be issued
26 as serial or term bonds, shall be of such denomination
27 or denominations and form, including interest coupons
28 to be attached, shall be payable at such place or
29 places and bear such date as the board of commissioners
30 fix by the resolution authorizing the bonds, shall
31 mature within a period not to exceed fifty years,
32 and may be redeemable prior to maturity with or without
33 premium, at the option of the board of commissioners,
34 upon terms and conditions the board shall fix by the
35 resolution authorizing the issuance of bonds. The
36 board of commissioners may provide for the registration
37 of bonds in the name of the owner as to the principal
38 alone or as to both principal and interest upon terms
39 and conditions the board determines. All bonds issued
40 by an authority shall be sold at a price so that the
41 interest cost to the commission of the proceeds of
42 the bonds shall not exceed ~~seven-percent-per-annum~~
43 that permitted by chapter seventy-four A (74A) of
44 the Code, payable semiannually, computed to maturity,
45 and shall be sold in the manner and at the time the
46 board of commissioners determines.

47 Sec. 70. Section three hundred forty-six A point
48 three (346A.3), unnumbered paragraph two (2), Code
49 1979, is amended to read as follows:

50 "Shall the county of, in the state of

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1 Iowa issue bonds in the amount of for the
2 purpose of?" No such proposition shall
3 be declared carried unless the vote in favor of the
4 issuance of the bonds is equal to at least sixty
5 percent of the total vote cast for and against the
6 proposition at the election. Before the issuance
7 of bonds under this chapter, the board shall adopt
8 a resolution providing for the levy of annual taxes
9 sufficient to pay maturing installments of the
10 principal of and interest on said bonds in accordance
11 with the provisions of chapter 76, and said bonds
12 shall mature within a period not exceeding twenty
13 years from date of issue, shall bear interest at a
14 rate or rates not exceeding ~~seven-percent-per-annum~~
15 that permitted by chapter seventy-four A (74A) of
16 the Code and shall be of such form as the board shall
17 by resolution provide, but the aggregate indebtedness
18 of any such county shall not exceed five percent of
19 the actual value of the taxable property within the
20 county as ascertained by the last preceding state
21 and county tax lists.

22 Sec. 71. Section three hundred forty-seven point
23 five (347.5), Code 1979, is amended to read as follows:

24 347.5 BONDS. Should a majority of all the votes
25 cast upon the proposition at a general election be
26 in favor of establishing such hospital, the board
27 of supervisors shall proceed to issue bonds of the
28 county not to exceed the amount specified in said
29 proposition, in denominations of not less than one
30 hundred dollars nor more than one thousand dollars,
31 drawing interest at a rate not ~~to exceed seven-percent~~
32 per-annum exceeding that permitted by chapter seventy-
33 four A (74A) of the Code, payable annually or
34 semiannually. Said bonds shall be due and payable
35 in twenty years from date of issuance, but at the
36 option of the county payable at any time after ten
37 years from such date, and shall be substantially in
38 the form provided for county bonds, and shall show
39 on their face that they are county public hospital
40 bonds payable only from the county public hospital
41 fund as provided for in section 347.7.

42 Sec. 72. Section three hundred forty-seven point
43 twenty-seven (347.27), unnumbered paragraphs one (1)
44 and three (3), Code 1979, are amended to read as
45 follows:

46 Any county having theretofore established a county
47 public hospital being operated under the provisions
48 of this chapter may equip, enlarge, and improve the
49 county public hospital and acquire the necessary
50 lands, rights of way, and other property. For the

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1 purpose of equipping, enlarging, and improving any
2 such county public hospital, including the acquisition
3 of the necessary lands, rights of way, and other
4 property, any county may, pursuant to resolution of
5 the board of supervisors of the county and after it
6 has been determined by the board of hospital trustees
7 to be advisable, from time to time issue and dispose
8 of its negotiable interest-bearing revenue bonds,
9 payable solely as to both principal and interest from
10 the revenues derived from the operation of the county
11 public hospital. All such bonds may bear such date
12 or dates, may mature at such time or times not
13 exceeding thirty years from their respective dates,
14 may bear interest at such rate or rates not exceeding
15 seven-percent-per-annum that permitted by chapter
16 seventy-four A (74A) of the Code payable semiannually,
17 may be in such form and payable at such place or
18 places, and may be subject to such redemption
19 privileges as are stated on the face thereof and as
20 may be provided in the resolution.

21 Under no circumstances shall any revenue bonds
22 issued under the provisions of this section be or
23 become an indebtedness of the county within the purview
24 of any constitutional or statutory limitation or
25 provision. It shall be plainly stated on the face
26 of each bond that it does not constitute such an
27 indebtedness, but is payable solely from revenues
28 derived from the operation of the county hospital.
29 All the bonds shall be sold in a manner and upon terms
30 prescribed by the resolution authorizing the issuance
31 of the bonds, however no bonds shall be sold upon
32 terms that will result in an interest cost computed
33 to maturity of the bonds according to standard tables
34 of bond values ~~of more than seven-percent-per-annum~~
35 which exceeds that permitted by chapter seventy-four
36 A (74A) of the Code. The resolution authorizing the
37 revenue bonds may contain any covenants determined
38 by the board of supervisors to be desirable in
39 connection with the use and application of the bond
40 proceeds, the operation of the county public hospital,
41 and the custody and application of the revenues from
42 this operation. The sole remedy for any breach or
43 default of the terms of any bonds or proceedings for
44 their issuance shall be by mandamus in a court of
45 competent jurisdiction to compel performance and
46 compliance therewith.

47 Sec. 73. Section three hundred forty-seven A point
48 two (347A.2), Code 1979, is amended to read as follows:

49 347A.2 BONDS--AUTHORIZATION--PAYMENT. For the
50 purpose of acquiring, constructing, equipping,

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1 enlarging or improving such hospital or any part
2 thereof, any such county may, pursuant to resolution
3 of the board of supervisors of such county, from time
4 to time issue and dispose of its negotiable interest-
5 bearing revenue bonds payable solely as to both
6 principal and interest from the revenues to be derived
7 from the operation of such hospital. All such bonds
8 may bear such date or dates, may mature at such time
9 or times not exceeding thirty years from their
10 respective dates, may bear interest at such rate or
11 rates not exceeding ~~seven-percent-per-annum~~ that
12 permitted by chapter seventy-four A (74A) of the Code
13 payable semiannually, may be in such form and payable
14 at such place or places, and may be subject to such
15 redemption privileges as is stated on the face thereof
16 and as may be provided in such resolution. After
17 a resolution authorizing such revenue bonds has been
18 adopted the county auditor shall publish notice of
19 such adoption in at least one newspaper of general
20 circulation in the county at least once each week
21 for two consecutive weeks. Such notice shall identify
22 the resolution by the date of its adoption and shall
23 specify the amount of bonds proposed to be issued,
24 and if within twenty days following the date of the
25 first publication of such notice a petition is filed
26 with the county auditor signed by qualified voters
27 of said county in number equal to or exceeding twenty
28 percent of the total number of votes cast in such
29 county for governor at the last preceding regular
30 election whereat a governor was elected then the bonds
31 authorized by such resolution shall not be issued
32 unless and until the proposition to issue same shall
33 have been submitted at an election throughout the
34 county and approved by not less than sixty percent
35 of the votes cast for and against the proposition.
36 When any such petition is filed it shall be referred
37 to the board of supervisors at its next meeting and
38 thereupon the board of supervisors may either repeal
39 the bond resolution or order the election which shall
40 be called and conducted in the manner provided by
41 chapter 345. If there be no petition filed within
42 the time hereinbefore provided or if there be a
43 petition filed and the proposition of issuing such
44 bonds is approved at such election then the board
45 of supervisors may proceed with the acquisition,
46 construction, equipment, operation and maintenance
47 of the county hospital and the issuance of bonds in
48 connection therewith, all as in this chapter permitted
49 and provided. Under no circumstances shall any revenue
50 bonds issued under the provisions of this chapter

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1 be or become an indebtedness of the county within
2 the purview of any constitutional or statutory
3 limitation or provision, and it shall be plainly
4 stated on the face of each bond that it does not
5 constitute such an indebtedness, but is payable solely
6 from the revenues as aforesaid. All such bonds shall
7 be sold in such manner and upon such terms as is
8 prescribed by the resolution authorizing the issuance
9 thereof, provided, that no bonds shall be sold upon
10 terms that will result in an interest cost computed
11 to maturity of the bonds according to standard tables
12 of bond values ~~of more than seven percent per annum~~
13 which exceeds that permitted by chapter seventy-four
14 A (74A) of the Code. The resolution authorizing such
15 revenue bonds may contain such covenants as are
16 determined by the board of supervisors to be desirable
17 in connection with the use and application of the
18 bond proceeds, the operation of the county hospital
19 and the custody and application of the revenues from
20 such operation. The sole remedy for any breach or
21 default of the terms of any such bonds or proceedings
22 for their issuance shall be by mandamus in a court
23 of competent jurisdiction to compel performance and
24 compliance therewith.

25 Sec. 74. Section three hundred forty-seven A point
26 seven (347A.7), unnumbered paragraph one (1), Code
27 1979, is amended to read as follows:

28 For the purpose of enlarging and improving any
29 county hospital or hospitals theretofore acquired
30 and being operated under the provisions of this
31 chapter, any such county, upon petition and
32 recommendation of the board of hospital trustees,
33 and pursuant to resolution of the board of supervisors
34 of such county, may from time to time incur
35 indebtedness and issue and sell the negotiable
36 interest-bearing general obligation bonds of said
37 county, provided that the principal amount of all
38 such bonds which may be issued and outstanding under
39 this section shall not be in excess of two percent
40 of the assessed value of the taxable property in such
41 county as shown by the latest state and county tax
42 lists. All such bonds may bear such date or dates,
43 may mature at such time or times not exceeding twenty
44 years from their respective dates, may bear interest
45 at such rate or rates not exceeding ~~seven percent~~
46 per-annum that permitted by chapter seventy-four A
47 (74A) of the Code payable semiannually, may be in
48 such form and payable at such place or places, and
49 may be made subject to such privileges of redemption
50 prior to maturity and upon such terms of redemption

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1 as are stated on the face of such bonds and as may
2 be provided in such resolution.

3 Sec. 75. Section three hundred fifty-seven point
4 twenty (357.20), Code 1979, is amended to read as
5 follows:

6 357.20 DUE DATE--BONDS. Assessments of less than
7 ten dollars will come due at the first tax-paying
8 date after the approval of the final assessment, and
9 assessments of ten dollars or more may be paid in
10 ten annual installments with interest at ~~six percent~~
11 on the unpaid balance at a rate not exceeding that
12 permitted by chapter seventy-four A (74A) of the Code.
13 The board of supervisors shall issue bonds against
14 the completed assessment in an amount equal to the
15 total cost of the project, so that the amount of the
16 assessment will be approximately ten percent greater
17 than the amount of the bonds.

18 Sec. 76. Section three hundred fifty-seven A point
19 eleven (357A.11), subsection eight (8), Code 1979,
20 is amended to read as follows:

21 8. Have power to finance up to ninety-five percent
22 of the cost of the construction or purchase of any
23 project necessary to carry out the purposes for which
24 the district is incorporated, provided the balance
25 of the cost of construction or purchase is acquired
26 by subscription, donation, gift, or otherwise than
27 through the medium of loans, or to refinance up to
28 ninety-five percent of the original cost of any such
29 project, and to evidence such financing by issuance
30 of revenue bonds or notes which shall mature in a
31 period not to exceed forty years from date of issuance,
32 shall bear interest, or combined interest and insurance
33 charges, at a rate not to exceed ~~six percent per annum~~
34 that permitted by chapter seventy-four A (74A) of
35 the Code, shall be payable only from revenue derived
36 from sale of water by the district, and shall never
37 become or be construed to be a debt against the state
38 of Iowa or any of its political subdivisions other
39 than the district issuing the bonds. A statutory
40 mortgage lien shall exist upon the water system and
41 appurtenances and extensions so acquired in favor
42 of the holders of the bonds and notes.

43 Sec. 77. Section three hundred fifty-seven B point
44 four (357B.4), Code 1979, is amended to read as
45 follows:

46 357B.4 ANTICIPATION OF TAX. The board of trustees
47 of a benefited fire district may anticipate the
48 collection of taxes authorized under section 357B.3
49 and, for the purpose of providing fire protection,
50 may issue bonds payable in not more than ten equal

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1 installments at an interest rate not exceeding seven
2 ~~percent-per-annum~~ that permitted by chapter seventy-
3 four A (74A) of the Code. The bonds shall be in such
4 form and payable at such place as specified by
5 resolution of the board of trustees. The provisions
6 of sections 23.12 to 23.16 and chapter 384 shall apply
7 to such bonds to the extent applicable.

8 Sec. 78. Section three hundred fifty-seven C point
9 ten (357C.10), Code 1979, is amended to read as
10 follows:

11 357C.10 BONDS IN ANTICIPATION OF REVENUE.
12 Benefited street lighting districts may anticipate
13 the collection of taxes by the levy herein provided,
14 and to carry out the purposes of this chapter may
15 issue bonds payable in not more than ten equal
16 installments, with the rate of interest thereon ~~to~~
17 ~~not exceed-seven-percent-per-annum~~ exceeding that
18 permitted by chapter seventy-four A (74A) of the Code.
19 No indebtedness shall be incurred under this Act until
20 authorized by an election. Such election shall be
21 held and notice given in the same manner as the
22 election provided herein for the authorization of
23 a tax levy, and the same sixty percent vote shall
24 be necessary to authorize indebtedness. Both
25 propositions may be submitted to the voters in the
26 same election.

27 Sec. 79. Section three hundred fifty-eight point
28 twenty-one (358.21), unnumbered paragraph four (4),
29 Code 1979, is amended to read as follows:

30 The proceeds of any bond issue made under the
31 provisions of this section shall be used only for
32 the purpose of acquiring, locating, laying out,
33 establishing and construction of drainage facilities,
34 conduits, treatment plants, pumping plants, works,
35 ditches, channels and outlets of such capacity and
36 character as may be required for the treatment,
37 carrying off and disposal of the sewage and industrial
38 wastes and other drainage incidental thereto of such
39 district, or to repair, change, enlarge and add to
40 such facilities as may be necessary or proper to meet
41 the requirements present and future for the purposes
42 aforesaid. Proceeds from such bond issue may also
43 be used for the payment of special assessment
44 deficiencies. Said bonds shall be payable in not
45 more than forty annual installments and ~~at-interest~~
46 ~~not-exceeding-seven-percent-per-annum~~ with interest
47 at a rate not exceeding that permitted by chapter
48 seventy-four A (74A) of the Code, and shall be made
49 payable at such place and be of such form as the board
50 of trustees shall by resolution designate. Any

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1 sanitary district issuing bonds as authorized in this
2 section is hereby granted authority to pledge the
3 future avails of a tax levy not exceeding one dollar
4 and thirty-five cents per thousand dollars of assessed
5 value of taxable property per annum to the payment
6 of the principal and interest of such bonds after
7 the same come due, and the power to impose and certify
8 said levy is hereby granted to the trustees of sanitary
9 districts organized under the provisions of this
10 chapter.

11 Sec. 80. Section three hundred fifty-nine point
12 forty-five (359.45), Code 1979, is amended to read
13 as follows:

14 359.45 ANTICIPATORY BONDS. Townships may
15 anticipate the collection of taxes authorized by
16 section 359.43 and for such purposes may issue bonds
17 payable in not more than ten equal annual installments
18 and at a rate of interest not exceeding seven-percent
19 ~~per-annum~~ that permitted by chapter seventy-four A
20 (74A) of the Code and payable at such place and be
21 in such form as the board of trustees shall designate
22 by resolution. Sections 23.12 to 23.16, inclusive,
23 and provisions of law relating to essential corporate
24 purpose bonds of a city, so far as applicable, shall
25 apply to such bonds.

26 Sec. 81. Section three hundred eighty-four point
27 fifty-seven (384.57), Code 1979, is amended to read
28 as follows:

29 384.57 MONTHLY PAYMENTS. The city may contract
30 to pay not to exceed ninety percent of the engineer's
31 estimated value of the acceptable work completed
32 during the month to the contractor at the end of each
33 month. Payment may be made in warrants drawn on any
34 fund or funds from which payment for the work may
35 be made. ~~The warrants, unless paid upon presentation,~~
36 ~~draw interest at a rate not to exceed seven percent~~
37 ~~per annum from and after the date of presentation~~
38 ~~for payment.~~ If such funds are depleted, anticipatory
39 warrants may be issued bearing a rate of interest
40 not exceeding that permitted by chapter seventy-four
41 A (74A) of the Code, which do not constitute a
42 violation of section 384.10, even if the collection
43 of taxes or special assessments or income from the
44 sale of bonds applicable to the public improvement
45 is after the end of the fiscal year in which the
46 warrants are issued. If the city arranges for the
47 private sale of anticipatory warrants, they may be
48 sold and the proceeds used to pay the contractor.
49 Such warrants may also be used to pay other persons
50 furnishing services constituting a part of the cost

1 of the public improvement.

2 Sec. 82. Section three hundred eighty-four point
3 sixty (384.60), subsections three (3) and five (5),
4 Code 1979, are amended to read as follows:

5 3. Provide for interest on all unpaid installments
6 ~~at not more than seven percent per annum~~ a rate not
7 exceeding that permitted by chapter seventy-four A
8 (74A) of the Code.

9 5. Direct the clerk to certify the final schedule
10 to the auditor of the county or counties in which
11 the assessed property is located, and to publish
12 notice thereof once each week for two consecutive
13 weeks in the manner provided in section 362.3, the
14 first publication of which shall be not more than
15 fifteen days from the date of filing of the final
16 schedule. On or before the second publication of
17 the notice, the clerk shall send by certified mail
18 to each property owner whose property is subject to
19 assessment for the improvement, as shown by the records
20 in the office of the county auditor, a copy of the
21 notice. Such notice shall also include a statement
22 in substance that assessments may be paid in full
23 or in part without interest within thirty days after
24 the date of certification, and thereafter all unpaid
25 special assessments ~~will draw annual interest at seven~~
26 percent bear interest at the rate specified by the
27 board, but not exceeding that permitted by chapter
28 seventy-four A (74A) of the Code, computed to the
29 December 1 next following the due dates of the
30 respective installments, and each installment will
31 be delinquent on September 30 following its due date,
32 and will draw additionally the same delinquent interest
33 and the same penalties as ordinary taxes. Such notice
34 shall also state substantially that property owners
35 may elect to pay any installment semiannually in
36 advance. If a property is shown by the records to
37 be in the name of more than one owner at the same
38 mailing address, a single notice may be mailed to
39 all owners at that address. Failure to receive a
40 mailed notice is not a defense to the special
41 assessment.

42 The county auditor shall place on the tax list
43 the amounts to be assessed against each lot within
44 the assessment district, as certified.

45 Sec. 83. Section three hundred eighty-four point
46 sixty-eight (384.68), subsections two (2) and four
47 (4), Code 1979, are amended to read as follows:

48 2. All special assessment bonds are negotiable,
49 must state on their face that they are issued under
50 the provisions of this division, and are payable as

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1 to both principal and interest from the proceeds of
2 the special assessments levied for the public
3 improvement. Such bonds may bear interest at a rate
4 not exceeding seven-percent-per-annum that permitted
5 by chapter seventy-four A (74A) of the Code payable
6 annually or semiannually, must mature serially on
7 December 1 of the years in which any of the principal
8 is scheduled to become due, and may contain a provision
9 that the city reserves the right and option of calling
10 and redeeming any or all of the bonds prior to maturity
11 on any interest payment date or within forty-five
12 days thereafter upon the terms specified therein.
13 Such bonds must be called "improvement bonds", must
14 designate the general type of improvement or
15 improvements for which issued, and may be issued in
16 any denomination, not exceeding ten thousand dollars.
17 Bonds issued for a public improvement authorized in
18 section 384.38, subsection 2, must be named in a way
19 to distinguish them from other improvement bonds of
20 the city, and to designate the property specially
21 assessed for the improvement. Improvement bonds
22 issued for any one levy must bear the same date and
23 be divided into as many series as there are years
24 in which installments of the special assessment mature,
25 and each series must be as nearly equal in amount
26 as practicable.

27 4. Special assessment bonds must be sold at public
28 or private sale in the manner provided by chapter
29 75, and may not be sold for less than par value with
30 accrued interest from date to the time of delivery,
31 or if no bids are received at public sale, bonds
32 bearing the same rate of interest as the special
33 assessment may be delivered to the contractor in
34 payment of the cost of the public improvement. The
35 proceeds of the sale must be applied to the payment
36 of the cost of the public improvement.

37 Sec. 84. Section three hundred eighty-four point
38 eighty-three (384.83), subsections three (3) and six
39 (6), Code 1979, are amended to read as follows:

40 3. Revenue bonds may bear dates, bear interest
41 at rates not exceeding any-limitations-imposed-by
42 chapter-75 that permitted by chapter seventy-four
43 A (74A) of the Code, mature in one or more
44 installments, be in either coupon or registered form,
45 carry registration and conversion privileges, be
46 payable as to principal and interest at times and
47 places, be subject to terms of redemption prior to
48 maturity with or without premium, and be in one or
49 more denominations, all as provided by the resolution
50 of the governing body authorizing their issuance.

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1 The resolution may also prescribe additional
2 provisions, terms, conditions, and covenants which
3 the governing body deems advisable, consistent with
4 the provisions of the city code, including provisions
5 for creating and maintaining reserve funds, the
6 issuance of additional revenue bonds ranking on a
7 parity with such revenue bonds and additional revenue
8 bonds junior and subordinate to such revenue bonds,
9 and that such revenue bonds shall rank on a parity
10 with or be junior and subordinate to any revenue bonds
11 which may be then outstanding. Revenue bonds are
12 a contract between the city and holders and the
13 resolution is a part of the contract.

14 6. A city may issue pledge orders pursuant to
15 a resolution of the governing body of the city utility,
16 combined utility system, city enterprise, or combined
17 city enterprise, adopted by a majority of the total
18 number of members to which the governing body is
19 entitled, at a regular or special meeting, ordering
20 their issuance and delivery in payment for all or
21 part of the cost of a project. Pledge orders may
22 bear interest at rates not exceeding eight-percent
23 per-annum that permitted by chapter seventy-four A
24 (74A) of the Code.

25 Sec. 85. Section three hundred eighty-six point
26 twelve (386.12), subsection four (4), Code 1979, is
27 amended to read as follows:

28 4. Payment for the costs of an improvement may
29 also be made in warrants drawn on any fund from which
30 payment for the improvement may be made. ~~The warrants,~~
31 ~~unless-paid-upon-presentation, draw interest at a~~
32 ~~rate not to exceed seven-percent-per-annum-from-the~~
33 ~~date-of-presentation-for-payment.~~ If such funds are
34 depleted, anticipatory warrants may be issued bearing
35 a rate of interest not exceeding that permitted by
36 chapter seventy-four A (74A) of the Code, which do
37 not constitute a violation of section 384.10, even
38 if the collection of taxes or income from the sale
39 of bonds applicable to the improvement is after the
40 end of the fiscal year in which the warrants are
41 issued. If the city arranges for the private sale
42 of anticipatory warrants, they may be sold and the
43 proceeds used to pay the costs of the improvement.
44 Such warrants may be used to pay other persons
45 furnishing services constituting a part of the cost
46 of the improvement.

47 Sec. 86. Section three hundred ninety-four point
48 one (394.1), unnumbered paragraph two (2), Code 1979,
49 is amended to read as follows:

50 Taxes for the payment of said bonds shall be levied

1 in accordance with chapter 76, and said bonds shall
2 be payable through the debt service fund in not more
3 than twenty years, and bear interest at a rate not
4 exceeding seven-percent-per-annum that permitted by
5 chapter seventy-four A (74A) of the Code, and shall
6 be of such form as the city council shall by resolution
7 provide, but no city shall become indebted in excess
8 of five percent of the actual value of the taxable
9 property within said city, as shown by the last
10 preceding state and county tax lists. The indebtedness
11 incurred for the purpose provided in this section
12 shall not be considered an indebtedness incurred for
13 general or ordinary purposes.

14 Sec. 87. Section four hundred three point nine
15 (403.9), subsection three (3), Code 1979, is amended
16 to read as follows:

17 3. Bonds issued under this section shall be
18 authorized by resolution or ordinance of the local
19 governing body and may be issued in one or more series
20 and shall bear such date or dates, be payable upon
21 demand or mature at such time or times, bear interest
22 at such rate or rates not exceeding seven-per-centum
23 per-annum that permitted by chapter seventy-four (74A)
24 of the Code, be in such denomination or denominations,
25 be in such form either coupon or registered, carry
26 such conversion or registration privileges, have such
27 rank or priority, be executed in such manner, be
28 payable in such medium of payment, at such place or
29 places, and be subject to such terms of redemption,
30 with or without premium, be secured in such manner,
31 and have such other characteristics, as may be provided
32 by such resolution or trust indenture or mortgage
33 issued pursuant thereto.

34 Sec. 88. Section four hundred three A point
35 thirteen (403A.13), unnumbered paragraph one (1),
36 Code 1979, is amended to read as follows:

37 Bonds of a municipality shall be authorized by
38 its resolution and may be issued in one or more series
39 and shall bear such date or dates, mature at such
40 time or times, bear interest at such rate or rates,
41 not exceeding seven-per-centum-per-annum that permitted
42 by chapter seventy-four A (74A) of the Code, be in
43 such denomination or denominations, be in such form
44 either coupon or registered, carry such conversion
45 or registration privileges, have such rank or priority,
46 be executed in such manner, be payable in such medium
47 of payment, at such place or places, and be subject
48 to such terms of redemption (with or without premium)
49 as such resolution, its trust indenture or mortgage
50 may provide.

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1 Sec. 89. Section four hundred fifty-four point
2 twenty (454.20), Code 1979, as amended by Acts of
3 the Sixty-eighth General Assembly, 1979 Session,
4 chapter twenty-four (24), section five (5), is amended
5 to read as follows:

6 454.20 INTEREST. The warrants shall bear interest
7 from date at a rate not to exceed ~~six-percent~~ that
8 permitted by chapter seventy-four A (74A) of the Code,
9 which interest shall be payable at the end of each
10 year, or for such shorter period as the warrants may
11 remain unpaid.

12 Sec. 90. Section four hundred fifty-five point
13 sixty-four (455.64), subsections one (1) and two (2),
14 Code 1979, are amended to read as follows:

15 1. To pay one-third of the amount of such
16 assessment at the time of filing such agreement; one-
17 third within twenty days after the engineer in charge
18 shall certify to the auditor that the improvement
19 is one-half completed; and the remaining one-third
20 within twenty days after the improvement has been
21 completed and accepted by the board. All such
22 installments shall be without interest if paid at
23 said times, otherwise said assessments shall bear
24 interest from the date of the levy at ~~the rate of~~
25 ~~not-to-exceed-seven-percent-per-annum~~ a rate not
26 exceeding that permitted by chapter seventy-four A
27 (74A) of the Code, payable annually, and be collected
28 as other taxes on real estate, with like penalty for
29 delinquency.

30 2. To pay such assessments in not less than ten
31 nor more than twenty equal installments, the number
32 to be fixed by the board and interest at the rate
33 fixed by the board, not exceeding ~~seven-percent-per~~
34 ~~annum~~ that permitted by chapter seventy-four A (74A)
35 of the Code. One such installment shall be payable
36 at the September semiannual taxpaying date in each
37 year; provided, however, that the county treasurer
38 shall, at the September semiannual taxpaying date,
39 require only the payment of a sufficient portion of
40 the assessments to meet the interest and the amount
41 maturing on bonds or certificates prior to the regular
42 time for the payment of the second installment of
43 taxes and the balance shall be collected with such
44 second installment and without penalty.

45 Sec. 91. Section four hundred fifty-five point
46 seventy-seven (455.77), unnumbered paragraph one (1),
47 Code 1979, is amended to read as follows:

48 The board may provide by resolution for the payment
49 of assessments in not more than twenty annual
50 installments with interest at ~~not-to-exceed-seven~~

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1 ~~percent-per-annum~~ a rate not exceeding that permitted
2 ~~by chapter seventy-four A (74A) of the Code.~~ The
3 board may issue warrants bearing interest at the same
4 rate, which warrants shall be numbered and state a
5 maturity date in which event they shall bear interest
6 from the date of issuance without being presented
7 for payment and marked unpaid for want of funds.
8 The warrants may be sold by the board for cash in
9 an amount not less than the face value thereof,
10 together with accrued interest, if any.

11 Sec. 92. Section four hundred fifty-five point
12 seventy-nine (455.79), Code 1979, is amended to read
13 as follows:

14 455.79 INTEREST--PLACE OF PAYMENT. Such
15 certificates shall bear interest ~~not-to-exceed-seven~~
16 ~~percent-per-annum~~ at a rate not exceeding that
17 permitted by chapter seventy-four A (74A) of the Code,
18 payable annually, and shall be paid by the taxpayer
19 to the county treasurer, who shall receipt for the
20 same and cause the amount to be credited on the
21 certificates issued therefor.

22 Sec. 93. Section four hundred fifty-five point
23 eighty-three (455.83), Code 1979, is amended to read
24 as follows:

25 455.83 AMOUNT--INTEREST--MATURITY. In no case
26 shall the aggregate amount of all bonds issued exceed
27 the benefits assessed. ~~Such~~ The bonds shall not be
28 issued for a greater amount than the aggregate amount
29 of assessments for the payment of which they are
30 issued, nor for a longer period of maturity than
31 ~~twenty years, and bear a rate of interest not to~~
32 ~~exceed seven percent per annum.~~ The bonds shall bear
33 interest at a rate not exceeding that permitted by
34 chapter seventy-four A (74A) of the Code, payable
35 semiannually, on June 1 and December 1 of each year.
36 ~~Whenever the interest on bonds issued pursuant to~~
37 ~~the provisions of this chapter exceeds four percent~~
38 ~~per annum the interest on unpaid assessments shall~~
39 ~~equal the interest on such bonds but not to exceed~~
40 ~~seven percent per annum, the provisions of sections~~
41 ~~455.57 and 455.64 to the contrary notwithstanding.~~
42 The interest on unpaid assessments shall be at a rate
43 not exceeding that permitted by chapter seventy-four
44 A (74A) of the Code.

45 Sec. 94. Section four hundred fifty-five point
46 one hundred seventy-five (455.175), Code 1979, is
47 amended to read as follows:

48 455.175 FUNDS. Payment to the county auditor
49 for such certificate shall be from the fund of said
50 drainage or levee district, or subdistrict, on a

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1 warrant issued against that fund which shall have
2 precedence over all other outstanding warrants drawn
3 against that fund in the order of their payment.
4 Should there not be a sufficient amount in the fund
5 of said district, or subdistrict, to pay said warrant
6 then the board of supervisors, or the trustees of
7 the district, as the case may be, are authorized to
8 borrow a sum of money sufficient for that purpose
9 on a warrant for that amount on the fund of the
10 district, or subdistrict, which warrant shall bear
11 interest from date at ~~six-percent-per-annum~~ a rate
12 not exceeding that permitted by chapter seventy-four
13 A (74A) of the Code and shall have preference in
14 payment over all other unpaid warrants on said fund,
15 and the county treasurer shall so enter the same on
16 the list of warrants in his office and call the same
17 for payment as soon as there is sufficient money in
18 said fund.

19 Sec. 95. Section four hundred fifty-five point
20 one hundred ninety-eight (455.198), Code 1979, is
21 amended to read as follows:

22 455.198 WARRANTS NOT PAID FOR WANT OF FUNDS.
23 Chapter 74 shall be applicable to all warrants which
24 are legally drawn on levee and drainage district funds
25 and are not paid for want of funds, ~~except that such~~
26 ~~warrants shall bear interest at not to exceed seven~~
27 ~~percent-per-annum.~~

28 Sec. 96. Section four hundred fifty-five point
29 two hundred thirteen (455.213), Code 1979, is amended
30 to read as follows:

31 455.213 INSTALLMENTS--WARRANTS. The board shall
32 levy the costs contemplated in section 455.202 upon
33 all of the lands of the district on the basis of the
34 classification for benefits as finally established
35 and the assessments so levied shall be paid in one
36 installment unless the board in its discretion shall
37 provide for the payment thereof in not more than
38 twenty equal installments with interest at ~~not to~~
39 ~~exceed seven-percent-per-annum~~ a rate not exceeding
40 that permitted by chapter seventy-four A (74A) of
41 the Code. The board may issue anticipatory warrants
42 bearing interest at not to exceed seven-percent-per
43 annum against assessments a rate not exceeding that
44 permitted by chapter seventy-four A (74A) of the Code.
45 The warrants may be numbered and state a maturity
46 date ~~in which event they shall bear interest from~~
47 ~~the date of issue without being presented for payment~~
48 ~~and marked unpaid for want of funds.~~ The warrants
49 may be sold by the board for cash in an amount not
50 less than the face value thereof, together with accrued

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1 interest, if any.

2 Sec. 97. Section four hundred sixty point seven
3 (460.7), Code 1979, is amended to read as follows:
4 460.7 ADVANCED PAYMENTS. The board on construction
5 of such improvement may advance out of the secondary
6 road construction fund or the secondary road
7 maintenance fund, or out of both of said funds that
8 portion to be collected by special assessment, the
9 amount so advanced to be replaced in said road funds
10 as the first special assessments are collected. The
11 board may in lieu of making such advancements, issue
12 warrants to be known as "Drainage Warrants", said
13 warrants to ~~draw-not-to-exceed-four-percent-interest~~
14 ~~per-annum~~ bear interest at a rate not exceeding that
15 permitted by chapter seventy-four A (74A) of the Code
16 payable annually from the date of issue and to be
17 paid out of the special assessments levied therefor,
18 when the same are collected.

19 Sec. 98. Section four hundred sixty-one point
20 fourteen (461.14), Code 1979, is amended to read as
21 follows:

22 461.14 FORM OF BONDS. Such bonds shall be issued
23 in sums of not less than one hundred dollars or more
24 than one thousand dollars each, running not more than
25 twenty years, bearing interest not exceeding ~~six~~
26 ~~percent-per-annum~~ that permitted by chapter seventy-
27 four A (74A) of the Code, payable annually or
28 semiannually, and shall be substantially in the form
29 provided by law for funding bonds issued for drainage
30 purposes.

31 Sec. 99. Section four hundred sixty-three point
32 ten (463.10), Code 1979, is amended to read as follows:

33 463.10 FORM OF BONDS. Drainage refunding bonds
34 shall be issued in denominations of not less than
35 one hundred dollars nor more than one thousand dollars,
36 each, running not more than forty years, bearing
37 interest ~~not-exceeding-six-percent-per-annum~~ at a
38 rate not exceeding that permitted by chapter seventy-
39 four A (74A) of the Code, payable semiannually, and
40 shall be substantially in the form provided by law
41 relating to drainage bonds, with such changes as shall
42 be necessary to conform with this chapter.

43 Sec. 100. Section four hundred sixty-four point
44 nine (464.9), Code 1979, is amended to read as follows:

45 464.9 REFUNDING BONDS. The court shall direct
46 the board of supervisors to issue bonds in lieu of
47 the outstanding drainage bonds for said drainage
48 district, and additional bonds for the accrued interest
49 and other indebtedness of said drainage district.
50 Said bonds shall be payable in amounts, and at the

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1 time and manner, and with priority of payments as
2 has been determined by order of court, as provided
3 by section 464.8, and shall be called "conservator's
4 drainage district bonds". Each bond shall be numbered
5 and shall state on its face that it is a conservator's
6 drainage district bond; that it is issued in pursuance
7 of a resolution adopted by the board of supervisors,
8 under order of court, and giving the name of the court
9 and the county where such court is held; that it is
10 issued to pay indebtedness of the drainage district;
11 shall state the county where such district is located,
12 and the number of the drainage district for which
13 it is issued; shall state the date of maturity of
14 the bond, the rate of interest thereon, which rate
15 shall not be ~~less than three and one-half percent~~
16 per-annum exceed that permitted by chapter seventy-
17 four A (74A) of the Code, and that the bond is to
18 be paid only from taxes assessed, levied and collected
19 on the lands within the drainage district for which
20 the bond is issued subject to the provisions of section
21 464.8. All bonds shall be signed by the chairman
22 of the board of supervisors and countersigned by the
23 conservator designated as such. The interest coupons
24 attached to said bonds shall be attested by the
25 signature of the conservator or a facsimile thereof.
26 When the bonds have been executed as herein required,
27 the conservator may sell said bonds at not less than
28 par with accrued interest thereon, and pay the
29 indebtedness of said drainage district, or may exchange
30 said bonds with the creditors of said drainage district
31 in amounts as have been fixed and determined by the
32 court, and the conservator shall cancel all drainage
33 bonds, improvement certificates, warrants or other
34 evidence of indebtedness received by him in lieu of
35 the conservator's bonds.

36 Sec. 101. Section four hundred sixty-seven A point
37 thirty-three (467A.33), unnumbered paragraph one (1),
38 Code 1979, is amended to read as follows:

39 The governing body upon receiving the reports from
40 three appointed appraisers and after holding the
41 hearings shall transmit and certify the amounts of
42 assessments to the respective boards of supervisors
43 which upon receipt of certification from the governing
44 body of the district, make the necessary levy of such
45 assessments as fixed by the governing body upon the
46 land within such subdistrict and all assessments shall
47 be levied at that time as a tax and shall bear interest
48 at ~~not more than four percent per-annum~~ a rate not
49 exceeding that permitted by chapter seventy-four A
50 (74A) of the Code from that date payable annually

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1 except as hereafter provided as to cash payments
2 therefor within a specified time. The assessment
3 so levied shall be kept in a separate account by the
4 appropriate county treasurer or treasurers, identified
5 by the official name of the subdistrict and
6 expenditures therefrom shall be made on requisition
7 of the chairman and secretary of the governing body
8 of the subdistrict.

9 Sec. 102. Section four hundred sixty-seven A point
10 thirty-five (467A.35), subsections one (1) and two
11 (2), Code 1979, are amended to read as follows:

12 1. To pay one half of the amount of such assessment
13 at the time of filing such agreement and the remaining
14 one half shall become due and payable one year from
15 the date of filing such agreement. All such
16 installments shall be without interest if paid at
17 said times, otherwise said assessments shall bear
18 interest from the date of the levy at ~~the rate of~~
19 ~~four-percent-per-annum~~ a rate fixed by the governing
20 body of the subdistrict, but not exceeding that
21 permitted by chapter seventy-four A (74A) of the Code,
22 payable annually, and be collected as other taxes
23 on real estate, with like penalty for delinquency.

24 2. To pay such assessments in not less than ten
25 nor more than forty equal installments, the number
26 to be fixed by the governing body of the subdistrict
27 and interest at the rate fixed by the governing body
28 of the subdistrict, not exceeding ~~four-percent-per~~
29 ~~annum~~ that permitted by chapter seventy-four A (74A)
30 of the Code. The first installment of each assessment
31 shall become due and payable at the October semiannual
32 tax paying date after the date of filing such
33 agreement, unless the agreement is filed with the
34 county auditor less than thirty days prior to such
35 October semiannual tax paying date, in that event,
36 the first installment shall become due and payable
37 at the next succeeding October semiannual tax paying
38 date. The second and each subsequent installment
39 shall become due and payable at the October semiannual
40 tax paying date each year thereafter. All such
41 installments shall be collected with interest accrued
42 on the unpaid balance to the October semiannual tax
43 paying date and as other taxes on real estate, with
44 like penalty for delinquency.

45 Sec. 103. Sections seventy-four point eight (74.8),
46 seventy-five point eleven (75.11) and seventy-five
47 point twelve (75.12), Code 1979, are repealed. It
48 is the intent of the general assembly that the repeal
49 of these sections, and the enactment of sections
50 thirty-six (36), thirty-eight (38) and forty-one (41)

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1 of this Act shall be construed as a continuation
2 of prior law, except to the extent amended by sections
3 thirty-six (36) and thirty-eight (38) of this Act.
4 Sec. 104. Bonds sold on or after the effective
5 date of this Act to finance an improvement for which
6 a final assessment schedule was adopted prior to the
7 effective date of this Act may bear any rate of
8 interest permitted by rules issued under section
9 thirty-nine (39) of this Act, and section thirty-eight
10 (38) of this Act and any similar statutory restrictions
11 and section forty (40) of this Act do not apply to
12 these bonds.

13 Sec. 105. It is the intent of the general assembly
14 that rules which take effect pursuant to the provisions
15 of section thirty-nine (39) of this Act shall supersede
16 any temporary legislation enacted by the Sixty-eighth
17 General Assembly during the 1980 legislative session
18 with respect to interest rates or maximum interest
19 rates payable on public obligations or assessments
20 against benefitted properties."

H-5375 FILED
MARCH 5, 1980

BY SCHROEDER of Pottawattamie
JOHNSON of Linn

Placed out of order 2/13 (p. 919)

HOUSE FILE 2492

H-5369

1 Amend House File 2492 as follows:
2 1. Page 3, by inserting after line 27 the
3 following:
4 "(7). A city borrowing money or obtaining credit
5 for the purpose of obtaining funds to pay all or part
6 of the cost of a project, as defined in section three
7 hundred eighty-four point eighty (384.80) of the Code,
8 if the total cost of the project is fifty million
9 dollars or more. The governing body may authorize
10 the execution of these loan or credit agreements by
11 resolution adopted at a regular or special meeting.
12 Debt so incurred shall be repayable solely out of
13 the net revenues of the city utility, combined utility
14 system, city enterprise or combined city enterprise
15 of which the project is or will be a part, or out
16 of the proceeds of revenue bonds payable from those
17 net revenues. The governing body may provide for
18 the payment of interest at such stated or variable
19 rates as the governing body deems advisable. This
20 subparagraph does not apply to any bond issued by
21 a governing body."

H-5369 FILED MARCH 5, 1980

BY CONLON of Muscatine

Placed out of order 3/13 (p. 919)

1 Amend House File 2492 as follows:

2 1. By striking everything after page 1, line 21,
3 and inserting in lieu thereof the following:

4 "Sec. 2. NEW SECTION. INTEREST RATE COMMISSION.

5 1. There is established an interest rate
6 commission, composed of five members who shall be
7 appointed by the governor, subject to confirmation
8 by the affirmative vote of two-thirds of the members
9 of the senate. Not more than three of the members
10 shall be affiliated with the same political party.

11 2. Members of the commission shall serve terms
12 ending June 30, 1984, and June thirtieth of each
13 fourth year thereafter. A member of the commission
14 is eligible for reappointment to successive terms.
15 Appointments to fill within-term vacancies shall be
16 for the remainder of the unexpired term.

17 3. The membership of the commission shall contain
18 the following:

19 a. One person who is experienced in the banking
20 industry.

21 b. One person who is experienced in the savings
22 and loan industry.

23 c. One person who is experienced in the credit
24 union industry.

25 d. Two persons who are not affiliated, either
26 directly or indirectly, with a bank, savings and loan
27 association or credit union, or with any person who
28 is affiliated, either directly or indirectly, with
29 a bank, savings and loan association or credit union.

30 4. A person shall not exercise any of the duties
31 of a member of the interest rate commission until
32 that person's appointment has been confirmed by the
33 senate. A person shall cease to be a member of the
34 commission upon the expiration of the person's term
35 of appointment, notwithstanding the hold-over
36 provisions of section sixty-nine point one (69.1)
37 of the Code, unless the person has been reappointed
38 and the appointment confirmed by the senate prior
39 to the expiration of the prior term.

40 5. Each member of the commission shall be paid
41 reimbursement for actual and necessary expenses, plus
42 the sum of forty dollars for each day or major portion
43 thereof spent in performing commission duties,
44 including time spent in travel to and from Des Moines.

45 Sec. 3. NEW SECTION. DUTIES. The commission
46 created by section two (2) of this Act shall establish
47 maximum numerical rates of interest which may be
48 imposed in transactions which respectively are subject
49 to the limitations on interest rate contained in
50 section three hundred twenty-two point nineteen

1 (322.19), five hundred twenty-four point nine hundred
2 six (524.906), five hundred thirty-three point fourteen
3 (533.14), five hundred thirty-four point nineteen
4 (534.19), five hundred thirty-five point two (535.2),
5 five hundred thirty-five point three (535.3), five
6 hundred thirty-six point thirteen (536.13), five
7 hundred thirty-six A point twenty-three (536A.23),
8 five hundred thirty-seven point two thousand two
9 hundred one (537.2201), five hundred thirty-seven
10 point two thousand two hundred two (537.2202), five
11 hundred thirty-seven point two thousand four hundred
12 one (537.2401), or five hundred thirty-seven point
13 two thousand four hundred two (537.2402) of the Code.

14 2. Interest rates to be established by the
15 commission under section two (2) of this Act shall
16 be promulgated by administrative rule under chapter
17 seventeen A (17A) of the Code. Notwithstanding section
18 seventeen A point four (17A.4) of the Code, notice
19 and public hearing is required for each rule
20 establishing a changed interest rate. The commission
21 shall cause reasonable advance notice of any such
22 hearing to be published in the Iowa administrative
23 bulletin and in two newspapers, each having a
24 circulation of not less than ten thousand subscribers
25 in this state.

26 3. The commission shall meet as often as necessary
27 to accomplish its duties, and shall select one of
28 its members to serve as chairperson of the commission.

29 4. The commission may promulgate new interest
30 rate limitations for any one or more of the sections
31 referred to in subsection one (1) of this section
32 from time to time as appropriate in the discretion
33 of the commission, according to the standards con-
34 tained in subsection five (5) of this section. Each
35 rate established by the commission shall be in effect
36 as of the date provided in the rule by which it is
37 established and until superseded by a subsequent rule.

38 5. When establishing interest rate limitations
39 under this section the commission shall comply with
40 the following standards:

41 a. Each interest rate limitation shall be designed
42 to encourage the free flow of funds into the lending
43 or credit activities to which it applies, while
44 preventing the extraction of rates of interest which
45 in the opinion of the commission are unconscionable.
46 The commission shall consider relevant factors,
47 including but not limited to the costs to the
48 industries of the lending or credit activities
49 involved, and the risks inherent in the types of loans
50 or credit involved.

1 b. Each interest rate limitation shall bear a
2 reasonable relationship, as determined by the
3 commission, to actual interest rates which prevail
4 in the relevant money markets, including but not
5 limited to interest rates payable on obligations of
6 the United States government, nationwide averages
7 for interest rates payable on mortgage loans bought
8 by the federal national mortgage association and
9 similar instrumentalities, and interest rates paid
10 by member banks on funds borrowed from federal reserve
11 banks.

12 c. The commission shall not, at any time, establish
13 interest rate limitations for the purpose of diverting
14 funds from one sector of the economy to another.

15 6. Rules adopted by the commission under this
16 section do not expire by reason of the failure to
17 reappoint or confirm new members at the expiration
18 of terms of office. Rules in effect upon the ex-
19 piration of the terms of office of members of the
20 commission shall continue to have effect until
21 superseded by rules subsequently adopted or until
22 repealed by subsequent legislation.

23 Sec. 4. NEW SECTION. LIMITATION. The authority
24 of the interest rate commission under section three
25 (3) of this Act is limited to the establishment of
26 numerical interest rate limitations. The commis-
27 sion shall not adopt any rule which purports to exempt
28 a transaction from a section of the Code limiting
29 the rate of interest in that transaction, or which
30 purports to establish classifications of transactions
31 other than those classifications which exist by
32 statute.

33 Sec. 5. NEW SECTION. JUDICIAL REVIEW. The Iowa
34 supreme court has exclusive original jurisdiction
35 under section seventeen A point nineteen (17A.19)
36 of the Code with respect to judicial review of rules
37 adopted by the commission. Pertinent provisions of
38 chapter seventeen A (17A) of the Code apply to those
39 review proceedings in the supreme court.

40 Sec. 6. NEW SECTION. ADMINISTRATIVE PROVISIONS.

41 1. The secretary of the executive council shall
42 serve as the secretary of the interest rate commission,
43 and is the custodian of all records of the commission.

44 2. The secretary of the executive council shall
45 provide administrative assistance to the commission,
46 including but not limited to secretarial staff and
47 physical facilities.

48 3. The interest rate commission shall hold each
49 of its meetings and hearings at the state house.

50 Sec. 7. Section three hundred twenty-two point

1 nineteen (322.19), Code 1979, is amended by adding
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. The limitations on
4 interest rates which are contained in this section
5 are effective until superseded by administrative rule
6 adopted under section three (3) of this Act.

7 Sec. 8. Section five hundred twenty-four point
8 nine hundred six (524.906), Code 1979, is amended
9 by adding the following new subsection:

10 NEW SUBSECTION. The limitation on interest which
11 is contained in this section is effective until
12 superseded by administrative rule adopted under section
13 three (3) of this Act.

14 Sec. 9. Section five hundred thirty-three point
15 fourteen (533.14), Code 1979, as amended by Acts of
16 the Sixty-eighth General Assembly, 1979 Session,
17 chapter one hundred thirty (130), section seven (7),
18 is amended by adding the following new subsection:

19 NEW SUBSECTION. The limitation on interest rate
20 which is contained in this section is effective until
21 superseded by administrative rule adopted under section
22 three (3) of this Act.

23 Sec. 10. Section five hundred thirty-four point
24 nineteen (534.19), subsection six (6), Code 1979,
25 as the section is amended by Acts of the Sixty-eighth
26 General Assembly, 1979 Session, chapter one hundred
27 twenty-nine (129), section seven (7), is amended by
28 adding the following new unnumbered paragraph:

29 NEW UNNUMBERED PARAGRAPH. The limitation on
30 interest rate which is contained in this subsection
31 is effective until superseded by administrative rule -
32 adopted under section three (3) of this Act.

33 Sec. 11. Section five hundred thirty-five point
34 two (535.2), subsection one (1), Code 1979 Supplement,
35 is amended by adding the following new unnumbered
36 paragraph:

37 NEW UNNUMBERED PARAGRAPH. The numerical rate of
38 interest specified in this subsection is effective
39 until superseded by administrative rule adopted under
40 section three (3) of this Act.

41 Sec. 12. Section five hundred thirty-five point
42 two (535.2), subsection three (3), Code 1979
43 Supplement, is amended by adding the following new
44 lettered paragraph:

45 NEW LETTERED PARAGRAPH. The limitation on interest
46 rate which is contained in this subsection is effective
47 until superseded by administrative rule adopted under
48 section three (3) of this Act.

49 Sec. 13. Section five hundred thirty-five point
50 three (535.3), Code 1979, is amended by adding the

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1 following new unnumbered paragraph:

2 NEW UNNUMBERED PARAGRAPH. The numerical rate of
3 interest specified in this section is effective until
4 superseded by administrative rule adopted under section
5 three (3) of this Act.

6 Sec. 14. Section five hundred thirty-five point
7 six (535.6), Code 1979, is amended by adding the
8 following new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. The provisions of this
10 section do not apply with respect to any transaction
11 which is lawful under administrative rule adopted under
12 section three (3) of this Act.

13 Sec. 15. Section five hundred thirty-six point
14 thirteen (536.13), Code 1979, as the section is amended
15 by Acts of the Sixty-eighth General Assembly, 1979
16 Session, chapter one hundred thirty-one (131), section
17 two (2), is amended by adding the following new
18 subsection:

19 NEW SUBSECTION. The limitations on interest rate
20 which are contained in this section or which are
21 contained in rules adopted by the state banking board
22 are effective until superseded by administrative
23 rule adopted under section three (3) of this Act.

24 Sec. 16. Section five hundred thirty-six A point
25 twenty-three (536A.23), subsection one (1), Code 1979
26 Supplement, is amended by adding the following new
27 unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. The limitation on
29 interest rate which is contained in this subsection
30 is effective until superseded by administrative rule
31 adopted under section three (3) of this Act.

32 Sec. 17. Section five hundred thirty-seven point
33 two thousand two hundred one (537.2201), subsection
34 two (2), Code 1979, is amended by adding the following
35 new unnumbered paragraph:

36 NEW UNNUMBERED PARAGRAPH. The limitation on finance
37 charge which is contained in this subsection is
38 effective until superseded by administrative rule
39 adopted under section three (3) of this Act.

40 Sec. 18. Section five hundred thirty-seven point
41 two thousand two hundred two (537.2202), subsection
42 three (3), Code 1979, is amended by adding the
43 following new unnumbered paragraph:

44 NEW UNNUMBERED PARAGRAPH. The limitations on
45 finance charge which are contained in this subsection
46 are effective until superseded by administrative rule
47 adopted under section three (3) of this Act.

48 Sec. 19. Section five hundred thirty-seven point
49 two thousand four hundred one (537.2401), subsection
50 one (1), Code 1979, is amended by adding the following

MARCH 4, 1980

PAGE EIGHT

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Page Six

1 new unnumbered paragraph:

2 NEW UNNUMBERED PARAGRAPH. The limitation on finance
3 charge which is contained in this subsection is
4 effective until superseded by administrative rule
5 adopted under section three (3) of this Act.

6 Sec. 20. Section five hundred thirty-seven point
7 two thousand four hundred two (537.2402), subsection
8 three (3), Code 1979, is amended by adding the
9 following new unnumbered paragraph:

10 NEW UNNUMBERED PARAGRAPH. The limitations on
11 finance charge which are contained in this subsection
12 are effective until superseded by administrative rule
13 adopted under section three (3) of this Act.

14 Sec. 21. This Act, being deemed of immediate
15 importance, takes effect from and after its publication
16 in the Independence Conservative, a newspaper published
17 in Independence, Iowa, and in the Atlantic News-
18 Telegraph, a newspaper published in Atlantic, Iowa."

19 2. Amend the title by striking lines 1 through
20 5 and inserting in lieu thereof the words "An Act
21 relating to statutory limitations or interest rates."

H-5352 FILED

BY MILLER of Buchanan

MARCH 3, 1980

Placed out of order 3/13 (p. 919)

Sen. Commerce 3/18

Amended per 5524 & Do Pass 3/25 (p. 1069)

HOUSE FILE 2492

By COMMITTEE ON COMMERCE

(As Amended and Passed by the House)

Passed House, Date 4/15/80 (p. 1606) Passed Senate, Date 7/1/80 (p. 1228)

Vote: Ayes 78 Nays 21 Vote: Ayes 39 Nays 6

Approved April 30 1980

Repassed Senate 4/16/80 (p. 1500)

A BILL FOR

*43-2
Motion to reconsider 4/17 w/2 4/18*

1 An Act relating to the regulation of terms and conditions
2 of certain loans, advances and extensions of credit.

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

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House Amendments _____

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amend

1 Section 1. Section four hundred seventy-six point six
2 (476.6), unnumbered paragraph six (6), Code 1979, as amended
3 by Acts of the Sixty-eighth General Assembly, 1979 Session,
4 chapter one hundred seventeen (117), is amended by striking
5 the paragraph and inserting in lieu thereof the following:

6 However upon a suspension by the commission, a public
7 utility may proceed as follows:

8 1. Subject to the provisions of subparagraph two (2) of
9 this paragraph, a public utility may, at any time after rates,
10 charges, schedules or regulations have been suspended for
11 ninety days, place in effect any or all of the suspended
12 rates, charges, schedules or regulations by filing with the
13 commission a bond or other undertaking approved by the
14 commission conditioned upon the refund in a manner to be
15 prescribed by the commission of any amounts collected in
16 excess of the amounts which would have been collected under
17 rates, charges, schedules or regulations finally approved
18 by the commission. The commission shall establish a rate
19 of interest to be paid by a public utility to persons receiving
20 refunds. The rate of interest shall be a reasonable rate
21 as determined by the commission, but not less than five percent
22 per annum, and the interest shall be compounded annually.

23 2. a. The public utility shall not place into effect
5580 24 any portion of the suspended rates, charges, schedules or
6576 25 regulations which would result in an increase in gross
26 intrastate operating revenues which is greater than the annual
27 inflation factor unless the public utility specifically applies
28 to the commission for authority to impose a greater interim
29 increase and the commission approves a greater interim increase
30 on the basis of need.

5553 31 b. If the commission has not issued a final order in the
32 rate proceedings within twelve months following the date
33 formal proceedings were commenced, the public utility may,
34 at the end of that twelve-month period and of each subsequent
35 twelve-month period, place into effect such additional portion

1 of the suspended rates, charges, schedules or regulations
2 as will result in an additional increase in gross intrastate
3 operating revenues which is equal to the annual inflation
4 factor for the respective twelve-month period; provided that
5 the public utility may apply for and receive authority for
6 a greater increase in the manner otherwise permitted by this
7 subparagraph.

5588 8 c. The public utility shall not place into effect any
9 portion of any suspended rates, charges, schedules or
10 regulations of any subsequent rate filing relating to services
11 with respect to which a rate filing is pending until after
12 the commission has issued a final order in the previously
13 filed rate proceedings, unless the public utility applies
14 to the commission for authority and receives authority to
15 place a portion of the subsequent filed rate filing into
16 effect on an interim basis.

5589 17 d. "Annual inflation factor" means the annual percent
18 change in the consumer price index produced by the bureau
19 of labor statistics of the United States department of labor.
20 As used in subdivisions a and b, of this subparagraph, the
21 annual inflation factor shall mean this annual percent change
22 as of the calendar month preceding the month in which the
23 respective portion of the suspended rules, charges, schedules
24 or regulations is actually placed into effect.

55897 25 Sec. 2. NEW SECTION. TEMPORARY EXEMPTIONS.

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

32 a. A person borrowing money to finance the acquisition
33 of real property, including the refinancing of a contract
5593 34 for deed, the refinancing of a prior loan whether or not the
35 borrower also was the borrower under the prior loan, or,

1 subject to section five hundred thirty-five point eight
2 (535.8), subsection two (2), paragraph c, Code 1979 Supplement,
3 the assumption of a prior loan;

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

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

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

5571-13 2. A person borrowing money or obtaining credit for
5565-14 business or agricultural purposes, or a person borrowing money
15 or obtaining credit in an amount which exceeds thirty-five
16 thousand dollars for personal, family or household purposes,
17 may agree in writing to pay any rate of interest which is
18 not more than five percentage points in excess of the discount
19 rate on ninety-day commercial paper in effect at the federal
20 reserve bank of Chicago, Illinois at 12:00 o'clock noon on
21 the day preceding the day on which the agreement to pay
22 interest is executed, and a person so agreeing in writing
23 shall not plead or interpose the claim or defense of usury
24 in any action or proceeding, and the person agreeing to receive
5588 25 such rate of interest shall not be subject to any penalty
5594 26 or forfeiture for agreeing to receive or receiving such
27 interest. As used in this subsection, "agricultural purpose"
28 means and includes any of the purposes referred to in section
29 five hundred thirty-seven point one thousand three hundred
30 one (537.1301), subsection four (4) of the Code, but regardless
31 of whether or not the activities described in that subsection
32 are undertaken by a natural person or other entity.

33 3. The provisions of subsections one (1) and two (2) of
34 this section apply only to written agreements which are
5585 35 executed on or after the effective date of this Act and before

1 July 1, 1983, and with respect to those agreements, the
2 provisions of this Act supersede any interest rate or finance
3 charge limitations contained in the Code, including but not
4 limited to provisions of chapters three hundred twenty-one
5 (321), three hundred twenty-two (322), five hundred twenty-
6 four (524), five hundred thirty-three (533), five hundred
7 thirty-four (534), five hundred thirty-five (535), five hundred
8 thirty-six A (536A), and five hundred thirty-seven (537) of
9 the Code. A rate of interest which is lawful under the
10 provisions of this Act shall remain lawful during the entire
11 term of the written agreement in which the rate is set forth,
12 including any extensions thereof, and until the principal
13 amount to which the rate pertains is paid, and may apply to
14 all money due or to become due under that agreement, including
15 future advances, if any.

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16 4. A lender may collect, in connection with any loan made
17 pursuant to a written agreement executed by the borrower on
18 or after the effective date of this Act and prior to July
19 1, 1983, or in connection with any loan made pursuant to a
20 written commitment by the lender mailed or delivered to the
21 borrower on or after the effective date of this Act and prior
22 to July 1, 1983, a loan processing fee which does not exceed
23 two percent of an amount which is equal to the loan principal
24 less fifteen thousand dollars, except that in the event of
25 an assumption of a prior loan the lender may collect a loan
26 processing fee which does not exceed an amount which is a
27 reasonable estimate of the expenses of processing the loan
28 assumption but which does not exceed one percent of the amount
29 assumed. As used in this subsection, the term "loan" means
30 as defined in section five hundred thirty-five point eight
31 (535.8), subsection one (1), of the Code. The provisions
32 of this subsection supersede conflicting provisions of section
33 five hundred thirty-five point eight (535.8), subsection two
34 (2), paragraph a, Code 1979 Supplement, but no other provision
35 of this section is intended to affect any other subsection

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1 or paragraph of section five hundred thirty-five point eight
2 (535.8) Code 1979 Supplement.

3 5. This section does not supersede the provisions of
4 section five hundred thirty-five point nine (535.9), Code
5 1979 Supplement.

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6 Sec. 3. Chapter five hundred thirty-five (535), Code
7 1979, is amended by adding the following new section:

8 NEW SECTION. FINANCE CHARGE ON ACCOUNTS RECEIVABLE.

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

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

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

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

1 whether or not the debtor is present at the time of delivery.

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

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

10 4. With respect to an open account, the creditor may
11 impose a finance charge not exceeding that permitted by section
12 five hundred thirty-seven point two thousand two hundred two
13 (537.2202), subsections two (2) and three (3) of the Code.

14 5. As used in this section, "finance charge" means as
15 defined in section five hundred thirty-seven point one thousand
16 three hundred one (537.1301) of the Code; and "account
17 receivable" means a debt arising from the retail sale of goods
18 or services or both on credit; and "open account" means an
19 account receivable consisting of debt arising from the
20 extension of open-end credit, as defined in section five
21 hundred thirty-seven point one thousand three hundred one
22 (537.1301) of the Code.

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

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

1 section five hundred thirty-five point three (535.3) of the
2 Code.

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

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10 Sec. 4. Section three hundred twenty-two point nineteen
11 (322.19), unnumbered paragraph two (2), Code 1979, is amended
12 to read as follows:

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

18 Sec. 5. Chapter three hundred twenty-one (321), Code 1979,
19 is amended by adding the following new section:

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

26 "Amount financed" shall be as defined in section five
27 hundred thirty-seven point one thousand three hundred one
28 (537.1301) of the Code.

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

1 hundred thirty-seven (537), article two (2), part two (2)
2 of the Code.

3 Sec. 6. Acts of the Sixty-eighth General Assembly, 1979
4 Session, chapter one hundred twenty-eight (128), section one
5 (1), amending chapter three hundred twenty-one (321) of the
6 Code, is amended to read as follows:

7 SECTION 1. Chapter three hundred twenty-one (321), Code
8 1979, is amended by adding the following new section:

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

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

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

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

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

35 The limitations contained in this section do not apply

1 in a transaction referred to in section five hundred thirty-
2 five point two (535.2), subsection two (2) of the Code. With
3 respect to a consumer credit sale, as defined in section five
4 hundred thirty-seven point one thousand three hundred one
5 (537.1301) of the Code, the limitations contained in this
6 section supersede conflicting provisions of chapter five
7 hundred thirty-seven (537), article two (2), part two (2)
8 of the Code.

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9 Sec. 7. Section five hundred thirty-seven point two
10 thousand two hundred one (537.2201), subsection two (2), Code
11 1979, is amended to read as follows:

12 2. The finance charge, calculated according to the
13 actuarial method, may not exceed ~~fifteen~~ eighteen percent
14 per year on the unpaid balances of the amount financed.

15 Sec. 8. Section five hundred thirty-seven point two
16 thousand four hundred one (537.2401), subsection one (1),
17 Code 1979, is amended to read as follows:

18 1. Except as provided with respect to a finance charge
19 for loans pursuant to open end credit under section 537.2402,
20 a lender may contract for and receive a finance charge not
21 exceeding the maximum charge permitted by the laws of this
22 state or of the United States for similar lenders, and, in
23 addition, with respect to a consumer loan not secured by a
24 first lien on a dwelling of the debtor given to finance the
25 acquisition of that dwelling, a supervised financial
26 organization may contract for and receive a finance charge,
27 calculated according to the actuarial method, not exceeding
28 ~~fifteen~~ eighteen percent per year on the unpaid balance of
29 the amount financed.

30 Sec. 9. Federal limitations on interest rates paid to
31 depositors by financial institutions and agencies authorized
32 to do business in this state shall be increased by thirty-
33 five percent on the effective date of this Act, by an
34 additional thirty-five percent on September 1, 1980, and shall
35 be eliminated on March 1, 1981.

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1 Sec. 10.

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

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

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HOUSE FILE 2492

S-5624

1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 9, by inserting after line 35 the follow-
4 ing:

5 "Sec. ____ . NEW SECTION. CONSUMER CREDIT FINANCE
6 CHARGES.

7 1. The finance charge limitations contained in
8 sections five hundred thirty-seven point two thousand
9 two hundred one (537.2201), five hundred thirty-seven
10 point two thousand two hundred two (537.2202), five
11 hundred thirty-seven point two thousand four hundred
12 one (537.2401) and five hundred thirty-seven point
13 two thousand four hundred two (537.2402) of the Code,
14 as amended by this Act, shall be in effect as provided
15 in this Act until January 1, 1981. Commencing January
16 1, 1981, and January first of each year thereafter,
17 the finance charge limitations which shall be in
18 effect during the respective calendar year shall be
19 as provided in this section.

20 2. Commencing January 1, 1981, and each respective
21 year thereafter, the maximum finance charge to be
22 in effect for purposes of sections five hundred thirty-
23 seven point two thousand two hundred one (537.2201),
24 five hundred thirty-seven point two thousand two
25 hundred two (537.2202), five hundred thirty-seven
26 point two thousand four hundred one (537.2401) and
27 five hundred thirty-seven point two thousand four
28 hundred two (537.2402) of the Code shall be dependent
29 upon the base discount rate and relative discount
30 rate on sales of United States treasury bills.

31 3. The "base discount rate" for purposes of this
32 section shall be equal to the percentage which is
33 the arithmetic average of the weekly discount rates
34 as reported and published by the United States treasury
35 department for United States treasury bills with six-
36 month maturities sold at auction at each of the weekly
37 auctions held during the 1979 calendar year. For
38 purposes of this section the basic discount rate is
39 equal to ten point zero one seven percent.

40 4. The "relative discount rate" for purposes of
41 this section shall be the weekly discount rate as
42 reported and published by the United States treasury
43 department for United States treasury bills sold at
44 auction at the weekly auction held on or immediately
45 prior to December fifteenth of a calendar year,
46 commencing with the 1979 calendar year.

47 5. Immediately after December fifteenth of each
48 calendar year the superintendent of banking shall
49 obtain from the United States treasury department
50 the relative discount rate of that calendar year,

1 as defined in subsection four (4) of this section.
2 The superintendent shall compare that relative discount
3 rate to the base discount rate and shall determine
4 the maximum finance charges to be in effect during
5 the following year according to the following:

6 a. If the relative discount rate in December of
7 any calendar year is greater than the base discount
8 rate, then the maximum finance charges to be in effect
9 during the following year shall be as follows:

10 (1) For purposes of consumer credit transactions
11 governed by section five hundred thirty-seven point
12 two thousand two hundred one (537.2201) or five hundred
13 thirty-seven point two thousand four hundred one
14 (537.2401) of the Code, twenty-one percent per year.

15 (2) For purposes of consumer credit transactions
16 governed by section five hundred thirty-seven point
17 two thousand two hundred two (537.2202) or five hundred
18 thirty-seven point two thousand four hundred two
19 (537.2402) of the Code, one and three-fourths percent
20 per month.

21 b. If the relative discount rate in December of
22 any calendar year is equal to or less than the base
23 discount rate, then the maximum finance charges to
24 be in effect during the following year shall be as
25 follows:

26 (1) For purposes of consumer credit transactions
27 governed by section five hundred thirty-seven point
28 two thousand two hundred one (537.2201) or five hundred
29 thirty-seven point two thousand four hundred one
30 (537.2401) of the Code, eighteen percent per year.

31 (2) For purposes of consumer credit transactions
32 governed by section five hundred thirty-seven point
33 two thousand two hundred two (537.2202) or five hundred
34 thirty-seven point two thousand four hundred two
35 (537.2402) of the Code, one and one-half percent per
36 month.

37 6. The superintendent of banking shall cause to
38 be published, as a notice in the Iowa administrative
39 bulletin and as a legal notice in a newspaper of
40 general circulation published in Polk county, the
41 maximum finance charges to be in effect during a
42 calendar year, as determined pursuant to subsection
43 five (5) of this section. These notices shall be
44 published as soon after the maximum charges have been
45 determined. However, the maximum charges as specified
46 in subsection five (5) of this section shall be in
47 effect as of January first, irrespective of the
48 publication of or the failure to publish these notices.

49 7. A debt incurred during a calendar year shall
50 be subject to the maximum finance charge in effect

1 for that transaction during that calendar year, and
2 until fully paid, whether or not fully paid within
3 that calendar year. For purposes of this subsection,
4 each extension of credit or payment of money pursuant
5 to open-end credit shall be deemed a separate debt."

HOUSE FILE 2492

S-5623

1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 4, line 29, by striking the period and
4 inserting in lieu thereof the words "; provided that
5 if the purpose of the loan or commitment by the lender
6 is to enable the borrower to purchase from a builder
7 a one-family to four-family dwelling, the construction
8 of which was commenced within the twelve-month period
9 immediately preceding the date of the loan or commit-
10 ment, then the lender may, in addition to the loan
11 processing fee collectable from the borrower under
12 this section, collect from the builder who built and
13 is selling the dwelling a fee in an amount which does
14 not exceed three percent of the principal amount of
15 the loan to be made to the borrower, but as a condition
16 of collecting this fee from the builder the lender
17 shall reduce the interest rate otherwise payable by
18 the borrower on the loan by one percentage point for
19 each percentage point of fee received from the builder,
20 and by a like proportion for fractional amounts."

S-5623 FILED & LOST (p. 1275) BY STEPHEN W. BISENIUS
APRIL 1, 1980 BOB CARR

HOUSE FILE 2492

S-5625

1 Amend the Holden amendment S-5598 to House File
2 2492 as amended, passed and reprinted by the House,
3 as follows:
4 1. Page 1, line 30 by inserting after the words
5 "state." the words "All provisions of this Act shall
6 terminate as of April 1, 1982, with the exception
7 of this section."

S-5625 FILED & LOST (p. 1273) BY BERL E. PRIEBE
APRIL 1, 1980 C. W. HUTCHINS WILLIAM D. PALMER
GEORGE KINLEY CHARLES P. MILLER
JOHN SCOTT LOWELL L. JUNKINS

HOUSE FILE 2492

S-5627

1 Amend amendment S-5598 to House File 2492 as
2 amended, passed and reprinted by the House as follows:
3 1. Page 1, line 30, by inserting after the period
4 the words "Section two (2) of this Act expires July
5 1, 1983. All other provisions of this Act except
6 this section expire July 1, 1981."

S-5627 FILED BY GEORGE KINLEY
APRIL 1, 1980 LOWELL L. JUNKINS
ADOPTED (p. 1324)

S-5621

1 Amend House File 2492 as amended, passed and
2 reprinted by the House, as follows:

3 1. Page 9, by inserting after line 35 the
4 following:

5 "Sec. 10. Section five hundred thirty-five point
6 two (535.2), subsection four (4), Code 1979 Supplement,
7 is amended by striking that subsection.

8 Sec. 11. With respect to any written agreement
9 which was executed prior to August 3, 1978, and which
10 contained a provision for the adjustment of the
11 interest rate specified in that agreement, and which
12 was governed by the limitation contained in section
13 five hundred thirty-five point two (535.2), subsection
14 four (4), Code 1979 Supplement, the interest rate
15 may be adjusted after the effective date of this Act
16 according to the terms of the agreement to any rate
17 of interest permitted by the laws of this state as
18 of the date an adjustment in interest is to be made.
19 This section does not authorize adjustment of interest
20 in any manner other than that expressly permitted
21 by the terms of the written agreement, and nothing
22 contained in this section or section ten (10) of this
23 Act authorizes the collection of additional interest
24 with respect to any portion of a debt which was paid
25 or repaid prior to the effective date of an interest-
26 rate adjustment."

27 2. By renumbering sections and correcting internal
28 references.

S-5621 FILED

BY EDGAR H. HOLDEN

APRIL 1, 1980

RICHARD F. DRAKE

ADOPTED (p. 1324)

motion to reconsider lost (p. 1325)

HOUSE FILE 2492

S-5620

1 Amend House File 2492 as amended, passed and
2 reprinted by the House, as follows:

3 1. Page 9, by inserting after line 8 the following:

4 "Sec. ____ . Section five hundred thirty-seven point
5 one thousand three hundred one (537.1301), subsection
6 fifteen (15), paragraph b, subparagraph two (2), Code
7 1979, is amended by striking the subparagraph and
8 inserting in lieu thereof the following:

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

11 2. Page 9, by striking lines 23 through 25 and
12 inserting in lieu thereof the following: "addition,
13 with respect to a consumer loan ~~not-secured-by-a-first~~
14 ~~lien-on-a-dwelling-of-the-debtor-given-to-finance~~
15 ~~the-acquisition-of-that-dwelling~~, a supervised
16 financial".

17 3. By renumbering the sections as necessary.

S-5620 FILED

BY EDGAR H. HOLDEN

APRIL 1, 1980

ADOPTED (p. 1223)

HOUSE FILE 2492

S-5622

1 Amend amendment S-5524 to House File 2492, as
2 amended, passed and reprinted by the House as follows:
3 1. Page 1, by striking lines 7 through 24 and
4 inserting in lieu thereof the following:
5 "However, a public utility, ~~shall have the right~~
6 at any time after said the rates, charges, schedules
7 or regulations have been suspended ~~for ninety days,~~
8 may request the authority to place in effect any or
9 all of such the suspended rates, charges, schedules
10 or regulations by filing with the commission a bond
11 or other undertaking approved by the commission
12 conditioned upon the refund in a manner to be
13 prescribed by the commission of any amounts collected
14 thereunder in excess of the amounts which would have
15 been collected under rates, charges, schedules or
16 regulations finally approved by the commission. In
17 determining that portion, if any, of the utility's
18 proposed increase in rates and charges to be placed
19 in effect subject to refund, the commission shall
20 at a minimum allow rates and charges which, consistent
21 with regulatory principles established by the
22 commission in prior rate cases involving the same
23 type of public utility service, will allow the utility
24 the opportunity to earn a return on common stock
25 equity equal to that which the commission held
26 reasonable and just in the most recent rate case
27 involving the same type of public utility service.
28 If the commission fails to make a determination within
29 ninety days of the request, the utility may place
30 in effect, under bond and subject to refund as
31 otherwise provided in this paragraph, any or all of
32 the suspended rates, charges, schedules or regulations.
33 The commission shall establish a rate of interest
34 to be paid by a public utility to persons receiving
35 refunds. Such The rate of interest shall be a
36 reasonable rate as determined by the commission, but
37 not less than five percent per annum, ~~not more than~~
38 ~~twelve percent per annum,~~ and the interest shall be
39 compounded annually."

S-5622 FILED
APRIL 1, 1980

BY PATRICK J. DELUHERY
JOHN S. MURRAY
JULIA GENTLEMAN

RULED OUT OF ORDER (A.1227)

HOUSE FILE 2492

S-5607

1 Amend amendment S-5524 to House File 2492 as
2 amended, passed and reprinted by the House, as follows:
3 1. By striking page 1, line 34 through page 2,
4 line 1, and inserting in lieu thereof the following:
5 "____. Page 7, by striking lines 10 through 17
6 and inserting in lieu thereof the following:
7 "Sec. ____ Section three hundred twenty-two point
8 nineteen (322.19), unnumbered paragraphs two (2) and
9 three (3), Code 1979, as amended by Acts of the Sixty-
10 eighth General Assembly, 1980 Session, Senate File
11 two thousand two hundred (2200), section one (1),
12 are amended to read as follows:
13 Class 1. Any new motor vehicle designated by the
14 manufacturer by a year model not earlier than the
15 year in which the sale is made, an amount equivalent
16 to one and ~~one-half~~ three-fourths percent per month
17 simple interest on the declining balance of the amount
18 financed.
19 Class 2. Any new motor vehicle not in Class 1
20 and any used motor vehicle designated by the
21 manufacturer by a year model of the same or not more
22 than two years prior to the year in which the sale
23 is made, an amount equivalent to ~~one-and-three-fourths~~
24 two percent per month simple interest on the declining
25 balance of the amount financed."

S-5607 FILED
APRIL 1, 1980
ADOPTED (p. 1221)

BY EDGAR H. HOLDEN

HOUSE FILE 2492

S-5612

1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 4, line 29, by inserting after the word
4 "assumed" the words "; provided that if the purpose
5 of the loan or commitment by the lender is to en-
6 able the borrower to purchase from a builder a one-
7 family to four-family dwelling, the construction of
8 which was commenced within the twelve-month period
9 immediately preceding the date of the loan or commit-
10 ment, then the lender may, in addition to the loan
11 processing fee collectable from the borrower under
12 this section, collect from the builder who built and
13 is selling the dwelling a fee in an amount which does
14 not exceed three percent of the principal amount of
15 the loan to be made to the borrower".

S-5612 FILED
APRIL 1, 1980
WITHDRAWN (p. 1225)

BY STEPHEN W. BISENIUS
BOB CARR

HOUSE FILE 2492

S-5602

1 Amend the Holden amendment S-5598 to House File
2 2492 as amended, passed and reprinted by the House, as follows:
3 1. Page 1, line 30 by inserting after the words
4 "state." the words "All provisions of this Act shall
5 terminate as of April 1, 1981, with the exception of
6 this section."

S-5602 FILED
MARCH 31, 1980
Lead 4 (p. 1222)

BY WILLIAM D. PALMER
GEORGE R. KINLEY
JOE BROWN
BOB CARR
JOHN SCOTT
NORMAN RODGERS
J. V. GALLAGHER
TOM SLATER
ALVIN V. MILLER
C. W. HUTCHINS
LOWELL L. JUNKINS
JOANN ORR

HOUSE FILE 2492

S-5603

1 Amend House File 2492 as amended, passed and
2 reprinted by the House, as follows:
3 1. Page 7, by inserting after line 9 the following:
4 "Sec. ____ . Section five hundred thirty-five point
5 eight (535.8), subsection two (2), paragraph c, Code
6 1979 Supplement, is amended to read as follows:
7 c. If the purpose of the loan is to enable the
8 borrower to purchase a single-family or two-family
9 dwelling, for his or her residence, any provision
10 of a loan agreement which prohibits the borrower from
11 transferring his or her interest in the property to
12 a third party for use by the third party as his or
13 her residence, or any provision which requires or
14 permits the lender to make a change in the interest
15 rate, the repayment schedule or the term of the loan
16 as a result of a transfer by the borrower of his or
17 her interest in the property to a third party for
18 use by the third party as his or her residence shall
19 not be enforceable ~~except as provided in the following~~
20 sentene provided the borrower maintains all personal
21 liability on the loan. If the lender on reasonable
22 grounds believes that its security interest or the
23 likelihood of repayment is impaired, based solely
24 on criteria which is not more restrictive than that
25 used to evaluate a new mortgage loan application,
26 the lender may accelerate the loan, or to offset any
27 such impairment, may adjust the interest rate, the
28 repayment schedule or the term of the loan.--A
29 provision of a loan agreement which violates this
30 paragraph is void. The provisions of this paragraph
31 are retroactive."

S-5603 FILED
MARCH 31, 1980
ADOPTED *(p. 1222)*

BY DICK RAMSEY
GARY BAUGHER
ARTHUR A. SMALL, JR.

SENATE 41
APRIL 1, 1980

HOUSE FILE 2492

S-5599

1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 5, by inserting after line 5 the following:
4 "Sec. ____ . Section five hundred twenty-four point
5 nine hundred one (524.901), Code 1979, as amended
6 by Acts of the Sixty-eighth General Assembly, 1979
7 Session, chapter one hundred twenty-eight (128),
8 section sixteen (16), is amended by adding the
9 following new subsection:
10 NEW SUBSECTION. Notwithstanding the other
11 provisions of this section, a state bank located in
12 a city having a population of more than five hundred
13 shall not make a loan secured by a lien on real
14 property if an officer or employee of the bank is
15 engaged as a real estate agent for purposes of the
16 sale of the real property to which the loan relates."

S-5599 FILED
MARCH 31, 1980

BY ARNE WALDSTEIN
NORMAN RODGERS
JAMES GALLAGHER
ROBERT CARR

GARY BAUGHER
ROLF V. CRAFT
SUE YENGER

RULED OUT OF ORDER (p. 1200)

HOUSE FILE 2492

S-5600

1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 4, lines 18 and 19, by striking the words
4 "and prior to July 1, 1983".
5 2. Page 4, lines 21 and 22, by striking the words
6 "and prior to July 1, 1983".

S-5600 FILED & ADOPTED (p. 1199) BY EDGAR H. HOLDEN
MARCH 31, 1980

HOUSE FILE 2492

S-5606

1 Amend the Holden amendment S-5598 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:
4 1. Page 1, line 11, by inserting after the word
5 "want" the word "any".

S-5606 FILED
APRIL 1, 1980

BY EDGAR H. HOLDEN

ADOPTED (p. 1222)

HOUSE FILE 2492

S-5595

1 Amend House File 2492, as amended, passed and
2 reprinted by the House as follows:

3 1. By striking page 4, line 16 through page 5,
4 line 2, and inserting in lieu thereof the following:

5 "_____. A lender shall not collect, in connection
6 with any loan made pursuant to a written agreement
7 executed by the borrower on or after the effective
8 date of this Act and prior to July 1, 1983, or in
9 connection with any loan made pursuant to a written
10 commitment by the lender mailed or delivered to the
11 borrower on or after the effective date of this Act
12 and prior to July 1, 1983, or in connection with any
13 assumption of a prior loan which is assumed on or
14 after the effective date of this Act and prior to
15 July 1, 1983, any origination fee, closing fee,
16 commitment fee or similar charge. If any lender
17 imposes any charge prohibited by this subsection,
18 the borrower shall have the right to recover all
19 amounts unlawfully collected by the lender from that
20 borrower, plus attorney fees and court costs incurred
21 in any action necessary to effect recovery. This
22 subsection supersedes the provisions of section five
23 hundred thirty-five point eight (535.8), subsection
24 two (2), paragraph a, Code 1979 Supplement."

25 2. Page 5, by inserting after line 2 the following:

26 "_____. Whenever the borrower under any loan made
27 pursuant to a written agreement executed by the
28 borrower on or after the effective date of this Act
29 and prior to July 1, 1983, or pursuant to a written
30 commitment by the lender mailed or delivered to the
31 borrower on or after the effective date of this Act
32 and prior to July 1, 1983, including a person who
33 has assumed such a loan, prepays part or all of the
34 outstanding balance of the loan, the lender shall
35 not receive an amount in payment of interest which
36 is greater than the amount determined by applying
37 the rate of interest agreed upon by the lender and
38 the borrower to the unpaid balance of the loan for
39 the period of time during which the borrower had the
40 use of the money loaned, and the lender shall not
41 impose any penalty or other charge in addition to
42 the amount of interest due as a result of the repayment
43 of the loan at a date earlier than is required by
44 the terms of the loan agreement; Provided, however,
45 that this limitation does not prohibit a lender from
46 requiring not more than thirty day's notice of a
47 borrower's intent to repay the entire outstanding
48 balance of a loan if the payment of that balance,
49 together with any partial prepayments previously made
50 on the loan, will result in the repayment of the loan.

S-5595
Page 2

B
1 at a date earlier than is required by the terms of
2 the loan agreement. If any lender collects an amount
3 of interest greater than that permitted by this
4 subsection, or imposes any penalty or charge prohibited
5 by this subsection, the borrower shall have the right
6 to recover all amounts unlawfully collected by the
7 lender from that borrower, plus attorney fees and
8 court costs incurred in any action necessary to effect
9 recovery."

S-5595 FILED BY JOANN ORR
MARCH 31, 1980
DIVISION A - LOST (p. 1196)
DIVISION B - LOST (p. 1197)
Motion to reconsider. Lost 4/1

HOUSE FILE 2492

S-5598

1 Amend House File 2492 as amended, passed and
2 reprinted by the House, as follows:
3 1. Page 9, by inserting after line 35 the
4 following:
5 "Sec. _____. The general assembly of the state
6 of Iowa hereby declares and states that it does not
7 want any of the provisions of Public Law No. 96-221
8 (94 stat. 132), section 501, subsection (a), paragraph
9 (1), to apply with respect to loans, mortgages, credit
10 sales, and advances made in this state; and that it
5606 11 does not want of the provisions of Public Law No.
12 96-221 (94 stat. 132), Part B (section 511, subsections
13 (a) and (b)), to apply with respect to loans made
14 in this state; and that it does not want any of the
15 provisions of any of the amendments contained in
16 Public Law No. 96-221 (94 stat. 132), sections 521,
17 522 and 523 to apply with respect to loans made in
18 this state; and that it does not want any of the
19 provisions of Public Law No. 96-221 (94 stat. 132),
20 section 524 to apply with respect to loans made in
21 this state. It is the intent of the general assembly
22 of the state of Iowa in enacting this section to
23 exercise all authority granted by Congress and to
24 satisfy all requirements imposed by Congress in Public
25 Law No. 96-221 (94 stat. 132), section 501 subsection
26 (b), paragraph (2), and section 512, and section 524
27 subsection (i), paragraph (3), and section 525, for
28 the purpose of rendering the provisions of Public
5625 29 Law No. 96-221 (94 stat. 132), Title V, inapplicable
5628 30 in this state."
5627 31 2. By renumbering sections.

S-5598 FILED BY EDGAR H. HOLDEN
MARCH 31, 1980

*Adopted or amended by
5606 & 5627 4/1 (p. 1225)*

HOUSE FILE 2492

S-5594

1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 4, line 25, by inserting after the word
4 "assumption" the words "or refinancing".

5 2. Page 4, line 28, by inserting after the word
6 "assumption" the words "or refinancing".

7 3. Page 4, line 29, by inserting after the word
8 "assumed" the words "or refinanced".

9 4. Page 4, line 29, by inserting after the word
10 "assumed." the following: "A loan processing fee
11 collected under the authority of this paragraph is
12 deemed a reimbursement of expenses to be incurred by
13 the lender in the event the obligation or an interest
14 in the obligation is subsequently sold by the lender.
15 A fee which does not exceed the maximum amount permitted
16 by this paragraph is conclusively presumed to be the
17 amount of the lender's expenses in the event of sale.
18 However, if the obligation or an interest in the
19 obligation has not been sold upon the expiration of
20 thirty-six months after the date of closing the loan,
21 the lender shall repay the entire amount of the fee
22 without interest to the borrower within thirty days."

S-5594 FILED

BY GEORGE R. KINLEY

MARCH 31, 1980

DIVISION A - ADOPTED (p. 1198)

DIVISION B - LOST

HOUSE FILE 2492

S-5596

1 Amend House File 2492 as amended, passed and
2 reprinted by the House, as follows:

3 1. Page 7, by inserting after line 9 the following:

4 "Sec. . Section five hundred thirty-five point
5 eight (535.8), subsection two (2), Code 1979

6 Supplement, is amended by adding the following new
7 lettered paragraph:

8 NEW LETTERED PARAGRAPH. If the purpose of the
9 loan is to enable the borrower to purchase real estate,
10 any provision of a loan agreement which prohibits
11 the borrower from transferring his or her interest
12 in the real estate to a third party, or any provision
13 which requires or permits the lender to make a change
14 in the interest rate, the repayment schedule or the
15 term of the loan as a result of a transfer by the
16 borrower of his or her interest in the real estate
17 to a third party shall not be enforceable if at the
18 time the borrower transfers his or her interest in
19 the real property, the borrower maintains all of his or her
20 personal liability to the lender with respect to the
21 loan."

S-5596 FILED & ADOPTED (p. 1200) BY DICK RAMSEY

MARCH 31, 1980

GARY L. BAUGHER

ARTHUR SMALL, JR.

ELIZABETH R. MILLER

HOUSE FILE 2492

S-5591

- 1 Amend the Committee on Commerce amendment S-5524
- 2 to House File 2492 as amended, passed and reprinted
- 3 by the House as follows:
- 4 1. Page 2, line 47, by striking the word "one-
- 5 half" and inserting in lieu thereof the words "one-
- 6 half three-quarters".
- 7 2. Page 3, line 14, by striking the word "one-
- 8 half" and inserting in lieu thereof the words "one-
- 9 half three-quarters".

S-5591 FILED & ADOPTED (p. 1192)
MARCH 31, 1980

BY CLARENCE CARNEY
GARY L. BAUGHER JOHN JENSEN
RICHARD COMITO ARTHUR L. GRATIAS
IRVIN BERGMAN NORMAN RODGERS
MERLIN HULSE

HOUSE FILE 2492

S-5592

- 1 Amend amendment S-5524 to House File 2492, as
- 2 amended, passed and reprinted by the House, as follows:
- 3 1. Page 3, by striking line 26 and inserting in
- 4 lieu thereof the following: "than four days from
- 5 the regular date.
- 6 Sec. ____ Section five hundred thirty-seven point
- 7 three thousand three hundred eleven (537.3311), Code
- 8 1979, is amended by adding the following new unnumbered
- 9 paragraph:
- 10 NEW UNNUMBERED PARAGRAPH. A card issuer shall
- 11 not discriminate, as between sellers who permit a
- 12 cardholder to use the credit card to purchase or lease
- 13 property or services, with respect to fees, charges,
- 14 discounts or other consideration payable by a seller
- 15 to the card issuer as a result of permitting a
- 16 cardholder to use the credit card for these purposes."

S-5592 FILED & ADOPTED (p. 1193)
MARCH 31, 1980

BY ROBERT CARR

HOUSE FILE 2492

S-5593

- 1 Amend House File 2492 as amended, passed and re-
- 2 printed by the House as follows:
- 3 1. By striking page 2, line 34 through page 3,
- 4 line 3, and inserting in lieu thereof the words
- 5 "for deed, and including the refinancing or assumption
- 6 of a prior loan by a new borrower if the lender
- 7 releases the original borrower from all personal
- 8 liability with respect to the loan;".

S-5593 FILED
MARCH 31, 1980
ADOPTED (p. 1194)

BY DICK RAMSEY
BOB RUSH

1 Amend House File 2492, as amended, passed and
2 reprinted by the House as follows:
3 1. By striking page 4, line 16 through page 5, line
4 2, and inserting in lieu thereof the following:
5 "_____. A lender shall not collect, in connection
6 with any loan made pursuant to a written agreement
7 executed by the borrower on or after the effective
8 date of this Act and prior to July 1, 1983, or in
9 connection with any loan made pursuant to a written
10 commitment by the lender mailed or delivered to the
11 borrower on or after the effective date of this Act
12 and prior to July 1, 1983, or in connection with any
13 assumption of a prior loan which is assumed on or
14 after the effective date of this Act and prior to
15 July 1, 1983, any origination fee, closing fee,
16 commitment fee or similar charge. Whenever the
17 borrower under any loan made pursuant to a written
18 agreement executed by the borrower on or after the
19 effective date of this Act and prior to July 1, 1983,
20 or pursuant to a written commitment by the lender
21 mailed or delivered to the borrower on or after the
22 effective date of this Act and prior to July 1, 1983,
23 including a person who has assumed such a loan, prepays
24 part or all of the outstanding balance of the loan,
25 the lender shall not receive an amount in payment
26 of interest which is greater than the amount determined
27 by applying the rate of interest agreed upon by the
28 lender and the borrower to the unpaid balance of the
29 loan for the period of time during which the borrower
30 had the use of the money loaned, and the lender shall
31 not impose any penalty or other charge in addition
32 to the amount of interest due as a result of the
33 repayment of the loan at a date earlier than is
34 required by the terms of the loan agreement; Provided,
35 however, that this limitation does not prohibit a
36 lender from requiring not more than thirty day's
37 notice of a borrower's intent to repay the entire
38 outstanding balance of a loan if the payment of that
39 balance, together with any partial prepayments
40 previously made on the loan, will result in the
41 repayment of the loan at a date earlier than is
42 required by the terms of the loan agreement. If any
43 lender collects an amount of interest greater than
44 that permitted by this subsection, or imposes any
45 penalty or charge prohibited by this subsection, the
46 borrower shall have the right to recover all amounts
47 unlawfully collected by the lender from that borrower,
48 plus attorney fees and court costs incurred in any
49 action necessary to effect recovery. This subsection
50 supersedes the provisions of section five hundred

S-5590

Page 2

1 thirty-five point eight (535.8), subsection two (2),
2 paragraph a, Code 1979 Supplement."

S-5590 FILED
MARCH 31, 1980

BY JOANN ORR

WITHDRAWN (p. 1175)

S-5589

1 Amend House File 2492, as amended, passed and
2 reprinted by the House as follows:

3 1. Page 2, by inserting after line 24 the follow-
4 ing:

5 "Sec. 2. Chapter five hundred twenty-four (524),
6 division eight (VIII), Code 1979, is amended by adding
7 the following new section:

8 NEW SECTION. A state bank may act as an escrow
9 agent, and may receive deposits and make disbursements
10 from deposits in that capacity. The state bank shall
11 be deemed to be acting in a fiduciary capacity with
12 respect to these funds. A bank which maintains an
13 escrow account with respect to real property which
14 is mortgaged to the bank, whether or not the mortgage
15 has been assigned to a third person, shall deliver
16 to the mortgagor a written summary of all transactions
17 made with respect to the loan and escrow accounts
18 during each calendar year. The summary shall be
19 delivered or mailed not later than January thirty-
20 first of the following year. The summary shall contain
21 all of the following information:

22 1. The name and address of the mortgagee.

23 2. The name and address of the mortgagor.

24 3. A summary of escrow account activity during
25 the calendar year as follows:

26 a. The balance of the escrow account at the
27 beginning of the year.

28 b. The aggregate amount of deposits to the escrow
29 account during the year.

30 c. The aggregate amount of withdrawals from the
31 escrow account for each of the following categories:

32 (1) Payments against loan principal.

33 (2) Payments against interest.

34 (3) Payments against real estate taxes.

35 (4) Payments for real property insurance premiums.

36 (5) All other withdrawals.

37 d. The balance of the escrow account at the end
38 of the year.

39 4. A summary of loan principal for the calendar
40 year as follows:

41 a. The amount of principal outstanding at the
42 beginning of the year.

43 b. The aggregate amount of payments against
44 principal during the year.

45 c. The amount of principal outstanding at the
46 end of the year.

47 Sec. 3. Chapter five hundred thirty-three (533),
48 Code 1979, is amended by adding the following new
49 section:

50 NEW SECTION. A credit union may act as an escrow

S-5589 - Page 2

1 agent, and may receive deposits and make disbursements
2 from deposits in that capacity. The credit union
3 shall be deemed to be acting in a fiduciary capacity
4 with respect to these funds. A credit union which
5 maintains an escrow account with respect to real
6 property which is mortgaged to the credit union,
7 whether or not the mortgage has been assigned to a
8 third person, shall deliver to the mortgagor a written
9 summary of all transactions made with respect to the
10 loan and escrow accounts during each calendar year.
11 The summary shall be delivered or mailed not later
12 than January thirty-first of the following year.
13 The summary shall contain all of the following
14 information:

- 15 1. The name and address of the mortgagee.
- 16 2. The name and address of the mortgagor.
- 17 3. A summary of escrow account activity during
18 the calendar year as follows:
 - 19 a. The balance of the escrow account at the
20 beginning of the year.
 - 21 b. The aggregate amount of deposits to the escrow
22 account during the year.
 - 23 c. The aggregate amount of withdrawals from the
24 escrow account for each of the following categories:
 - 25 (1) Payments against loan principal.
 - 26 (2) Payments against interest.
 - 27 (3) Payments against real estate taxes.
 - 28 (4) Payments for real property insurance premiums.
 - 29 (5) All other withdrawals.
 - 30 d. The balance of the escrow account at the end
31 of the year.
- 32 4. A summary of loan principal for the calendar
33 year as follows:
 - 34 a. The amount of principal outstanding at the
35 beginning of the year.
 - 36 b. The aggregate amount of payments against
37 principal during the year.
 - 38 c. The amount of principal outstanding at the
39 end of the year.

40 Sec. 4. Chapter five hundred thirty-four (534),
41 Code 1979, is amended by adding the following new
42 section:

43 NEW SECTION. A savings and loan association may
44 act as an escrow agent, and may receive deposits and
45 make disbursements from deposits in that capacity.
46 The association shall be deemed to be acting in a
47 fiduciary capacity with respect to these funds. A
48 savings and loan association which maintains an escrow
49 account with respect to real property which is
50 mortgaged to the association, whether or not the

S-5589 - Page 3

1 mortgage has been assigned to a third person, shall
2 deliver to the mortgagor a written summary of all
3 transactions made with respect to the loan and escrow
4 accounts during each calendar year. The summary shall
5 be delivered or mailed not later than January thirty-
6 first of the following year. The summary shall contain
7 all of the following information:
8 1. The name and address of the mortgagee.
9 2. The name and address of the mortgagor.
10 3. A summary of escrow account activity during
11 the calendar year as follows:
12 a. The balance of the escrow account at the
13 beginning of the year.
14 b. The aggregate amount of deposits to the escrow
15 account during the year.
16 c. The aggregate amount of withdrawals from the
17 escrow account for each of the following categories:
18 (1) Payments against loan principal.
19 (2) Payments against interest.
20 (3) Payments against real estate taxes.
21 (4) Payments for real property insurance premiums.
22 (5) All other withdrawals.
23 d. The balance of the escrow account at the end
24 of the year.
25 4. A summary of loan principal for the calendar
26 year as follows:
27 a. The amount of principal outstanding at the
28 beginning of the year.
29 b. The aggregate amount of payments against
30 principal during the year.
31 c. The amount of principal outstanding at the
32 end of the year."
33 2. Page 10, by inserting after line 9 the follow-
34 ing:
35 " ____ . Sections two (2), three (3) and four (4)
36 of this Act apply to mortgage loan accounts which
37 are in existence as of January first following the
38 effective date of this Act and those which are
39 established on or after January first following the
40 effective date of this Act. The disclosures required
41 by sections two (2), three (3) and four (4) of this
42 Act apply only with respect to calendar years
43 commencing on or after January first following the
44 effective date of this Act."
45 3. By renumbering sections and correcting internal
46 references.

S-5589 FILED
MARCH 31, 1980

BY ARNE WALDSTEIN
DICK RAMSEY

RULED OUT OF ORDER (p. 1194)

HOUSE FILE 2492

S-5588

- 1 Amend House File 2492 as amended, passed and re-
- 2 printed by the House as follows:
- 3 1. Page 4, line 25, by inserting after the word
- 4 "assumption" the words "or refinancing".
- 5 2. Page 4, line 28, by inserting after the word
- 6 "assumption" the words "or refinancing".
- 7 3. Page 4, line 29, by inserting after the word
- 8 "assumed" the words "or refinanced".

S-5588 FILED
MARCH 31, 1980
WITHDRAWN (p. 1198)

BY GEORGE R. KINLEY

HOUSE FILE 2492

S-5586

- 1 Amend S-5524 to House File 2492 as amended, passed
- 2 and reprinted by the House as follows:
- 3 1. By striking page 1, line 34 through page 2,
- 4 line 1 and inserting in lieu thereof the following:
- 5 "4. Page 7, by striking lines 10 through 17."

S-5586 FILED
MARCH 31, 1980
H/S 4/1 (p. 1220)

BY BOB CARR

HOUSE FILE 2492

S-5585

- 1 Amend House File 2492 as amended, passed and re-
- 2 printed by the House as follows:
- 3 1. Page 3, line 35, by striking the words "and
- 4 before".
- 5 2. Page 4, line 1, by striking the words "July 1,
- 6 1983,".

S-5585 FILED
MARCH 31, 1980
ADOPTED (p. 1195)

BY STEPHEN W. BISENIUS

HOUSE FILE 2492

S-5583

1 Amend House File 2492 as amended, passed and re-
2 printed by the House as follows:
3 1. Page 9, line 35, by inserting after the figure
4 "1981." the words "The provisions of this Act shall
5 terminate as of April, 1981."

S-5583 FILED

MARCH 31, 1980

RULED OUT OF ORDER (p. 1197)

BY WILLIAM D. PALMER

GEORGE R. KINLEY

JOE BROWN

BOB CARR

JOHN SCOTT

NORMAN RODGERS

TOM SLATER

ALVIN V. MILLER

C. W. HUTCHINS

LOWELL L. JUNKINS

JOANN ORR

HOUSE FILE 2492

S-5584

1 Amend amendment S-5524 to House File 2492, as
2 amended, passed and reprinted by the House as follows:
3 1. Page 1, by striking lines 7 through 24 and
4 inserting in lieu thereof the following:
5 "However, a public utility, shall have the right
6 at any time after said the rates, charges, schedules
7 or regulations have been suspended for ninety days,
8 may request the authority to place in effect any or
9 all of such the suspended rates, charges, schedules
10 or regulations by filing with the commission a bond
11 or other undertaking approved by the commission
12 conditioned upon the refund in a manner to be
13 prescribed by the commission of any amounts collected
14 thereunder in excess of the amounts which would have
15 been collected under rates, charges, schedules or
16 regulations finally approved by the commission. In
17 determining that portion, if any, of the utility's
18 proposed increase in rates and charges to be placed
19 in effect subject to refund, the commission shall
20 at a minimum allow rates and charges which, consistent
21 with regulatory principles established by the
22 commission in prior rate cases involving the same
23 type of public utility service, will allow the utility
24 the opportunity to earn a return on common stock
25 equity equal to that which the commission held
26 reasonable and just in the most recent rate case
27 involving the same type of public utility service.
28 If the commission fails to make a determination within
29 sixty days of the request, the utility may place in
30 effect, under bond and subject to refund as otherwise
31 provided in this paragraph, any or all of the suspended
32 rates, charges, schedules or regulations. The
33 commission shall establish a rate of interest to be
34 paid by a public utility to persons receiving refunds.
35 Such The rate of interest shall be a reasonable rate
36 as determined by the commission, but not less than
37 five percent per annum, not more than twelve percent
38 per annum, and the interest shall be compounded
39 annually."

S-5584 FILED & LOST (p. 1190)

MARCH 31, 1980

BY PATRICK J. DELUHERY

BOB RUSH

JULIA GENTLEMAN

ARTHUR SMALL, JR

HOUSE FILE 2492

S-5582

1 Amend the committee amendment S-5524 to House File
2 2492 as amended, passed, and reprinted by the House as
3 follows:

4 1. Page 1, by striking lines 7 through 24 and inserting
5 in lieu thereof the following:

6 However, a public utility ~~shall have the right~~ at any
7 time after said the rates, charges, schedules or regulations
8 have been suspended for ninety days, may request the authority
9 to place in effect any or all of such the suspended rates,
10 charges, schedules or regulations by filing with the commission
11 a bond or other undertaking approved by the commission
12 conditioned upon the refund in a manner to be prescribed by
13 the commission of any amounts collected thereunder in excess
14 of the amounts which would have been collected under rates,
15 charges, schedules or regulations finally approved by the
16 commission. In determining that portion, if any, of the
17 utility's proposed increase in rates and charges to be placed
18 in effect subject to refund, the commission shall at a minimum
19 allow the rates and charges which, consistent with the
20 principles of the utility's last rate case, will allow the
21 utility the opportunity to earn a return on common stock
22 equity equal to that which the commission held reasonable and
23 just in the utility's last rate case. If the commission
24 fails to make such a determination within thirty days of
25 the request, the utility may place in effect any or all of
26 the suspended rates, charges, schedules or regulations. The
27 commission shall establish a rate of interest to be paid by
28 a public utility to persons receiving refunds. Such The
29 rate of interest shall be a reasonable rate as determined by
30 the commission, but not less than five percent per annum, nor
31 more than twelve percent per annum, and the interest shall be
32 compounded annually."
33

S-5582 FILED
MARCH 31, 1980
WITHDRAWN (p. 1189)

BY ARTHUR A. SMALL, JR.

HOUSE FILE 2492

S-5580

1 Amend House File 2492, as amended, passed and
2 reprinted by the House, as follows:
3 1. Page 3, lines 18 and 19, by striking the words
4 "the discount rate on ninety-day commercial paper"
5 and inserting in lieu thereof the words "the sum of
6 the discount rate on ninety-day commercial paper plus
7 the largest of any accompanying surcharges".

S-5580 FILED

BY JOANN ORR

MARCH 31, 1980

RULED OUT OF ORDER (p. 1194)

HOUSE FILE 2492

S-5581

1 Amend amendment S-5524 to House File 2492 as
2 follows:
3 1. Page 1, by striking line 24 and inserting in
4 lieu thereof the following: "and the interest shall
5 be compounded annually. The public utility shall
6 not place into effect any portion of any suspended
7 rates, charges, schedules or regulations of any
8 subsequent rate filing relating to services with
9 respect to which a rate filing is pending within
10 twelve months following the date a prior application
11 was filed or until after the commission has issued
12 a final order in any previously filed rate proceedings,
13 whichever is earlier, unless the public utility applies
14 to the commission for authority and receives authority
15 to place a portion of the subsequent filed rate filing
16 into effect on an interim basis."

S-5581 FILED

BY GARY L. BAUGHER

MARCH 31, 1980

BOB CARR

ADOPTED (p. 1190)

ARTHUR L. GRATIAS

*Motion to reconsider ruled
out of order 4/1 (p. 1227)*

JULIA B. GENTLEMAN

HOUSE FILE 2492

S-5575

- 1 Amend amendment S-5524 to House File 2492, as
- 2 amended, passed and reprinted by the House, as follows:
- 3 1. Page 1, line 37, by inserting after the numerals
- 4 "1979," the words "as amended by Acts of the Sixty-
- 5 eighth General Assembly, 1980 Session, Senate File
- 6 two thousand two hundred (2200), section one (1)".

S-5575 FILED

BY EDGAR H. HOLDEN

MARCH 31, 1980

Placed out of order 4/1 (p. 1221)

HOUSE FILE 2492

S-5576

- 1 Amend House File 2492, as amended, passed and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, line 25, by striking the words "result
- 4 in" and inserting in lieu thereof the word
- 5 "constitute".

S-5576 FILED

BY ROLF V. CRAFT

MARCH 31, 1980

RULED OUT OF ORDER (p. 1194)

HOUSE FILE 2492

S-5578

- 1 Amend House File 2492 as amended, passed and
- 2 reprinted by the House as follows:
- 3 1. Page 4, line 24, by striking the words "less
- 4 fifteen thousand dollars".

S-5578 FILED & ADOPTED (p. 1198) BY BASS VAN GILST

MARCH 31, 1980

Motion to reconsider ruled out of order 4/1 (p. 1227)

HOUSE FILE 2492

S-5579

- 1 Amend House File 2492, as amended, passed and
- 2 reprinted by the House, as follows:
- 3 1. Page 4, by striking lines 22 through 29 and
- 4 inserting in lieu thereof the words "to July 1, 1983,
- 5 a loan processing fee in an amount as agreed to in
- 6 writing by the parties, and in the event of an
- 7 assumption of a prior loan undertaken on or after
- 8 the effective date of this Act and prior to July 1,
- 9 1983, the lender may collect a loan processing fee
- 10 in an amount as agreed to in writing by the lender
- 11 and the person assuming the loan. As used in this
- 12 subsection, the term "loan" means".

S-5579 FILED

BY STEPHEN W. BISENIUS

MARCH 31, 1980

LOST (p. 1198)

HOUSE FILE 2492

S-5558

- 1 Amend House File 2492, as amended, passed and
2 reprinted by the House as follows:
3 1. Page 9, by inserting after line 8 the following:
4 "Sec. ____ . Section five hundred thirty-six A point
5 twenty-three (536A.23), subsection one (1), unnumbered
6 paragraph one (1), Code 1979 Supplement, is amended
7 to read as follows:
8 1. Charge, receive or collect interest at a rate
9 exceeding nine ten cents on the hundred by the year,
10 except that the interest may be computed when the
11 note is made on the full amount of the cash advanced
12 on the loan from the date of the note to the date
13 of the final installment thereof, and the interest
14 so computed may be included in the note,
15 notwithstanding any agreement to pay the entire amount
16 in installments; or the interest may be computed on
17 the amount of the note and discounted or collected
18 in advance when the loan is made, notwithstanding
19 any agreement to pay the entire amount in installments.
20 If the note is repayable in other than equal monthly
21 installments, the interest may be an amount computed
22 on the basis of the effective rates permitted as
23 provided above; provided, however, there shall be
24 no compounding of interest and when an interest rate
25 as authorized herein is advertised, or negotiated
26 for with a prospective borrower, with intent that
27 it be computed by either of the two methods authorized
28 herein, they being the "add on" method or the
29 "discount" method, in such case such rate shall be
30 further described as to the method of computation
31 to be used, but interest computed by either method
32 shall be stated to the borrower as provided in section
33 537.3210."
34 2. By renumbering sections.

S-5558 FILED
MARCH 27, 1980

BY EDGAR H. HOLDEN

included in order 4/1 (p. 1221)
HOUSE FILE 2492

S-5570

- 1 Amend amendment S-5524 to House File 2492 as
2 amended, passed and reprinted by the House as follows:
3 1. Page 1, line 27, by inserting after the word
4 "credit" the words "in an amount which exceeds twenty-
5 five thousand dollars".

S-5570 FILED
MARCH 28, 1980

BY BOB RUSH

2/28 2/21 (p. 1170)
HOUSE FILE 2492

S-5571

- 1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 3, line 13, by inserting after the word
4 "credit" the words "in an amount which exceeds
5 twenty-five thousand dollars".

S-5571 FILED *Aloud out of* BY BOB RUSH
MARCH 28, 1980 *order 2/21*

HOUSE FILE 2492

S-5553

- 1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 1, line 25, by striking the word "an"
4 and inserting in lieu thereof the words "a per-
5 centage".
6 2. Page 1, line 33, by striking the words "formal
7 proceedings were commenced" and inserting in lieu
8 thereof the words "application was filed".
9 3. Page 2, line 2, by striking the words "result
10 in" and inserting in lieu thereof the word "constitute".
11 4. Page 2, by striking lines 11 through 13 and
12 inserting in lieu thereof the words "with respect
13 to which a rate filing is pending until the expiration
14 of twelve months following the date the prior
15 application was filed or until the commission has
16 issued a final order in the previously filed rate
17 proceedings, whichever is earlier, unless the public
18 utility applies".
19 5. Page 2, line 22, by striking the words "as
20 of" and inserting in lieu thereof the words "published
21 in".

S-5553 FILED *Placed out of order 3/31 (p. 1194)* BY ROLF V. CRAFT
MARCH 27, 1980 HOUSE FILE 2492

S-5564

- 1 Amend House File 2492 as amended, passed and
2 reprinted by the House, as follows:
3 1. Page 4, line 29, by inserting after the word
4 "assumed" the words ", provided, however, that in
5 no event shall a lender collect a loan processing
6 fee which exceeds one thousand dollars".

S-5564 FILED BY ARNE WALDSTEIN
MARCH 28, 1980 JAMES E. BRILES
Lost 3/31 (p. 199) DALE L. TIEDEN
CLOYD E. ROBINSON

HOUSE FILE 2492

S-5566

- 1 Amend the Committee on Commerce amendment S-5524
2 to House File 2492 as amended, passed and reprinted
3 by the House as follows:
4 1. Page 3, line 14, by striking the word "one-
5 half" and inserting in lieu thereof the words "one-
6 half three-quarters".

S-5566 FILED BY CLARENCE CARNEY
MARCH 28, 1980 CLOYD ROBINSON RICHARD COMITO
Placed out of order 3/31 (p. 1193) BOB RUSH C. W. HUTCHINS
RICHARD DRAKE MERLIN D. HULSE
GARY BAUGHER NORMAN RODGERS
IRVIN BERGMAN

HOUSE FILE 2492

S-5628

1 Amend the Holden amendment S-5598 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:
4 1. Page 1, line 30 by inserting after the words
5 "state." the words "All provisions of this Act shall
6 terminate as of April 1, 1983, with the exception
7 of this section."

S-5628 FILED

BY JAMES V. GALLAGHER

APRIL 1, 1980

RULED OUT OF ORDER (p. 1225)

1 ~~maximum-amount-which-is-more-than-five-hundred-dollars.~~ J

2 If the billing cycle is not monthly, the maximum
3 charge for the billing cycle shall bear the same
4 relation to the applicable monthly maximum charge
5 as the number of days in the billing cycle bears to
6 three hundred sixty-five divided by twelve. A billing
7 cycle is monthly if the closing date of the cycle
8 is the same date each month or does not vary by more
9 than four days from the regular date.

10 Sec. 10. Section five hundred thirty-seven point
11 two thousand four hundred two (537.2402), subsection
12 three (3), Code 1979, is amended to read as follows:

13 3. If the billing cycle is monthly, the charge
14 may not exceed an amount equal to one and one-half
15 percent of ~~that-part-of~~ the maximum amount pursuant
16 to subsection 2 ~~which-is-five-hundred-dollars-or-less~~
17 ~~and-one-and-one-fourth-percent-of-that-part-of-the~~
18 ~~maximum-amount-which-is-more-than-five-hundred-dollars.~~

19 If the billing cycle is not monthly, the maximum
20 charge for the billing cycle shall bear the same
21 relation to the applicable monthly maximum charge
22 as the number of days in the billing cycle bears to
23 three hundred sixty-five divided by twelve. A billing
24 cycle is monthly if the closing date of the cycle
25 is the same date each month or does not vary by more
26 than four days from the regular date."

27 10. Page 9, by striking lines 30 through 35. J

28 11. Page 10, by inserting after line 9 the K
29 following:

30 "3. Sections four (4), five (5) and six (6) of
31 this Act apply only with respect to contracts executed
32 on or after the effective date of this Act. Sections
33 seven (7) and eight (8) of this Act apply only with
34 respect to loans or extensions of credit made or
35 granted on or after the effective date of this Act.
36 Sections nine (9) and ten (10) of this Act apply only
37 with respect to loan or credit account balances which
38 arise out of loans or credit made or extended on or
39 after the effective date of this Act."

40 12. By renumbering sections and subsections.

S=5524 FILED BY COMMITTEE ON COMMERCE
MARCH 25, 1980 EDGAR H. HOLDEN, CHAIRPERSON

A, B, C. Adopted 2/21 (p. 1190)
D. Adopted as amended by 5607 4/1 (p. 1221)
E, F, G, H. Adopted (p. 1191)
I. Adopted as amended by 5591 (p. 1193)
J, K. Adopted (p. 1194) 5592

1 hundred thirty-seven (537) of the Code."

2 5. By striking page 7, line 20 through page 8,
3 line 2, and inserting in lieu thereof the following:

4 "NEW SECTION. MOBILE HOME AND MODULAR HOME RETAIL
5 INSTALLMENT CONTRACT--FINANCE CHARGE. A retail
6 installment contract or agreement for the sale of
7 a mobile home or modular home may include a finance
8 charge at any rate agreed to in writing by the parties.

9 "Finance charge" shall be as defined in section
10 five hundred thirty-seven point one thousand three
11 hundred one (537.1301) of the Code.

12 This section supersedes any conflicting interest
13 rate or finance charge limitation contained in the
14 Code, including but not limited to the provisions
15 of chapters five hundred thirty-five (535) and five
16 hundred thirty-seven (537) of the Code."

17 6. By striking page 8, line 6, through page 9,
18 line 8, and inserting in lieu thereof the following:
19 "Code, is amended by striking the section and inserting
20 in lieu thereof the following:

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

24 NEW SECTION. SEMITRAILER OR TRAVEL TRAILER RETAIL
25 INSTALLMENT CONTRACT--FINANCE CHARGES. A retail
26 installment contract or agreement for the sale of
27 a semitrailer or travel trailer may include a finance
28 charge at any rate agreed to in writing by the parties.

29 "Finance charge" shall be as defined in section
30 five hundred thirty-seven point one thousand three
31 hundred one (537.1301) of the Code.

32 This section supersedes any conflicting interest
33 rate or finance charge limitation contained in the
34 Code, including but not limited to the provisions
35 of chapters five hundred thirty-five (535) and five
36 hundred thirty-seven (537) of the Code."

37 7. Page 9, line 13, by striking the word "eighteen"
38 and inserting in lieu thereof the word "twenty-one".

39 8. Page 9, line 28, by striking the word "eighteen"
40 and inserting in lieu thereof the word "twenty-one".

41 9. Page 9, by inserting after line 29 the
42 following:

43 "Sec. 9. Section five hundred thirty-seven point
44 two thousand two hundred two (537.2202), subsection
45 three (3), Code 1979, is amended to read as follows:

46 3. If the billing cycle is monthly, the charge
47 may not exceed an amount equal to one and one-half
48 percent of that-part-of the maximum amount pursuant
49 to subsection 2 which-is-five-hundred-dollars-or-less
50 and-one-and-one-fourth-percent-of-that-part-of-the

S-5524

1 Amend House File 2492 as amended, passed and re-
2 printed by the House as follows:

3 1. By striking page 1, line 4, through page 2,
4 line 24 and inserting in lieu thereof the following:

5 "Chapter one hundred seventeen (117), section one
6 (1), is amended to read as follows:

5622 7 However, a public utility ~~shall have the right~~
8 may at any time after said rates, charges, schedules
9 or regulations have been suspended for ninety days
10 ~~to~~ place in effect any or all of ~~such~~ the suspended
11 rates, charges, schedules or regulations by filing
12 with the commission a bond or other undertaking
13 approved by the commission conditioned upon the refund
14 in a manner to be prescribed by the commission of
15 any amounts collected ~~thereunder~~ in excess of the
16 amounts which would have been collected under rates,
17 charges, schedules or regulations finally approved
18 by the commission. The commission shall establish
19 a rate of interest to be paid by a public utility
20 to persons receiving refunds. ~~Such~~ The rate of
21 interest shall be a reasonable rate as determined
22 by the commission, but not less than five percent
23 per annum, ~~not more than twelve percent per annum,~~
24 and the interest shall be compounded annually."

25 2. Page 3, by striking lines 13 through 27 and
26 inserting in lieu thereof the following:

27 "e. A person borrowing money or obtaining credit
28 for business or agricultural purposes, or a person
29 borrowing money or obtaining credit in an amount which
30 exceeds thirty-five thousand dollars for personal,
31 family or household purposes. As used in this
32 paragraph, "agricultural purpose".

33 3. Page 6, line 17, by striking the word "retail". c

5607 34 4. Page 7, by striking lines 10 through 17 and
35 inserting in lieu thereof the following:

36 "Sec. 4. Section three hundred twenty-two point
37 nineteen (322.19), Code 1979, is amended by strik-
38 ing the section and inserting in lieu thereof the
39 following:

40 322.19 RETAIL INSTALLMENT TRANSACTION--FINANCE
41 CHARGE. A retail installment transaction may include
42 a finance charge at any rate agreed to in writing
43 by the parties.

44 "Finance charge" shall be as defined in section
45 five hundred thirty-seven point one thousand three
46 hundred one (537.1301) of the Code.

47 This section supersedes any conflicting interest
48 rate or finance charge limitation contained in the
49 Code, including but not limited to the provisions
50 of chapters five hundred thirty-five (535) and five

HOUSE FILE 2492

H-5941

1 Amend the Senate amendment, H-5879, to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:

4 1. By striking page 4, line 45 through page 5,
5 line 30.

6 2. Page 5, by inserting after line 30 the follow-
7 ing:

8 " _____. Page 9, by inserting after line 35 the
9 following:

10 "Sec. 11. Section five hundred thirty-seven point
11 one thousand three hundred one (537.1301), subsection
12 four (4), Code 1979, is amended by striking the
13 subsection and renumbering the remaining subsections.

14 Sec. 12. Section five hundred thirty-seven point
15 one thousand three hundred one (537.1301), subsection
16 thirteen (13), paragraph a, subparagraph three (3),
17 Code 1979, is amended to read as follows:

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

21 Sec. 13. Section five hundred thirty-seven point
22 one thousand three hundred one (537.1301), subsection
23 fourteen (14), paragraph c, Code 1979, is amended
24 to read as follows:

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

28 Sec. 14. Section five hundred thirty-seven point
29 one thousand three hundred one (537.1301), subsection
30 fifteen (15), paragraph a, subparagraphs three (3)
31 and five (5), Code 1979, are amended to read as
32 follows:

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

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

39 Sec. 15. Section five hundred thirty-seven point
40 three thousand three hundred one (537.3301),
41 subsections one (1) and two (2), Code 1979, are amended
42 to read as follows:

43 1. With respect to a consumer credit sale, a
44 seller may take a security interest in the property
45 sold. In addition, a seller may take a security
46 interest in goods upon which services are performed
47 or in which goods sold are installed or to which they
48 are annexed, or in land to which the goods are af-
49 fixed or which is maintained, repaired or improved
50 as a result of the sale of the goods or services,

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1 if in the case of a security interest in land the
2 amount financed is one thousand dollars or more, or
3 in the case of a security interest in goods if either
4 the amount financed is three hundred dollars or more,
5 or if the goods are household goods, or motor vehicles
6 used by a consumer, his or her dependents, or the
7 family with which the consumer resides, as
8 transportation to and from a place of employment,
9 one hundred dollars or more. ~~The seller may also~~
10 ~~take a security interest in property which is itemized~~
11 ~~in the security agreement, to secure the debt arising~~
12 ~~from a consumer credit sale primarily for an~~
13 ~~agricultural purpose.~~ Except as provided with respect
14 to cross-collateral under section 537.3302, a seller
15 may not otherwise take a security interest in property
16 to secure the debt arising from a consumer credit
17 sale.

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

24 Sec. 16. Section five hundred thirty-seven point
25 three thousand three hundred three (537.3303),
26 subsection one (1), Code 1979, is amended to read
27 as follows:

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

44 Sec. 17. Section five hundred thirty-seven point
45 three thousand three hundred seven (537.3307), Code
46 1979, is amended to read as follows:

47 537.3307 CERTAIN NEGOTIABLE INSTRUMENTS PROHIBITED.
48 With respect to a consumer credit sale or consumer
49 lease, ~~other than a sale or lease primarily for an~~
50 ~~agricultural purpose,~~ the creditor may not take a

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1 negotiable instrument other than a check dated not
2 later than ten days after its issuance as evidence
3 of the obligation of the consumer.

4 Sec. 18. Section five hundred thirty-seven point
5 three thousand three hundred eight (537.3308),
6 subsection two (2), paragraph c, Code 1979, is amended
7 by striking the paragraph and relettering the remaining
8 paragraphs.

9 Sec. 19. Section five hundred thirty-seven point
10 three thousand three hundred ten (537.3310), subsection
11 one (1), Code 1979, is amended to read as follows:

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

20 Sec. 20. Section five hundred thirty-seven point
21 three thousand four hundred one (537.3401), Code 1979,
22 is amended to read as follows:

23 537.3401 RESTRICTION ON LIABILITY IN CONSUMER
24 LEASE. The obligation of a lessee upon expiration
25 of a consumer lease ~~other than one primarily for an~~
26 ~~agricultural purpose,~~ may not exceed twice the average
27 payment allocable to a monthly period under the lease.
28 This limitation does not apply to charges for damages
29 to the leased property or for other default.

30 Sec. 21. Section five hundred thirty-seven point
31 three thousand four hundred four (537.3404), subsection
32 one (1), Code 1979, is amended to read as follows:

33 1. With respect to a consumer credit sale or
34 consumer lease, ~~other than one primarily for an~~
35 ~~agricultural purpose,~~ an assignee of the rights of
36 the seller or lessor is subject to all claims and
37 defenses of the consumer against the seller or lessor
38 arising from the sale or lease of property or services,
39 notwithstanding that the assignee is a holder in due
40 course of a negotiable instrument issued in violation
41 of the provisions prohibiting certain negotiable
42 instruments in section 537.3307; unless the consumer
43 has agreed in writing not to assert against an assignee
44 a claim or defense arising out of such sale, and the
45 consumer's contract has been assigned to an assignee
46 not related to the seller who acquired the consumer's
47 contract in good faith and for value and who gives
48 the consumer notice of the assignment as provided
49 in this subsection and who within thirty days after
50 the mailing of the notice receives no written notice

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1 of the facts giving rise to the consumer's claim or
2 defense. Such agreement not to assert a claim or
3 defense is not valid if the assignee receives such
4 written notice from the consumer within such thirty-
5 day period. The notice of assignment shall be in
6 writing and addressed to the consumer at his or her
7 address as stated in the contract, identify the
8 contract, describe the property purchased by the
9 consumer, state the names of the seller and consumer,
10 the name and address of the assignee, the amount
11 payable by the consumer and the number, amounts and
12 due dates of the installments, and contain a
13 conspicuous notice to the consumer that he or she
14 has thirty days from the date of the mailing of the
15 notice to him or her within which to notify the
16 assignee in writing of any claims or defenses he or
17 she may have against the seller and that if written
18 notification of any such claims or defenses is not
19 received by the assignee within such thirty-day period,
20 the assignee will have the right to enforce the
21 contract free of any claims or defenses the consumer
22 may have against the seller. An assignee does not
23 acquire a consumer's contract in good faith with-
24 in the meaning of this subsection if the assignee
25 has knowledge or, from his or her course of dealing
26 with the seller or his records, notice of substantial
27 complaints by other consumers of the seller's failure
28 or refusal to perform his or her contracts with them
29 and of the seller's failure to remedy his or her
30 defaults within a reasonable time after the assignee
31 notifies him or her of the complaints.

32 Sec. 22. Section five hundred thirty-seven point
33 three thousand four hundred five (537.3405), subsection
34 one (1), unnumbered paragraph one (1), Code 1979,
35 is amended to read as follows:

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

46 Sec. 23. Section five hundred thirty-seven point
47 three thousand five hundred one (537.3501), Code 1979,
48 is amended to read as follows:

49 537.3501 DOOR-TO-DOOR SALES. In a consumer credit
50 sale or a sale in which the goods or services are

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1 paid for in whole or in part by a lender credit card
2 or a consumer loan in which the lender is subject
3 to defenses arising from the sale under section
4 537.3405, ~~other than a transaction for an agricultural~~
5 ~~purpose~~, a consumer has, in addition to all the rights
6 and remedies provided by chapter 713B, a cause of
7 action under section 537.5201, subsection 1, and the
8 administrator has all powers granted under article
9 6, part 1, to enforce the provisions of chapter 713B.
10 Sec. 24. Notwithstanding sections eleven (11)
11 through twenty-three (23) of this Act, a consumer
12 credit transaction for an agricultural purpose which
13 was executed or undertaken before July 1, 1980, is
14 subject to the applicable provisions of chapter five
15 hundred thirty-seven (537) of the Code as they existed
16 prior to July 1, 1980, and nothing in sections eleven
17 (11) through twenty-three (23) of this Act applies
18 with respect to rights, duties, privileges, obligations
19 or remedies of parties to such a transaction; provided,
20 however, that no additional loans, advances or
21 extensions of credit shall be made on or after July
22 1, 1980, with respect to agreements which were made
23 prior to July 1, 1980. Sections eleven (11) through
24 twenty-three (23) of this Act apply to a consumer
25 credit transaction executed or undertaken on or after
26 July 1, 1980."

BY CHIODO of Polk	PATCHETT of Johnson
PERKINS of Greene	BRUNER of Story
BYERLY of Polk	HULLINGER of Decatur
WOODS of Polk	AVENSON of Fayette
ANDERSON of Jasper	NORLAND of Worth
	BOCHUM of Dubuque

H-5941 FILED
APRIL 9, 1980

W/d 4/15

HOUSE FILE 2492

H-5936

1 Amend the Senate amendment, H-5879, to House
2 File 2492, as amended, passed and reprinted by the
3 House, as follows:
4 1. Page 3, line 17, by striking the word "loan."
5 and inserting in lieu thereof the word "loan."
6 2. Page 3, by inserting after line 17 the following:
7 "Sec. ___ . Section five hundred twenty-four point nine
8 hundred one (524.901), Code 1979, as amended by Acts of
9 the Sixty-Eighth General Assembly, 1979 Session, chapter
10 one hundred twenty-eight (128), section sixteen (16), is
11 amended by adding the following new subsection:
12 NEW SUBSECTION. A state bank may invest in
13 participation certificates issued by one or more production
14 credit associations chartered under the laws of the United
15 States in an amount which does not exceed, in the aggregate
16 with respect to all such associations, twenty percent of
17 the capital and surplus of the state bank."

H-5936 FILED APRIL 9, 1980 BY CHIODO of Polk

W/d 4/15

HOUSE FILE 2492

H-5937

- 1 Amend the Senate amendment, H-5879, to House
2 File 2492 as amended, passed and reprinted by the
3 House, as follows:
4 1. Page 5, by striking lines 1 through 6 and
5 inserting in lieu thereof the following: "may not
6 exceed an amount equal to one and ~~one-half~~ one-quarter
7 percent of that part of the maximum amount pursuant
8 to subsection 2 which is five hundred dollars or less
9 and one ~~and-one-fourth~~ percent of that part of the
10 maximum amount which is more than five hundred dollars.
11 If the billing cycle is not".
12 2. Page 5, by striking lines 18 through 23 and
13 inserting in lieu thereof the following: "may not
14 exceed an amount equal to one and ~~one-half~~ one-quarter
15 percent of that part of the maximum amount pursuant
16 to subsection 2 which is five hundred dollars or less
17 and one ~~and-one-fourth~~ percent of that part of the
18 maximum amount which is more than five hundred dollars.
19 If the billing cycle is not".

H-5937 FILED
APRIL 9, 1980

BY JOCHUM of Dubuque

w/d 4/15

HOUSE FILE 2492

H-5942

- 1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:
4 1. Page 2, line 16, by striking the words "or
5 refinanced" and inserting in lieu thereof the words
6 "or refinanced; provided that if the purpose of the
7 loan or commitment by the lender is to enable the
8 borrower to purchase from a builder a one-family to
9 four-family dwelling, the construction of which was
10 commenced on or after April first, 1979, and completed
11 prior to April first, 1980, then the lender may, in
12 addition to the loan processing fee collectable from
13 the borrower under this section, collect from the
14 builder who built and is selling the dwelling a fee
15 in an amount which does not exceed three percent of
16 the principal amount of the loan to be made to the
17 borrower, but as a condition of collecting this fee
18 from the builder the lender shall reduce the interest
19 rate otherwise payable by the borrower on the loan
20 by one percentage point for each percentage point
21 of fee received from the builder, and by a like
22 proportion for fractional amounts".

H-5942 FILED
APRIL 9, 1980

BY CONNOLLY of Dubuque

w/d 4/15

HOUSE FILE 2492

H-5938

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House,
3 as follows:

4 1. Page 5, by inserting after line 41 the
5 following:

6 "Sec. 11. Chapter five hundred thirty-seven (537),
7 article two (2), part five (5), Code 1979, is amended
8 by adding the following new section:

9 NEW SECTION. CASH PAYMENT DISCOUNT. Any creditor
10 who in the ordinary course of business extends credit
11 in consumer credit sales or consumer leases and imposes
12 finance charges in connection with such extensions
13 of credit shall, as a condition of imposing those
14 finance charges upon credit customers, allow to a
15 customer who pays the purchase or lease price in full
16 at the time a purchase is made or a lease agreement
17 is undertaken a discount from the purchase or lease
18 price in an amount which is equal to five percent
19 of the purchase or lease price which would be disclosed
20 to and payable by a credit customer.

21 Sec. 12. Section five hundred thirty-seven point
22 five thousand two hundred one (537.5201), subsection
23 one (1), Code 1979, is amended by adding the following
24 new paragraph:

25 NEW PARAGRAPH. bb. Failure to allow a cash
26 discount as required by section eleven (11) of this
27 Act."

28 2. By renumbering sections and correcting internal
29 references.

H-5938 FILED
APRIL 9, 1980

BY JOCHUM of Dubuque

w/d 4/15

HOUSE FILE 2492

H-5935

1 Amend the Senate amendment, H-5879, to House
2 File 2492, as amended, passed and reprinted by the
3 House, as follows:

4 1. Page 4, by inserting after line 25 the
5 following:

6 ""Sec. __. Section five hundred twenty-four point
7 nine hundred six (524.906), subsection six (6), Code
8 1979, is amended by striking the subsection."

H-5935 FILED
APRIL 9, 1980

BY CHIODO of Polk

w/d 4/15

H-5933

1 Amend the Senate amendment, H-5879, to House
2 File 2492 as amended, passed and reprinted by the
3 House, as follows:

4 1. Page 3, by inserting after line 38 the
5 following:

6 " . Page 7, by inserting after line 17 the
7 following:

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

11 524.908. ~~DIRECT-LEASING~~ LEASING OF PERSONAL
12 PROPERTY. A state bank shall ~~have the power, subject~~
13 ~~to approval by the superintendent, to~~ may acquire, upon
14 the specific request of and for the use of a customer,
15 and lease, personal property pursuant to a binding
16 arrangement for the leasing of ~~such~~ the property to the
17 customer upon terms requiring payment to the state bank,
18 during the minimum period of the lease, of rentals which
19 in the aggregate, when added to the estimated tax benefits
20 to the bank resulting from the ownership of the leased
21 property plus the estimated residual market value of the
22 leased property at the expiration of the initial term of
23 the lease, will be at least equal to the total expenditures
24 by the state bank for, and in connection with, the acquisition,
25 ownership, maintenance and protection of the property. A
26 lease made under authority of this section shall have the
27 prior approval of the superintendent or be made pursuant
28 to personal property lease guidelines approved by the
29 superintendent for use by the lessor bank or pursuant to a
30 personal property lease guideline rule of general applicability
31 for use by all state banks. ""

32 2. By numbering and renumbering sections of the Senate
33 amendment as necessary.

H-5933 FILED
APRIL 9, 1980

BY CHIODO of Polk

w/d 4/15

HOUSE FILE 2492

H-5927

- 1 Amend the Senate amendment, H-5879, to House
 2 File 2492 as amended, passed and reprinted by the
 3 House, as follows:
 4 1. Page 1, line 24, by inserting after the word
 5 "annually." the following new sentence: "This rate of
 6 interest shall also be the maximum interest or penalty
 7 charged by all public utilities for utility service
 8 provided in the past on which customers have not made
 9 payment."

H-5927 FILED
 APRIL 8, 1980
 w/d 4/15

BY RAPP of Black Hawk

HOUSE FILE 2492

H-5928

- 1 Amend the Senate amendment, H-5879, to House
 2 File 2492 as amended, passed and reprinted by the
 3 House as follows:
 4 1. Page 1, line 6, by striking the words "to
 5 read as follows:" and inserting in lieu thereof the
 6 words "by striking the paragraph."
 7 2. Page 1, by striking lines 7 through 36.

H-5928 FILED
 APRIL 8, 1980
 w/d 4/15

BY JOCHUM of Dubuque

HOUSE FILE 2492

H-5934

- 1 Amend the Senate amendment, H-5879, to House
 2 File 2492, as amended, passed and reprinted by the
 3 House, as follows:
 4 1. Page 1, line 10 by striking the word "to"
 5 and inserting in lieu thereof the words "request
 6 authority to".
 7 2. Page 1, line 24, by inserting after the word
 8 "annually." the following: "In determining that
 9 portion, if any, of the utility's proposed increase
 10 in rates and charges to be placed in effect subject
 11 to refund, the commission shall at a minimum allow
 12 rates and charges which, consistent with regulatory
 13 principles established by the commission in prior
 14 rate cases involving the same type of public utility
 15 service, will allow the utility the opportunity to
 16 earn a return on common stock equity equal to that
 17 which the commission held reasonable and just in the
 18 most recent rate case involving the same type of
 19 public utility service. If the commission fails to
 20 make a determination within sixty days of the request,
 21 the utility may place in effect, under bond and subject
 22 to refund as otherwise provided in this paragraph, any
 23 or all of the suspended rates, charges, schedules or
 24 regulations."

H-5934 FILED
 APRIL 9, 1980 w/d 4/15

BY BRUNER of Story
 RAPP of Black Hawk

CHIDO of Polk
 JOCHUM of Dubuque

HOUSE FILE 2492

H-5926

- 1 Amend the Senate amendment, H-5879, to House
2 File 2492, as amended, passed and reprinted by the
3 House, as follows:
4 1. Page 1, by inserting after line 36 the following:
5 " . Page 2, by inserting after line 24 the
6 following:
7 "Sec. . NEW SECTION. TEMPORARY EXEMPTIONS--PUBLIC
8 FUNDS.
9 1. Associations as defined in section five hundred
10 thirty-four point two (534.2) may accept deposits of
11 public funds and pay interest on deposits of public
12 funds.
13 2. The provisions of subsection one (1) of this
14 Act are effective through July 1, 1983, and supersede
15 the provisions of chapters ninety-seven (97), ninety-
16 seven A (97A), ninety-seven B (97B), two hundred sixty-
17 two (262), three hundred two (302), four hundred ten
18 (410), four hundred eleven (411), four hundred fifty-
19 two (452), four hundred fifty-three (453), and four
20 hundred fifty-four (454)."
21 2. By numbering and renumbering sections of the
22 amendment as necessary.

H-5926 FILED
APRIL 8, 1980

BY RAPP of Black Hawk

HOUSE FILE 2492

H-5925

- 1 Amend the Senate amendment, H-5879, to House
2 File 2492 as amended, passed and reprinted by the
3 House, as follows:
4 1. Page 2, by inserting after line 16 the
5 following:
6 " . Page 4, line 29, by inserting after the
7 word "assumed." the following: "A loan processing
8 fee collected under the authority of this paragraph
9 is deemed a reimbursement of expenses to be incurred
10 by the lender in the event the obligation or an
11 interest in the obligation is subsequently sold by
12 the lender. A fee which does not exceed the maximum
13 amount permitted by this paragraph is conclusively
14 presumed to be the amount of the lender's expenses in
15 the event of sale. However, if the obligation or an
16 interest in the obligation has not been sold upon the
17 expiration of thirty-six months after the date of
18 closing the loan, the lender shall repay the entire
19 amount of the fee without interest to the borrower
20 within thirty days."
21 2. By numbering and renumbering sections of the
22 amendment as necessary.

H-5925 FILED
APRIL 8, 1980

BY JOCHUM of Dubuque

w/d 4/15

HOUSE FILE 2492

H-5905

1 Amend the Senate amendment, H-5879, to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:
4 1. Page 2, by striking lines 9 and 10 and inserting
5 in lieu thereof the following:
6 "____. Page 4, line 24, by striking the words "less
7 fifteen thousand dollars" and inserting in lieu thereof
8 the words ", but as a condition of collecting this
9 loan processing fee the lender shall reduce the
10 interest rate otherwise payable by the borrower on
11 the loan by one percentage point for each percentage
12 point of loan processing fee received, and by a like
13 proportion for fractional amounts".

H-5905 FILED
APRIL 8, 1980

BY CONNOLLY of Dubuque

w/d 4/15

HOUSE FILE 2492

H-5906

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:
4 1. Page 2, line 16, by striking the words "or
5 refinanced" and inserting in lieu thereof the words
6 "or refinanced; provided that if the purpose of the
7 loan or commitment by the lender is to enable the
8 borrower to purchase from a builder a one-family to
9 four-family dwelling, the construction of which was
10 commenced within the twelve-month period immediately
11 preceding the date of the loan or commitment, then
12 the lender may, in addition to the loan processing
13 fee collectable from the borrower under this section,
14 collect from the builder who built and is selling
15 the dwelling a fee in an amount which does not exceed
16 three percent of the principal amount of the loan
17 to be made to the borrower, but as a condition of
18 collecting this fee from the builder the lender shall
19 reduce the interest rate otherwise payable by the
20 borrower on the loan by one percentage point for each
21 percentage point of fee received from the builder,
22 and by a like proportion for fractional amounts".

H-5906 FILED
APRIL 8, 1980

BY CONNOLLY of Dubuque

w/d 4/15

HOUSE FILE 2492

H-5910

1 Amend the Senate amendment, H-5879, to House
2 File 2492, as amended, passed and reprinted by
3 the House, as follows:
4 1. Page 2, by striking line 17.

H-5910 FILED
APRIL 8, 1980

BY WEST of Marshall
CHIODO of Polk

adopted 4/5 (p. 1597)

HOUSE FILE 2492

H-5924

- 1 Amend the Senate amendment, H-5879, to House
2 File 2492 as amended, passed and reprinted by the
3 House, as follows:
4 1. Page 2, by inserting after line 16 the
5 following:
6 " . Page 5, by inserting after line 5 the
7 following:
8 "Sec. . Section five hundred thirty-five point
9 nine (535.9), Code 1979 Supplement is reenacted.
10 It is the intent of the General Assembly in enacting
11 this section to adopt the limitations on prepayment
12 penalties and other provisions contained in section
13 five hundred thirty-five point nine (535.9), Code 1979
14 Supplement, as may be required by the provisions of
15 Public Law 96-161, section 105, subsection c, for the
16 purpose of superseding the provisions of Public Law
17 96-161, section 105, subsection a.""
18 2. By numbering and renumbering sections of the
19 amendment as necessary.

H-5924 FILED
APRIL 8, 1980

BY RAPP of Black Hawk

HOUSE FILE 2492

H-5923

- 1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:
4 1. Page 4, by striking lines 33 through 35.
5 2. By striking page 4, line 42 through page 5,
6 line 30.

H-5923 FILED
APRIL 8, 1980

BY BRUNER of Story

HOUSE FILE 2492

H-5922

- 1 Amend amendment H-5879 to House File 2492 as
2 follows:
3 1. Page 6, line 46, by inserting after the
4 figure "1981." the following: "or at a time when
5 the discount rate on ninety-day commercial paper
6 in effect at the federal reserve bank of Chicago,
7 Illinois is at or below ten percent, whichever is
8 sooner "

H-5922 FILED
APRIL 8, 1980

BY BRUNER of Story

HOUSE CLIP SHEET

WEDNESDAY, APRIL 9, 1980

HOUSE FILE 2492

H-5921

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:

4 1. Page 2, by striking lines 18 through 47.
5 2. Page 3, by striking lines 3 through 17 and
6 inserting in lieu thereof the following: "lettered
7 paragraphs:

8 NEW LETTERED PARAGRAPH. If the purpose of the
9 loan is to enable the borrower to purchase real estate,
10 any provision of a loan agreement which prohibits
11 the borrower from transferring his or her interest
12 in the real estate to a third party, or any provision
13 which requires or permits the lender to make a change
14 in the interest rate, the repayment schedule or the
15 term of the loan as a result of a transfer by the
16 borrower of his or her interest in the real estate
17 to a third party shall not be enforceable if at the
18 time the borrower transfers his or her interest in
19 the real property, the borrower maintains all of his
20 or her personal liability to the lender with respect
21 to the loan.

22 NEW LETTERED PARAGRAPH. Notwithstanding section
23 six hundred twenty-eight point three (628.3) of the
24 Code, when a foreclosure of a mortgage on real property
25 results from the enforcement of a due-on-sale clause,
26 the mortgagor may redeem the real property at any
27 time within three years from the day of sale under
28 the levy, and the mortgagor shall, in the meantime,
29 be entitled to the possession thereof; and for the
30 first thirty months thereafter such right of redemption
31 is exclusive. Any real property redeemed by the
32 debtor shall thereafter be free and clear from any
33 liability for any unpaid portion of the judgment under
34 which the real property was sold. The right of
35 redemption established by this paragraph is not subject
36 to waiver by the mortgagor and the period of redemption
37 established by the paragraph shall not be reduced.
38 The times for redemption by creditors provided in
39 sections six hundred twenty-eight point five (628.5),
40 six hundred twenty-eight point fifteen (628.15) and
41 six hundred twenty-eight point sixteen (628.16) of
42 the Code shall be extended to thirty-three months
43 in any case in which the mortgagor's period for
44 redemption is extended by this paragraph. This
45 paragraph does not apply to foreclosure of a mortgage
46 if for any reason other than enforcement of a due-
47 on-sale clause. As used in this paragraph, "due-on-
48 sale clause" means any type of covenant which gives
49 the mortgagee the right to demand payment of the
50 outstanding balance or a major part thereof upon a

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Page Two

1 transfer by the mortgagor to a third party of an
2 interest of the mortgagor in property covered by the
3 mortgage. This paragraph applies to any foreclosure
4 occurring on or after the effective date of this Act."

H-5921 FILED BY CHIODO of Polk
APRIL 8, 1980
w/d 4/15

HOUSE FILE 2492

H-5919

1 Amend the Senate amendment, H-5879, to House
2 File 2492 as amended, passed and reprinted by the
3 House, as follows:
4 1. Page 5, by striking lines 31 through 41.

H-5919 FILED BY CHIODO of Polk
APRIL 8, 1980
w/d 4/15

HOUSE FILE 2492

H-5920

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House,
3 as follows:
4 1. Page 2, by striking lines 11 through 16 and
5 inserting in lieu thereof the following:
6 "____. Page 4, line 29, by inserting after the
7 period the words "However, a lender shall not collect
8 a loan processing fee in connection with either a
9 loan agreement or a commitment to lend when the loan
10 constitutes a refinancing of ~~a~~ prior loan."

H-5920 FILED BY BRUNER of Story
APRIL 8, 1980 CHIODO of Polk
w/s 4/15

SENATE AMENDMENT TO
HOUSE FILE 2492

H-5879

1 Amend House File 2492 as amended, passed and
2 reprinted by the House as follows:

6032 5960 3 1. By striking page 1, line 4, through page 2,
4 line 24 and inserting in lieu thereof the following:
5 "chapter one hundred seventeen (117), section one
6 (1), is amended to read as follows:

5928 7 However, a public utility ~~shall have the right~~
8 may at any time after said rates, charges, schedules
9 or regulations have been suspended for ninety days
10 ~~to~~ place in effect any or all of ~~such~~ the suspended
11 rates, charges, schedules or regulations by filing
12 with the commission a bond or other undertaking
13 approved by the commission conditioned upon the refund
14 in a manner to be prescribed by the commission of
15 any amounts collected ~~thereunder~~ in excess of the
16 amounts which would have been collected under rates,
17 charges, schedules or regulations finally approved
18 by the commission. The commission shall establish
19 a rate of interest to be paid by a public utility
20 to persons receiving refunds. ~~Such~~ The rate of
21 interest shall be a reasonable rate as determined
22 by the commission, but not less than five percent
23 per annum, nor more than twelve percent per annum,
5927 24 and the interest shall be compounded annually. The
6045 25 public utility shall not place into effect any portion
26 of any suspended rates, charges, schedules or
27 regulations of any subsequent rate filing relating
28 to services with respect to which a rate filing is
29 pending within twelve months following the date a
30 prior application was filed or until after the
31 commission has issued a final order in any previously
32 filed rate proceedings, whichever is earlier, unless
33 the public utility applies to the commission for
34 authority and receives authority to place a portion
35 of the subsequent filed rate filing into effect on
36 an interim basis."

5960, 5926 37 2. By striking page 2, line 34 through page 3,
6045 38 line 3, and inserting in lieu thereof the words "for
39 deed, and including the refinancing or assumption
40 of a prior loan by a new borrower if the lender
41 releases the original borrower from all personal
42 liability with respect to the loan;"

43 3. Page 3, by striking lines 13 through 27 and
44 inserting in lieu thereof the following:

45 "e. A person borrowing money or obtaining credit
46 for business or agricultural purposes, or a person
47 borrowing money or obtaining credit in an amount which
48 exceeds thirty-five thousand dollars for personal,
49 family or household purposes. As used in this
50 paragraph, "agricultural purpose".

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Page Two

- 1 4. Page 3, line 35, by striking the words "and
2 before".
- 3 5. Page 4, line 1, by striking the words "July
4 1, 1983,".
- 5 6. Page 4, lines 18 and 19, by striking the words
6 "and prior to July 1, 1983".
- 7 7. Page 4, lines 21 and 22, by striking the words
8 "and prior to July 1, 1983".
- 9 8. Page 4, line 24, by striking the words "less
10 fifteen thousand dollars".
- 11 9. Page 4, line 25, by inserting after the word
12 "assumption" the words "or refinancing".
- 13 10. Page 4, line 28, by inserting after the word
14 "assumption" the words "or refinancing".
- 15 11. Page 4, line 29, by inserting after the word
16 "assumed" the words "or refinanced".
- 17 12. Page 6, line 17, by striking the word "retail".
- 18 13. Page 7, by inserting after line 9 the
19 following:
- 20 "Sec. _____. Section five hundred thirty-five point
21 eight (535.8), subsection two (2), paragraph c, Code
22 1979 Supplement, is amended to read as follows:
23 c. If the purpose of the loan is to enable the
24 borrower to purchase a single-family or two-family
25 dwelling, for his or her residence, any provision
26 of a loan agreement which prohibits the borrower from
27 transferring his or her interest in the property to
28 a third party for use by the third party as his or
29 her residence, or any provision which requires or
30 permits the lender to make a change in the interest
31 rate, the repayment schedule or the term of the loan
32 as a result of a transfer by the borrower of his or
33 her interest in the property to a third party for
34 use by the third party as his or her residence shall
35 not be enforceable ~~except as provided in the following~~
36 sentence provided the borrower maintains all personal
37 liability on the loan. If the lender on reasonable
38 grounds believes that its security interest or the
39 likelihood of repayment is impaired, based solely
40 on criteria which is not more restrictive than that
41 used to evaluate a new mortgage loan application,
42 the lender may accelerate the loan, or to offset any
43 such impairment, may adjust the interest rate, the
44 repayment schedule or the term of the loan.--A
45 provision of a loan agreement which violates this
46 paragraph is void. The provisions of this paragraph
47 are retroactive."
- 48 14. Page 7, by inserting after line 9 the
49 following:
- 50 "Sec. _____. Section five hundred thirty-five point

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Page Three

1 eight (535.8), subsection two (2), Code 1979
2 Supplement, is amended by adding the following new
3 lettered paragraph:

5921 4 NEW LETTERED PARAGRAPH. If the purpose of the
5 loan is to enable the borrower to purchase real estate,
6 any provision of a loan agreement which prohibits
7 the borrower from transferring his or her interest
8 in the real estate to a third party, or any provision
9 which requires or permits the lender to make a change
10 in the interest rate, the repayment schedule or the
11 term of the loan as a result of a transfer by the
12 borrower of his or her interest in the real estate
13 to a third party shall not be enforceable if at the
14 time the borrower transfers his or her interest in
15 the real property, the borrower maintains all of his
16 or her personal liability to the lender with respect
17 to the loan."

18 15. Page 7, by striking lines 10 through 17 and
19 inserting in lieu thereof the following:

20 "Sec. 4. Section three hundred twenty-two point
21 nineteen (322.19), unnumbered paragraphs two (2) and
22 three (3), Code 1979, as amended by Acts of the Sixty-
23 eighth General Assembly, 1980 Session, Senate File
24 two thousand two hundred (2200), section one (1),
25 are amended to read as follows:

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

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

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6032 39 16. By striking page 7, line 20 through page 8,
40 line 2, and inserting in lieu thereof the following:

41 "NEW SECTION. MOBILE HOME AND MODULAR HOME RETAIL
42 INSTALLMENT CONTRACT--FINANCE CHARGE. A retail
43 installment contract or agreement for the sale of
44 a mobile home or modular home may include a finance
45 charge at any rate agreed to in writing by the parties.
46 "Finance charge" shall be as defined in section
47 five hundred thirty-seven point one thousand three
48 hundred one (537.1301) of the Code.

49 This section supersedes any conflicting interest
50 rate or finance charge limitation contained in the

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1 Code, including but not limited to the provisions
2 of chapters five hundred thirty-five (535) and five
3 hundred thirty-seven (537) of the Code."

5960 4 17. By striking page 8, line 6, through page 9,
6037 5 line 8, and inserting in lieu thereof the following:
6 "Code, is amended by striking the section and inserting
7 in lieu thereof the following:

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

11 . NEW SECTION. SEMITRAILER OR TRAVEL TRAILER RETAIL
12 INSTALLMENT CONTRACT--FINANCE CHARGES. A retail
13 installment contract or agreement for the sale of
14 a semitrailer or travel trailer may include a finance
15 charge at any rate agreed to in writing by the parties.
16 "Finance charge" shall be as defined in section
17 five hundred thirty-seven point one thousand three
18 hundred one (537.1301) of the Code.

19 This section supersedes any conflicting interest
20 rate or finance charge limitation contained in the
21 Code, including but not limited to the provisions
22 of chapters five hundred thirty-five (535) and five
23 hundred thirty-seven (537) of the Code."

24 18. Page 9, by inserting after line 8 the
25 following:

5935 26 "Sec. _____. Section five hundred thirty-seven point
27 one thousand three hundred one (537.1301), subsection
28 fifteen (15), paragraph b, subparagraph two (2), Code
29 1979, is amended by striking the subparagraph and
30 inserting in lieu thereof the following:

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

5928 33 19. Page 9, line 13, by striking the word
34 "eighteen" and inserting in lieu thereof the word
35 "twenty-one".

36 20. Page 9, by striking lines 23 through 25 and
37 inserting in lieu thereof the following: "addition,
38 with respect to a consumer loan ~~not-secured-by-a-first~~
39 ~~lien-on-a-dwelling-of-the-debtor-given-to-finance~~
40 ~~the-acquisition-of-that-dwelling~~, a supervised
41 financial".

42 21. Page 9, line 28, by striking the word
43 "eighteen" and inserting in lieu thereof the word
44 "twenty-one".

594 45 22. Page 9, by inserting after line 29 the
596 46 following:

47 "Sec. 9. Section five hundred thirty-seven point
48 two thousand two hundred two (537.2202), subsection
49 three (3), Code 1979, is amended to read as follows:

50 3. If the billing cycle is monthly, the charge

H-5879
Page Five

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6032 may not exceed an amount equal to one and one-half
3 ~~three-quarters~~ percent of ~~that part of~~ the maximum
4 amount pursuant to subsection 2 which ~~is five hundred~~
5 ~~dollars or less and one and one-fourth percent of~~
6 ~~that part of the maximum amount which is more than~~
7 ~~five hundred dollars.~~ If the billing cycle is not
8 monthly, the maximum charge for the billing cycle
9 shall bear the same relation to the applicable monthly
10 maximum charge as the number of days in the billing
11 cycle bears to three hundred sixty-five divided by
12 twelve. A billing cycle is monthly if the closing
13 date of the cycle is the same date each month or does
14 not vary by more than four days from the regular date.

15 Sec. 10. Section five hundred thirty-seven point
16 two thousand four hundred two (537.2402), subsection
17 three (3), Code 1979, is amended to read as follows:

5481
6032 3. If the billing cycle is monthly, the charge
18 may not exceed an amount equal to one and one-half
19 ~~three-quarters~~ percent of ~~that part of~~ the maximum
20 amount pursuant to subsection 2 which ~~is five hundred~~
21 ~~dollars or less and one and one-fourth percent of~~
22 ~~that part of the maximum amount which is more than~~
23 ~~five hundred dollars.~~ If the billing cycle is not
24 monthly, the maximum charge for the billing cycle
25 shall bear the same relation to the applicable monthly
26 maximum charge as the number of days in the billing
27 cycle bears to three hundred sixty-five divided by
28 twelve. A billing cycle is monthly if the closing
29 date of the cycle is the same date each month or does
30 not vary by more than four days from the regular date.

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5960 Sec. _____. Section five hundred thirty-seven point
31 three thousand three hundred eleven (537.3311), Code
32 1979, is amended by adding the following new unnumbered
33 paragraph:

34 NEW UNNUMBERED PARAGRAPH. A card issuer shall
35 not discriminate, as between sellers who permit a
36 cardholder to use the credit card to purchase or lease
37 property or services, with respect to fees, charges,
38 discounts or other consideration payable by a seller
39 to the card issuer as a result of permitting a
40 cardholder to use the credit card for these purposes.".

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5941 23. Page 9, by striking lines 30 through 35.

5941
5960 24. Page 9, by inserting after line 35 the
43 following:

6046 45 "Sec. 11. Section five hundred thirty-five point
46 two (535.2), subsection four (4), Code 1979 Supplement,
47 is amended by striking that subsection.

48 Sec. 12. With respect to any written agreement
49 which was executed prior to August 3, 1978, and which
50 contained a provision for the adjustment of the

Page Six

1 interest rate specified in that agreement, and which
2 was governed by the limitation contained in section
3 five hundred thirty-five point two (535.2), subsection

4 four (4), Code 1979 Supplement, the interest rate
5 may be adjusted after the effective date of this Act
6 according to the terms of the agreement to any rate
7 of interest permitted by the laws of this state as
8 of the date an adjustment in interest is to be made.
9 This section does not authorize adjustment of interest
10 in any manner other than that expressly permitted
11 by the terms of the written agreement, and nothing
12 contained in this section or section eleven (11) of
13 this Act authorizes the collection of additional
14 interest with respect to any portion of a debt which
15 was paid or repaid prior to the effective date of
16 an interest-rate adjustment."

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17 25. Page 9, by inserting after line 35 the
18 following:

19 "Sec. _____. The general assembly of the state
20 of Iowa hereby declares and states that it does not
21 want any of the provisions of Public Law No. 96-221
22 (94 stat. 132), section 501, subsection (a), paragraph
23 (1), to apply with respect to loans, mortgages, credit
24 sales, and advances made in this state; and that it
25 does not want any of the provisions of Public Law
26 No. 96-221 (94 stat. 132), Part B (section 511,
27 subsections (a) and (b)), to apply with respect to
28 loans made in this state; and that it does not want
29 any of the provisions of any of the amendments
30 contained in Public Law No. 96-221 (94 stat. 132),
31 sections 521, 522 and 523 to apply with respect to
32 loans made in this state; and that it does not want
33 any of the provisions of Public Law No. 96-221 (94
34 stat. 132), section 524 to apply with respect to loans
35 made in this state. It is the intent of the general
36 assembly of the state of Iowa in enacting this section
37 to exercise all authority granted by Congress and
38 to satisfy all requirements imposed by Congress in
39 Public Law No. 96-221 (94 stat. 132), section 501
40 subsection (b), paragraph (2), and section 512, and
41 section 524 subsection (i), paragraph (3), and section
42 525, for the purpose of rendering the provisions of
43 Public Law No. 96-221 (94 stat. 132), Title V,
44 inapplicable in this state. Section two (2) of this
45 Act expires July 1, 1983. All other provisions of
46 this Act except this section expire July 1, 1981."

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47 26. Page 10, by inserting after line 9 the
48 following:

49 "3. Sections four (4), five (5) and six (6) of
50 this Act apply only with respect to contracts executed

Page seven

1 on or after the effective date of this Act. Sections
2 seven (7) and eight (8) of this Act apply only with
3 respect to loans or extensions of credit made or
4 granted on or after the effective date of this Act.
5 Sections nine (9) and ten (10) of this Act apply only
6 with respect to loan or credit account balances which
7 arise out of loans or credit made or extended on or
8 after the effective date of this Act."

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9 27. By renumbering sections and subsections and
10 correcting internal references as necessary.

HOUSE FILE 2492

H-5949

Amend the Senate amendment, H-5879, to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:

4 1. Page 2, by striking lines 9 and 10 and inserting
5 in lieu thereof the following:

6 "____. Page 4, line 24, by striking the words "less
7 fifteen thousand dollars, except that" and inserting
8 in lieu thereof the words "and, in addition to this
9 basic loan processing fee of two percent, a
10 supplemental loan processing fee in an amount as agreed
11 to by the parties, but as a condition of collecting
12 a supplemental loan processing fee the lender shall
13 reduce the interest rate otherwise payable by the
14 borrower on the loan by one percentage point for each
15 percentage point of supplemental loan processing fee
16 received and by a like proportion for fractional
17 amounts. However," .

H-5949 FILED
APRIL 9, 1980

BY CONNOLLY of Dubuque

w/d 4/15

HOUSE FILE 2492

H-5951

Amend the Senate amendment, H-5879, to House
2 File 2492 as amended, passed and reprinted by the
3 House, as follows:

4 1. Page 7, line 8, by inserting after the word
5 "Act" the following: "and shall not apply to any
6 unpaid balances incurred under the terms of sections
7 five hundred thirty-seven point two thousand two
8 hundred two (537.2202) or section five hundred
9 thirty-seven point two thousand four hundred two
10 (537.2402) prior to the effective date of this Act".

H-5951 FILED
APRIL 9, 1980

BY CHIODO of Polk

w/d 4/15

HOUSE FILE 2492

H-5954

1 Amend the Senate amendment, H-5879, to House File
2 2492 as amended, passed and reprinted by the House, as
3 follows:

4 1. Page 6, by striking lines 28 through 31.

H-5954 FILED
APRIL 9, 1980

BY CHIODO of Polk

w/d 4/15

H-6035

1 Amend amendment H-5960 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House, as follows:
4 1. Page 1, by striking lines 4 through 41 and
5 inserting in lieu thereof the following:
6 "____. Page 1, by striking lines 6 through 36 and
7 inserting in lieu thereof the words and figure "(1),
8 is amended by striking that paragraph.""

H-6035 FILED
APRIL 11, 1980

BY JOCHUM of Dubuque

Placed out of order 4/15

HOUSE FILE 2492

H-5953

1 Amend the Senate amendment H-5879, to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:

4 1. Page 2, by inserting after line 17 the
5 following:

6 "____. Page 7, by inserting after line 9 the
7 following:

8 "Sec. ____ Chapter five hundred thirty-five (535),
9 Code 1979, is amended by adding the following new
10 section:

11 NEW SECTION. INTEREST ON ESCROW ACCOUNTS.

12 1. As used in this section, unless the context
13 otherwise requires:

14 a. "Financial institution" means and includes
15 a bank, savings and loan association, credit union,
16 industrial loan company, insurance company, and any
17 other entity engaged in the business of mortgage
18 lending.

19 b. "Escrow deposit" means any amount received
20 by a financial institution from a debtor of the
21 financial institution pursuant to an agreement whereby
22 the financial institution is authorized to use the
23 amount, either alone or in combination with other
24 amounts similarly received, to purchase insurance
25 or to pay taxes or to satisfy other obligations of
26 the debtor with respect to real property of the debtor
27 in which the financial institution has a security
28 interest.

29 2. A financial institution that receives an escrow
30 deposit from a borrower shall pay interest to the
31 borrower for the period of time during which the
32 financial institution has possession of that money.
33 The rate of interest shall be the rate specified in
34 section five hundred thirty-five point two (535.2),
35 subsection one (1) of the Code, provided that if the
36 financial institution is a bank, savings and loan
37 association or credit union the rate of interest shall
38 be the same rate as that which the financial
39 institution pays on ordinary savings accounts.

40 3. This section applies to any escrow deposit
41 received on or after July 1, 1980, irrespective of
42 the date of execution of the loan to which the escrow
43 agreement relates. This section does not apply to
44 any escrow deposit which is in the possession of a
45 financial institution prior to July 1, 1980."

HOUSE FILE 2492

H-5957

1 Amend the amendment, H-5921 to the Senate
2 amendment, H-5879, to House File 2492 as amended,
3 passed and reprinted by the House, as follows:
4 1. Page 2, line 4, by inserting after the word
5 "Act." the following: "However, this paragraph does not
6 apply if the lender can prove substantial impairment
7 of its financial interest in the mortgage due to the
8 creditworthiness of a third party assuming an
9 interest in the mortgage."

H-5957 FILED BY CHIODO of Polk

APRIL 9, 1980

Placed out of order 4/15

HOUSE FILE 2492

H-5959

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows: -----
4 1. Page 7, by inserting after line 8 the
5 following:
6 "Sec. _____. Section five hundred thirty-four
7 point twenty-one (534.21), subsection two (2), Code
8 1979, is amended by adding the following new un-
9 numbered paragraph:
10 NEW UNNUMBERED PARAGRAPH. Renegotiable rate
11 mortgage loans may be made for a term of three,
12 four or five years, secured by a mortgage of up
13 to 30 years, and automatically renewable at a
14 varying interest rate. However, the authority to
15 make home loans under this paragraph is available
16 only for periods of time when federally chartered
17 savings and loan associations operating in this
18 state are granted similar authority, and the state
19 authorization is subject to the rights and limit-
20 ations imposed upon the federally chartered
21 associations for this type of activity."

H-5959 FILED

APRIL 9, 1980

w/d 4/15

BY CHIODO of Polk

JOHNSON of Linn

HOUSE FILE 2492

H-6032

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:

4 1. Page 1, by striking lines 3 through 36 and
5 inserting in lieu thereof the following:

6 " _____. By striking page 1, line 23 through page
7 2, line 16, and inserting in lieu thereof the
8 following:

9 "2. a. The public utility shall not place into
10 effect any portion of the suspended rates, charges,
11 schedules or regulations which would result in a
12 percentage increase in gross intrastate operating
13 revenues which is greater than the annual inflation
14 factor unless the public utility specifically applies
15 to the commission for authority to impose a greater
16 interim increase and the commission approves a greater
17 interim increase on the basis of need.

18 b. If the commission has not issued a final order
19 in the rate proceeding within twelve months following
20 the date application was filed, the public utility
21 may, at the end of that twelve-month period and of
22 each subsequent twelve-month period, place into effect
23 such additional portion of the suspended rates,
24 charges, schedules or regulations as will result in
25 an additional increase in gross intrastate operating
26 revenues which is equal to the annual inflation factor
27 for the respective twelve-month period; provided that
28 the public utility may apply for and receive authority
29 for a greater increase in the manner otherwise
30 permitted by this subparagraph.

31 c. The public utility shall not place into effect
32 any portion of any suspended rates, charges, schedules
33 or regulations of any subsequent rate filing relating
34 to services with respect to which a rate filing is
35 pending until after the commission has issued a final
36 order in the previously filed rate proceeding,
37 excepting the last filing pending at the time of
38 enactment of this bill, unless the public utility
39 applies to the commission for authority and receives
40 authority to place a portion of the subsequent filed
41 rate filing into effect on an interim basis."

42 2. Page 2, by inserting after line 16 the follow-
43 ing:

44 " _____. Page 5, by inserting after line 5 the follow-
45 ing:

46 "Sec. 40. Section five hundred twenty-four point
47 nine hundred one (524.901), Code 1979, as amended
48 by Acts of the Sixty-eighth General Assembly, 1979
49 Session, chapter one hundred twenty-eight (128),
50 section sixteen (16), is amended by adding the

A.
Lost
4/15/80
(p. 1595)

B
adopted
4/14 (p. 1571)

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Page Two

1 following new subsection:

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

9 3. Page 2, by inserting after line 16 the follow-
10 ing:

11 "____. Page 5, by inserting after line 5 the follow-
12 ing:

13 "Sec. 41. Section five hundred twenty-four point
14 nine hundred six (524.906), subsection six (6), Code
15 1979, is amended by striking the subsection:"

16 4. Page 2, by inserting after line 16 the follow-
17 ing:

18 "____. Page 5, by inserting after line 5 the follow-
19 ing:

20 "Sec. 42. Section five hundred twenty-four point
21 nine hundred eight (524.908), Code 1979, is amended
22 to read as follows:

23 524.908 DIRECT-LEASING LEASING OF PERSONAL
24 PROPERTY. A state bank ~~shall have the power, subject~~
25 ~~to approval by the superintendent, to~~ may acquire,
26 upon the specific request of and for the use of a
27 customer, and lease, personal property pursuant to
28 a binding arrangement for the leasing of such the
29 property to the customer upon terms requiring payment
30 to the state bank, during the minimum period of the
31 lease, of rentals which in the aggregate, when added
32 to the estimated tax benefits to the bank resulting
33 from the ownership of the lease property plus the
34 estimated residual market value of the leased property
35 at the expiration of the initial term of the lease,
36 will be at least equal to the total expenditures by
37 the state bank for, and in connection with, the
38 acquisition, ownership, maintenance and protection
39 of the property. A lease made under authority of
40 this section shall have the prior approval of the
41 superintendent or be made pursuant to personal property
42 lease guidelines approved by the superintendent for
43 use by the lessor bank or pursuant to a personal
44 property lease guideline rule of general applicability
45 for use by all state banks."

46 5. Page 2, by inserting after line 16 the follow-
47 ing:

48 "____. Page 5, by inserting after line 5 the follow-
49 ing:

50 "Sec. 43. Section five hundred thirty-six A point

C
Adopted
4/14 (p. 157)

H-6032
Page Three

1 twenty-three (536A.23), subsection one (1), unnumbered
2 paragraph one (1), Code 1979 Supplement, is amended
3 to read as follows:
4 1. Charge, receive or collect interest at a rate
5 exceeding ~~nine~~ ten cents on the hundred by the year,
6 except that the interest may be computed when the
7 note is made on the full amount of the cash advanced
8 on the loan from the date of the note to the date
9 of the final installment thereof, and the interest
10 so computed may be included in the note,
11 notwithstanding any agreement to pay the entire amount
12 in installments; or the interest may be computed on
13 the amount of the note and discounted or collected
14 in advance when the loan is made, notwithstanding
15 any agreement to pay the entire amount in installments.
16 If the note is repayable in other than equal monthly
17 installments, the interest may be an amount computed
18 on the basis of the effective rates permitted as
19 provided above; provided, however, there shall be
20 no compounding of interest and when an interest rate
21 as authorized herein is advertised, or negotiated
22 for with a prospective borrower, with intent that
23 it be computed by either of the two methods authorized
24 herein, they being the "add on" method or the
25 "discount" method, in such case such rate shall be
26 further described as to the method of computation
27 to be used, but interest computed by either method
28 shall be stated to the borrower as provided in section
29 537.3210."

30 6. By striking page 2, line 18 through page 3,
31 line 17.

*D. Adopted as
amended by 6069
4/14 (p. 1576)*

32 7. By striking page 3, line 39, through page 4,
33 line 3, and inserting in lieu thereof the following:
34 "____. Page 7, line 24, by striking the word "one-
35 half" and inserting in lieu thereof the word "three-
36 fourths".

*E
Adopted 4/14
(p. 1576)*

37 8. Page 4, by striking lines 4 through 23 and
38 inserting in lieu thereof the following:

*F
Adopted 4/14
(p. 1576)*

39 "____. Page 8, line 18, by striking the word "one-
40 half" and inserting in lieu thereof the word "three-
41 fourths".

42 _____. Page 8, line 24, by striking the words "one
43 and three-fourths" and inserting in lieu thereof the
44 words "~~one-and-three-fourths~~ two".

45 9. Page 5, lines 1 and 2, by striking the words
46 "~~one-half three-quarters~~" and inserting in lieu thereof
47 the word "one-half".

*G
Adopted as
amended by
6043 4/14
(p. 1574)*

48 10. Page 5, lines 18 and 19, by striking the words
49 "~~one-half three-quarters~~" and inserting in lieu thereof
50 the word "one-half".

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Page Four

1 11. Page 5, by striking lines 31 through 41.

2 12. Page 6, by inserting after line 16 the follow-

3 ing:

4 "____. Page 9, by inserting after line 35 the

5 following:

6 "Sec. 21. Section five hundred thirty-seven point

7 one thousand three hundred one (537.1301), subsection

8 four (4), Code 1979, is amended by striking the

9 subsection and renumbering the remaining subsections.

10 Sec. 22. Section five hundred thirty-seven point

11 one thousand three hundred one (537.1301), subsection

12 thirteen (13), paragraph a, subparagraph three (3),

13 Code 1979, is amended to read as follows:

14 (3) The goods, services or interest in land are

15 purchased primarily for a personal, family, or

16 household ~~or-agricultural~~ purpose.

17 Sec. 23. Section five hundred thirty-seven point

18 one thousand three hundred one (537.1301), subsection

19 fourteen (14), paragraph c, Code 1979, is amended

20 to read as follows:

21 c. The lessee takes under the lease primarily

22 for a personal, family, or household ~~or-agricultural~~

23 purpose.

24 Sec. 24. Section five hundred thirty-seven point

25 one thousand three hundred one (537.1301), subsection

26 fifteen (15), paragraph a, subparagraphs three (3)

27 and five (5), Code 1979, are amended to read as

28 follows:

29 (3) The debt is incurred primarily for a personal,

30 family, or household ~~or-agricultural~~ purpose.

31 (5) Either the amount financed does not exceed

32 thirty-five thousand dollars, or the debt is ~~not~~

33 ~~incurred-primarily-for-an-agricultural-purpose-and~~

34 ~~is~~ secured by an interest in land.

35 Sec. 25. Section five hundred thirty-seven point

36 three thousand three hundred one (537.3301),

37 subsections one (1) and two (2), Code 1979, are amended

38 to read as follows:

39 1. With respect to a consumer credit sale, a

40 seller may take a security interest in the property

41 sold. In addition, a seller may take a security

42 interest in goods upon which services are performed

43 or in which goods sold are installed or to which they

44 are annexed, or in land to which the goods are af-

45 fixed or which is maintained, repaired or improved

46 as a result of the sale of the goods or services,

47 if in the case of a security interest in land the

48 amount financed is one thousand dollars or more, or

49 in the case of a security interest in goods if either

50 the amount financed is three hundred dollars or more,

*
Adopted 4/14 (p. 1574)

J
Adopted
4/14 (p. 1562)

Reconsidered amended
by 6047 & Adopted
(p. 1572)

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Page Five

1 or if the goods are household goods, or motor vehicles
2 used by a consumer, his or her dependents, or the
3 family with which the consumer resides, as
4 transportation to and from a place of employment,
5 one hundred dollars or more. ~~The seller may also~~
6 ~~take a security interest in property which is itemized~~
7 ~~in the security agreement, to secure the debt arising~~
8 ~~from a consumer credit sale primarily for an~~
9 ~~agricultural purpose.~~ Except as provided with respect
10 to cross-collateral under section 537.3302, a seller
11 may not otherwise take a security interest in property
12 to secure the debt arising from a consumer credit
13 sale.

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

20 Sec. 26. Section five hundred thirty-seven point
21 three thousand three hundred three (537.3303),
22 subsection one (1), Code 1979, is amended to read
23 as follows:

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

40 Sec. 27. Section five hundred thirty-seven point
41 three thousand three hundred seven (537.3307), Code
42 1979, is amended to read as follows:

43 537.3307 CERTAIN NEGOTIABLE INSTRUMENTS PROHIBITED.
44 With respect to a consumer credit sale or consumer
45 lease, ~~other than a sale or lease primarily for an~~
46 ~~agricultural purpose,~~ the creditor may not take a
47 negotiable instrument other than a check dated not
48 later than ten days after its issuance as evidence
49 of the obligation of the consumer.

50 Sec. 28. Section five hundred thirty-seven point

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Page Six

1 three thousand three hundred eight (537.3308),
2 subsection two (2), paragraph c, Code 1979, is amended
3 by striking the paragraph and relettering the remaining
4 paragraphs.

5 Sec. 29. Section five hundred thirty-seven point
6 three thousand three hundred ten (537.3310), subsection
7 one (1), Code 1979, is amended to read as follows:

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

16 Sec. 30. Section five hundred thirty-seven point
17 three thousand four hundred one (537.3401), Code 1979,
18 is amended to read as follows:

19 537.3401 RESTRICTION ON LIABILITY IN CONSUMER
20 LEASE. The obligation of a lessee upon expiration
21 of a consumer lease ~~other-than-one-primarily-for-an~~
22 ~~agricultural-purpose~~, may not exceed twice the average
23 payment allocable to a monthly period under the lease.
24 This limitation does not apply to charges for damages
25 to the leased property or for other default.

26 Sec. 31. Section five hundred thirty-seven point
27 three thousand four hundred four (537.3404), subsection
28 one (1), Code 1979, is amended to read as follows:

29 1. With respect to a consumer credit sale or
30 consumer lease, ~~other-than-one-primarily-for-an~~
31 ~~agricultural-purpose~~, an assignee of the rights of
32 the seller or lessor is subject to all claims and
33 defenses of the consumer against the seller or lessor
34 arising from the sale or lease of property or services,
35 notwithstanding that the assignee is a holder in due
36 course of a negotiable instrument issued in violation
37 of the provisions prohibiting certain negotiable
38 instruments in section 537.3307; unless the consumer
39 has agreed in writing not to assert against an assignee
40 a claim or defense arising out of such sale, and the
41 consumer's contract has been assigned to an assignee
42 not related to the seller who acquired the consumer's
43 contract in good faith and for value and who gives
44 the consumer notice of the assignment as provided
45 in this subsection and who within thirty days after
46 the mailing of the notice receives no written notice
47 of the facts giving rise to the consumer's claim or
48 defense. Such agreement not to assert a claim or
49 defense is not valid if the assignee receives such
50 written notice from the consumer within such thirty-

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Page Seven

1 day period. The notice of assignment shall be in
2 writing and addressed to the consumer at his or her
3 address as stated in the contract, identify the
4 contract, describe the property purchased by the
5 consumer, state the names of the seller and consumer,
6 the name and address of the assignee, the amount
7 payable by the consumer and the number, amounts and
8 due dates of the installments, and contain a
9 conspicuous notice to the consumer that he or she
10 has thirty days from the date of the mailing of the
11 notice to him or her within which to notify the
12 assignee in writing of any claims or defenses he or
13 she may have against the seller and that if written
14 notification of any such claims or defenses is not
15 received by the assignee within such thirty-day period,
16 the assignee will have the right to enforce the
17 contract free of any claims or defenses the consumer
18 may have against the seller. An assignee does not
19 acquire a consumer's contract in good faith with-
20 in the meaning of this subsection if the assignee
21 has knowledge or, from his or her course of dealing
22 with the seller or his records, notice of substantial
23 complaints by other consumers of the seller's failure
24 or refusal to perform his or her contracts with them
25 and of the seller's failure to remedy his or her
26 defaults within a reasonable time after the assignee
27 notifies him or her of the complaints.

28 Sec. 32. Section five hundred thirty-seven point
29 three thousand four hundred five (537.3405), subsection
30 one (1), unnumbered paragraph one (1), Code 1979,
31 is amended to read as follows:

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

42 Sec. 33. Section five hundred thirty-seven point
43 three thousand five hundred one (537.3501), Code 1979,
44 is amended to read as follows:

45 537.3501 DOOR-TO-DOOR SALES. In a consumer credit
46 sale or a sale in which the goods or services are
47 paid for in whole or in part by a lender credit card
48 or a consumer loan in which the lender is subject
49 to defenses arising from the sale under section
50 537.3405, ~~either than a transaction for an agricultural~~

1 purpose, a consumer has, in addition to all the rights
2 and remedies provided by chapter 713B, a cause of
3 action under section 537.5201, subsection 1, and the
4 administrator has all powers granted under article
5 6, part 1, to enforce the provisions of chapter 713B.
6 Sec. 34. Notwithstanding sections twenty-one (21)
7 through thirty-three (33) of this Act, a consumer
8 credit transaction for an agricultural purpose which
9 was executed or undertaken before July 1, 1980, is
10 subject to the applicable provisions of chapter five
11 hundred thirty-seven (537) of the Code as they existed
12 prior to July 1, 1980, and nothing in sections twenty-
13 one (21) through thirty-three (33) of this Act applies
14 with respect to rights, duties, privileges, obligations
15 or remedies of parties to such a transaction; provided,
16 however, that no additional loans, advances or
17 extensions of credit shall be made on or after July
18 1, 1980, with respect to agreements which were made
19 prior to July 1, 1980. Sections twenty-one (21)
20 through thirty-three (33) of this Act apply to a
21 consumer credit transaction executed or undertaken
22 on or after July 1, 1980.""

23 13. Page 6, by inserting after line 16 the follow-
24 ing:

25 "____. Page 9, by inserting after line 35 the
26 following:

27 "Sec. 44. Section five hundred thirty-four point
28 twenty-one (534.21), subsection two (2), Code 1979,
29 is amended by adding the following new unnumbered
30 paragraph:

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

43 14. Page 6, line 19, by striking the word and
44 symbol "Sec. ____." and inserting in lieu thereof the
45 word and figure "Sec. 50."

46 15. Page 6, by striking lines 44 through 46 and
47 inserting in lieu thereof the following: "inapplicable
48 in this state.

49 Sec. _____. All of the provisions of this Act except
50 section fifty (50) of this Act expire July 1, 1983."

1 16. By renumbering sections and correcting internal
2 references.

Adopted
4/14 (p. 1572)

K

HOUSE FILE 2492

H 6050

1 Amend amendment H-5960 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House, as follows:

4 1. Page 3, by striking line 23 and inserting in
5 lieu thereof the following: "line 17, and inserting
6 in lieu thereof the following:

7 "____. Page 7, by inserting after line 9 the
8 following:

9 "Sec. _____. Section five hundred thirty-five point
10 eight (535.8), subsection two (2), Code 1979, is
11 amended by adding the following new lettered
12 paragraphs:

13 NEW LETTERED PARAGRAPH. If the purpose of the
14 loan is to enable the borrower to purchase real estate,
15 any provision of a loan agreement which prohibits
16 the borrower from transferring his or her interest
17 in the real estate to a third party, or any provision
18 which requires or permits the lender to make a change
19 in the interest rate, the repayment schedule or the
20 term of the loan as a result of a transfer by the
21 borrower of his or her interest in the real estate
22 to a third party shall not be enforceable if at the
23 time the borrower transfers his or her interest in
24 the real property, the borrower maintains all of his
25 or her personal liability to the lender with respect
26 to the loan.

27 NEW LETTERED PARAGRAPH. Notwithstanding section
28 six hundred twenty-eight point three (628.3) of the
29 Code, when a foreclosure of a mortgage on real property
30 results from the enforcement of a due-on-sale clause,
31 the mortgagor may redeem the real property at any
32 time within three years from the day of sale under
33 the levy, and the mortgagor shall, in the meantime,
34 be entitled to the possession thereof; and for the
35 first thirty months thereafter such right of redemption
36 is exclusive. Any real property redeemed by the
37 debtor shall thereafter be free and clear from any
38 liability for any unpaid portion of the judgment under
39 which the real property was sold. The right of
40 redemption established by this paragraph is not subject
41 to waiver by the mortgagor and the period of redemption
42 established by this paragraph shall not be reduced.
43 The times for redemption by creditors provided in
44 sections six hundred twenty-eight point five (628.5),
45 six hundred twenty-eight point fifteen (628.15) and
46 six hundred twenty-eight point sixteen (628.16) of
47 the Code shall be extended to thirty-three months
48 in any case in which the mortgagor's period for
49 redemption is extended by this paragraph. This
50 paragraph does not apply to foreclosure of a mortgage

1 if for any reason other than enforcement of a due-
2 on-sale clause. As used in this paragraph, "due-on-
3 sale clause" means any type of covenant which gives
4 the mortgagee the right to demand payment of the
5 outstanding balance or a major part thereof upon a
6 transfer by the mortgagor to a third party of an
7 interest of the mortgagor in property covered by the
8 mortgage. This paragraph applies to any foreclosure
9 occurring on or after the effective date of this Act.
10 However, this paragraph does not apply if the lender
11 can prove substantial impairment of its financial
12 interest in the mortgage due to the creditworthiness
13 of a third party assuming an interest in the
14 mortgage."

H-6050 FILED APRIL 11, 1980 BY CHIODO of Polk
Placed out of order 4/15

HOUSE FILE 2492

H-6046

1 Amend the Senate amendment, H-5879, to House File
2 2492 as amended, passed and reprinted by the House as
3 follows:
4 1. By striking Page 5, line 45 through Page 6,
5 line 16, and inserting in lieu thereof the following:
6 "Sec. 11. Section five hundred thirty-five point
7 two (535.2), subsection four (4), Code 1979 Supplement,
8 is amended to read as follows:
9 4. Notwithstanding the provisions of subsection 3,
10 with respect to any agreement which was executed prior
11 to August 3, 1978, and which contained a provision for
12 the adjustment of the rate of interest specified in
13 that agreement, the maximum lawful rate of interest
14 which may be imposed under that agreement shall be nine
15 cents on the hundred by the year, or two-and-one-half
16 percentage points above the original rate agreed to,
17 whichever is higher, and any excess charge shall be
18 a violation of section 535.4.

H-6046 FILED BY CRAWFORD of Story KREWSON of Polk
APRIL 11, 1980 POFFENBERGER of Dallas SMALLEY of Polk
Last 4/15 (p. 1605) HIBBS of Johnson TYRRELL of Iowa

HOUSE FILE 2492

H-6043

1 Amend amendment H-6032 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House as follows:
4 1. Page 3, by striking lines 45 through 50 and
5 inserting in lieu thereof the following:
6 "____. By striking page 4, line 45 through page
7 5, line 30."

H-6043 FILED BY SCHROEDER of Pottawattamie
APRIL 11, 1980 JOHNSON of Linn
Adopted 4/14 (p. 1573)

HOUSE FILE 2492

052

1 Amend amendment H-5960 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House, as follows:
4 1. Page 1, by striking lines 4 through 41 and
5 inserting in lieu thereof the following:
6 " . Page 1, by striking lines 7 through 36 and
7 inserting in lieu thereof the following:
8 "However, a public utility, shall-have-the-right
9 at any time after said the rates, charges, schedules
10 or regulations have been suspended for-ninety-days,
11 may request the authority to place in effect any or
12 all of such the suspended rates, charges, schedules
13 or regulations by filing with the commission a bond
14 or other undertaking approved by the commission
15 conditioned upon the refund in a manner to be
16 prescribed by the commission of any amounts collected
17 thereunder in excess of the amounts which would have
18 been collected under rates, charges, schedules or
19 regulations finally approved by the commission. In
20 determining that portion, if any, of the utility's
21 proposed increase in rates and charges to be placed
22 in effect subject to refund, the commission shall
23 at a minimum allow rates and charges which, consistent
24 with regulatory principles established by the
25 commission in prior rate cases involving the same
26 type of public utility service, will allow the utility
27 the opportunity to earn a return on common stock
28 equity equal to that which the commission held
29 reasonable and just in the most recent rate case
30 involving the same type of public utility service.
31 If the commission fails to make a determination within
32 ninety days of the request, the utility may place
33 in effect, under bond and subject to refund as
34 otherwise provided in this paragraph, any or all of
35 the suspended rates, charges, schedules or regulations.
36 The commission shall establish a rate of interest
37 to be paid by a public utility to persons receiving
38 refunds. Such The rate of interest shall be a
39 reasonable rate as determined by the commission, but
40 not less than five percent per annum, nor-more-than
41 twelve-percent-per-annum, and the interest shall be
42 compounded annually. The public utility shall not
43 place into effect any portion of any suspended rates,
44 charges, schedules or regulations of any subsequent
45 rate filing relating to services with respect to which
46 a rate filing is pending within twelve months following
47 the date a prior application was filed or until after
48 the commission has issued a final order in any
49 previously filed rate proceedings, whichever is
50 earlier, unless the public utility applies to the

1 commission for authority and receives authority to
2 place a portion of the subsequent filed rate filing
3 into effect on an interim basis."

H-6052 FILED APRIL 11, 1980 BY BRUNER of Story
Placed out of order 4/15

HOUSE FILE 2492

H-6033

1 Amend amendment H-5960 to the Senate
2 amendment H-5879 to House File 2492 as amended,
3 passed, and reprinted by the House, as follows:
4 1. Page 1, line 7, by striking the numeral
5 "16" and inserting in lieu thereof the numeral
6 "24".
7 2. Page 1, by inserting after line 41 the
8 following lettered subdivision of the subparagraph:
9 "d. "Annual inflation factor" means the
10 annual percent change in the implicit gross
11 national product price deflator as calculated and
12 published by the United States department of com-
13 merce, bureau of economic analysis. As used in
14 subdivisions a and b of this subparagraph, the
15 annual inflation factor shall mean this annual
16 percent change in the implicit price deflator as
17 most recently published prior to the date on which
18 the respective portion of the suspended rates,
19 charges, schedules or regulations is actually
20 placed into effect."

H-6033 FILED BY BRUNER of Story
APRIL 11, 1980

Placed out of order 4/15

HOUSE FILE 2492

H-6034

1 Amend amendment H-5960 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House, as follows:
4 1. Page 3, by striking lines 37 and 38 and
5 inserting in lieu thereof the following:
6 "____. Page 5, by striking lines 1 through 6 and
7 inserting in lieu thereof the words "may not exceed
8 an amount equal to one and ~~one-half~~ one-quarter percent
9 of that part of the maximum amount pursuant to
10 subsection 2 which is five hundred dollars or less
11 and one ~~and-one-fourth~~ percent of that part of the
12 maximum amount which is more than five hundred dollars.
13 If the billing cycle is not".
14 "____. Page 5, by striking lines 18 through 23
15 and inserting in lieu thereof the words "may not
16 exceed an amount equal to one and ~~one-half~~ one-quarter
17 percent of that part of the maximum amount pursuant
18 to subsection 2 which is five hundred dollars or less
19 and one ~~and-one-fourth~~ percent of that part of the
20 maximum amount which is more than five hundred dollars.
21 If the billing cycle is not".

H-6034 FILED BY JOCHUM of Dubuque
APRIL 11, 1980

Placed out of order 4/15

H-6051

1 Amend the amendment, H-5960 to the Senate
 2 amendment H-5879 to House File 2492 as amended,
 3 passed and reprinted by the House, as follows:
 4 1. Page 8, by striking lines 17 and 18, and
 5 inserting in lieu thereof:
 6 "Sec. _____. Section two (2) of this Act expires
 7 July 1, 1983. All other provisions of this Act
 8 except section fifty (50) expire July 1, 1982 or
 9 at a time when the discount rate on ninety-day
 10 commercial paper in effect at the federal reserve
 11 bank of Chicago, Illinois, is at or below ten
 12 percent, whichever is sooner."

H-6051 FILED

BY BRUNER of Story

APRIL 11, 1980

Placed out of order 4/15

HOUSE FILE 2492

H-6044

1 Amend amendment H-5960 to the Senate amendment
 2 H-5879 to House File 2492 as amended, passed and
 3 reprinted by the House, as follows:
 4 1. Page 8, by inserting after line 13 the
 5 following:
 6 "_____. Page 6, by striking lines 28 through 31."

H-6044 FILED APRIL 11, 1980

BY CHIODO of Polk

Placed out of order 4/15

HOUSE FILE 2492

H-6045

1 Amend the Senate amendment H-5879 to House File
 2 2492 as amended, passed and reprinted by the House,
 3 as follows:
 4 1. Page 1, by inserting after line 36 the
 5 following:
 6 "_____. Page 5, by inserting after line 5 the
 7 following:
 8 "Sec. _____. Section five hundred thirty-three point
 9 sixteen (533.16), subsection two (2), Code 1979, is
 10 amended to read as follows:
 11 2. A credit union shall not lend in the aggregate
 12 to any one member more than one hundred dollars or
 13 ten percent of its capital member savings, whichever
 14 is greater."

H-6045 FILED APRIL 11, 1980

BY CHIODO of Polk

w/d 4/15

HOUSE FILE 2492

H-6048

1 Amend amendment H-6032 to the Senate amendment
 2 H-5879 to House File 2492 as amended, passed and
 3 reprinted by the House as follows:
 4 1. Page 8, line 50, by striking the words and
 5 figure "section fifty (50)" and inserting in lieu
 6 thereof the words and figures "sections one (1), forty
 7 (40), forty-one (41), forty-two (42), twenty-one (21)
 8 through thirty-four (34), forty-four (44) and fifty
 9 (50)".

H-6048 FILED APRIL 11, 1980

BY SCHROEDER of Pottawattamie

ident. 4/15

HOUSE FILE 2492

6053

1 Amend amendment H-5960 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House, as follows:

4 1. Page 2, by inserting after line 39 the
5 following:

6 "_____. Page 2, by inserting after line 16 the
7 following:

8 "_____. Page 5, by inserting after line 5 the
9 following:

10 "Sec. _____. Chapter five hundred thirty-five (535),
11 Code 1979, is amended by adding the following new
12 section:

13 NEW SECTION. PREPAYMENT PENALTIES PROHIBITED.

14 Whenever a borrower under a loan prepays part or all
15 of the outstanding balance of the loan the lender
16 shall not receive an amount in payment of interest
17 which is greater than the amount determined by applying
18 the rate of interest agreed upon by the lender and
19 the borrower to the unpaid balance of the loan for
20 the period of time during which the borrower had the
21 use of the money loaned, and the lender shall not
22 impose any penalty or other charge in addition to
23 the amount of interest due as a result of the repayment
24 of the loan at a date earlier than is required by
25 the terms of the loan agreement; provided that this
26 section does not apply to any loan which is prepaid
27 in full within sixty days after the loan is made.
28 This section does not prohibit a lender from requiring
29 advance notice of not more than thirty days of a
30 borrower's intent to repay the entire outstanding
31 balance of a loan if the payment of that balance,
32 when taken together with partial prepayments previously
33 made, will result in the repayment of the loan at
34 the date earlier than is required by the terms of
35 the loan agreement. This section supersedes any
36 conflicting provisions of chapters five hundred twenty-
37 four (524), five hundred thirty-three (533), five
38 hundred thirty-four (534), five hundred thirty-five
39 (535), five hundred thirty-six (536), five hundred
40 thirty-six A (536A) and five hundred thirty-seven
41 (537) of the Code. """

H-6053 FILED APRIL 11, 1980 BY HOWELL of Floyd

placed out of order 4/15

HOUSE FILE 2492

H-6047

1 Amend amendment H-6032 to the Senate Amendment 5879
2 to House file 2492 as amended, passed and reprinted
3 by the House, as follows:

4 1. Page 5, line 47, by inserting after the word
5 "check" the words "or credit-union share draft".

H-6047 FILED APRIL 11, 1980

BY CHIODO of Polk

Adopted 4/14 (p. 1572)

HOUSE CLIP SHEET

TUESDAY, APRIL 15, 1980

HOUSE FILE 2492

H-6055

1 Amend amendment H-6032 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House, as follows:
4 1. Page 1, by striking lines 4 through 41 and
5 inserting in lieu thereof the following:
6 "____. Page 1, by striking lines 7 through 36 and
7 inserting in lieu thereof the following:
8 "However, a public utility, ~~shall have the right~~
9 at any time after ~~said~~ the rates, charges, schedules
10 or regulations have been suspended ~~for ninety days,~~
11 may request the authority to place in effect any or
12 all of such the suspended rates, charges, schedules
13 or regulations by filing with the commission a bond
14 or other undertaking approved by the commission
15 conditioned upon the refund in a manner to be
16 prescribed by the commission of any amounts collected
17 thereunder in excess of the amounts which would have
18 been collected under rates, charges, schedules or
19 regulations finally approved by the commission. In
20 determining that portion, if any, of the utility's
21 proposed increase in rates and charges to be placed
22 in effect subject to refund, the commission shall
23 at a minimum allow rates and charges which, consistent
24 with regulatory principles established by the
25 commission in prior rate cases involving the same
26 type of public utility service, will allow the utility
27 the opportunity to earn a return on common stock
28 equity equal to that which the commission held
29 reasonable and just in the most recent rate case
30 involving the same type of public utility service.
31 If the commission fails to make a determination within
32 ninety days of the request, the utility may place
33 in effect, under bond and subject to refund as
34 otherwise provided in this paragraph, any or all of
35 the suspended rates, charges, schedules or regulations.
36 The commission shall establish a rate of interest
37 to be paid by a public utility to persons receiving
38 refunds. ~~Such~~ The rate of interest shall be a
39 reasonable rate as determined by the commission, but
40 not less than five percent per annum, ~~nor more than~~
41 ~~twelve percent per annum,~~ and the interest shall be
42 compounded annually. The public utility shall not
43 place into effect any portion of any suspended rates,
44 charges, schedules or regulations of any subsequent
45 rate filing relating to services with respect to which
46 a rate filing is pending within twelve months following
47 the date a prior application was filed or until after
48 the commission has issued a final order in any
49 previously filed rate proceedings, whichever is
50 earlier, unless the public utility applies to the

APRIL 15, 1980

PAGE TWO

H-6055

Page Two

1 commission for authority and receives authority to
2 place a portion of the subsequent filed rate filing
3 into effect on an interim basis."

H-6055 FILED APRIL 14, 1980

BY BRUNER of Story

LOST (p. 1579)

HOUSE FILE 2492

H-6054

1 Amend amendment H-6032 to Senate amendment H-5879 to
2 House File 2492 as amended, passed and reprinted by the
3 House as follows:
4 1. Page 1, line 11, by striking the words "result
5 in" and inserting in lieu thereof the word "constitute".
6 2. Page 1, line 24, by striking the words "result
7 in" and inserting in lieu thereof the word "constitute".

H-6054 FILED APRIL 14, 1980

BY POFFENBERGER of Dallas

Adopted 4/15 (p. 1594)

HOUSE FILE 2492

H-6056

1 Amend amendment H-6032 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House, as follows:
4 1. Page 1, by striking lines 4 through 41 and
5 inserting in lieu thereof the following:
6 "____. Page 1, by striking lines 6 through 36 and
7 inserting in lieu thereof the words and figure "(1),
8 is amended by striking that paragraph."

H-6056 FILED APRIL 14, 1980

BY JOCHUM of Dubuque

LOST (p. 1577)

HOUSE FILE 2492

H-6057

1 Amend the amendment, H-6032, to the Senate
2 amendment H-5879 to House File 2492 as amended,
3 passed and reprinted by the House as follows:
4 1. Page 1, line 7, by striking the numeral
5 "16" and inserting in lieu thereof the numeral
6 "24".
7 2. Page 1, by inserting after line 41 the
8 following lettered subdivision of the subparagraph:
9 "d. "Annual inflation factor" means the
10 annual percent change in the implicit gross
11 national product price deflator as calculated and
12 published by the United States department of com-
13 merce, bureau of economic analysis. As used in
14 subdivisions a and b of this subparagraph, the
15 annual inflation factor shall mean this annual
16 percent change in the implicit price deflator as
17 most recently published prior to the date on which
18 the respective portion of the suspended rates,
19 charges, schedules or regulations is actually
20 placed into effect."

H-6057 FILED APRIL 14, 1980

BY BRUNER of Story

Lost 4/15 (p. 1594)

HOUSE FILE 2492

H-6061

1 Amend the amendment H-6032 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed, and
3 reprinted by the House, as follows:
4 1. Page 1, by inserting after line 41 the
5 following:
6 "___ . Page 1, by inserting after line 36 the
7 following:
8 "___ . Page 2, by striking lines 18 through 24
9 and inserting in lieu thereof the words "change in
10 the implicit gross national product price deflator
11 as calculated and published by the United States
12 department of commerce, bureau of economic analysis.
13 As used in subdivisions a and b of this subparagraph,
14 the annual inflation factor shall mean this annual
15 percent change in the implicit price deflator as most
16 recently published prior to the date on which the
17 respective portion of the suspended rates, charges,
18 schedules or regulations is actually placed into
19 effect.""

H-6061 FILED APRIL 14, 1980 BY BRUNER of Story

w/d 4/15 (p. 1574)

HOUSE FILE 2492

H-6060

1 Amend amendment H-6032 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House, as follows:
4 1. Page 8, by inserting after line 45 the
5 following:
6 "___ . Page 6, by striking lines 28 through 31."

H-6060 FILED APRIL 14, 1980 BY CHIODO of Polk

w/d 4/15 (p. 1595)

HOUSE FILE 2492

H-6058

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House,
3 as follows:
4 1. Page 2, by inserting after line 16 the
5 following:
6 "___ . Page 5, by inserting after line 5 the
7 following:
8 "Sec. ___ . Section five hundred thirty-three point
9 sixteen (533.16), subsection two (2), Code 1979, is
10 amended to read as follows:
11 2. A credit union shall not lend in the aggregate
12 to any one member more than one hundred dollars or
13 ten percent of its ~~capital~~ member savings, whichever
14 is greater.""

H-6058 FILED APRIL 14, 1980 BY CHIODO of Polk

w/d 4/15

HOUSE FILE 2492

H-6067

1 Amend amendment H-5879 to House File 2492 as
2 follows:

3 1. Page 6, by inserting after line 46 the fol-
4 lowing:

5 "_____. Page 10, by inserting after line 1, the
6 following:

7 Sec. _____. Section six hundred forty-two point
8 twenty-one (642.21), subsection one (1), Code 1979,
9 is amended by striking the subsection and inserting
10 in lieu thereof the following:

11 "1. The disposable earnings of an individual,
12 as defined in section five hundred thirty-seven
13 point five thousand one hundred five (537.5105),
14 subsection one (1), paragraph a, Code 1979, shall
15 be subject to garnishment to the extent that the
16 debtor's weekly disposable earnings exceed the
17 greater of forty times the federal minimum hourly
18 wage prescribed by the Fair Labor Standards Act of
19 1938, 29 U. S. C. s. 206 (a) (1) in effect at the
20 time the earnings are payable or seventy-five per-
21 cent of the debtor's weekly disposable earnings.
22 However, if the debtor's annual earnings are less
23 than three thousand times the federal minimum hour-
24 ly wage prescribed by the Fair Labor Standards Act
25 of 1938, 29 U. S. C. s. 206 (a) (1) in effect at
26 the beginning of the calendar year, then the deb-
27 tor's earnings shall not be garnished for more than
28 two hundred times the federal minimum hourly wage
29 prescribed by the Fair Labor Standards Act of 1938,
30 29 U. S. C. s. 206 (a) (1) in effect at the begin-
31 ning of the calendar year for each judgment credi-
32 tor, except as provided in section six hundred twen-
33 ty seven point twelve (627.12) of the Code."

H-6067 FILED
APRIL 14, 1980

BY SMALLEY of Polk
JOHNSON of Howard

Filed not given 4/15 (p. 1602)

HOUSE FILE 2492

H-6066

1 Amend the amendment, H-6032 to the Senate
2 amendment H-5879 to House File 2492 as amended,
3 passed and reprinted by the House, as follows:

4 1. Page 8, by striking lines 49 and 50, and
5 inserting in lieu thereof:

6 "Sec. _____. Section two (2) of this Act expires
7 July 1, 1983. All other provisions of this Act
8 except section fifty (50) expire July 1, 1982 or
9 at a time when the discount rate on ninety-day
10 commercial paper in effect at the federal reserve
11 bank of Chicago, Illinois, is at or below ten
12 percent, whichever is sooner."

H-6066 FILED APRIL 14, 1980 BY BRUNER of Story

w/d 4/15 (p. 1595)

HOUSE FILE 2492

H-6069

1 Amend amendment H-6032 to the Senate amendment
2 H-5879 to House File 2492 as amended, passed and
3 reprinted by the House as follows:
4 1. Page 3, by striking lines 30 and 31 and
5 inserting in lieu thereof the following:
6 "____. Page 2, by striking lines 18 through 47.
7 _____. Page 3, by striking lines 4 through 17 and
8 inserting in lieu thereof the following:
9 NEW LETTERED PARAGRAPH. Notwithstanding section
10 six hundred twenty-eight point three (628.3) of the
11 Code, when a foreclosure of a mortgage on real property
12 results from the enforcement of a due-on-sale clause,
13 the mortgagor may redeem the real property at any
14 time within three years from the day of sale under
15 the levy, and the mortgagor shall, in the meantime,
16 be entitled to the possession thereof; and for the
17 first thirty months thereafter such right of redemption
18 is exclusive. Any real property redeemed by the
19 debtor shall thereafter be free and clear from any
20 liability for any unpaid portion of the judgment under
21 which the real property was sold. The right of
22 redemption established by this paragraph is not subject
23 to waiver by the mortgagor and the period of redemption
24 established by this paragraph shall not be reduced.
25 The times for redemption by creditors provided in
26 sections six hundred twenty-eight point five (628.5),
27 six hundred twenty-eight point fifteen (628.15) and
28 six hundred twenty-eight point sixteen (628.16) of
29 the Code shall be extended to thirty-three months
30 in any case in which the mortgagor's period for
31 redemption is extended by this paragraph. This
32 paragraph does not apply to foreclosure of a mortgage
33 if for any reason other than enforcement of a due-
34 on-sale clause. As used in this paragraph, "due-on-
35 sale clause" means any type of covenant which gives
36 the mortgagee the right to demand payment of the
37 outstanding balance or a major part thereof upon a
38 transfer by the mortgagor to a third party of an
39 interest of the mortgagor in property covered by the
40 mortgage. This paragraph applies to any foreclosure
41 occurring on or after the effective date of this Act.
42 However, this paragraph does not apply if the lender
43 establishes, based on reasonable criteria which is
44 not more restrictive than that used to evaluate new
45 mortgage-loan applications, that the security interest
46 or the likelihood of repayment is impaired as a result
47 of the transfer of interest."

H-6069 FILED

APRIL 14, 1980

ADOPTED *as amended by 6071 4/14 (p. 1575)*

BY JOHNSON of Linn

CHIODO of Polk

HOUSE FILE 2492

H-6071

- 1 Amend amendment H-6069 to amendment H-6032 to the
- 2 Senate amendment H-5879 to House File 2492 as amended,
- 3 passed and reprinted by the House as follows:
- 4 1. Page 1, line 43, by striking the word "is" and
- 5 inserting in lieu thereof the word "are".
- 6 2. Page 1, line 44, by striking the word "that"
- 7 and inserting in lieu thereof the word "those".

H-6071 FILED APRIL 14, 1980
ADOPTED BY UNANIMOUS CONSENT

BY SCHROEDER of Pottawattamie

(p. 1575)

HOUSE FILE 2492

H-6086

- 1 Amend amendment H-5879 to House File 2492 as
- 2 amended, passed and reprinted by the House as follows:
- 3 1. Page 5, line 49, by inserting after "1978,"
- 4 the following: "which has a single payment of over
- 5 50% of the principal balance,"

H-6086 FILED
APRIL 15, 1980
LOST (p. 1604)

BY SMALLEY of Polk
CRAWFORD of Story

HOUSE FILE 2492

H-6073

- 1 Amend amendment H-6032 to the Senate amendment
- 2 H-5879 to House File 2492 as amended, passed and
- 3 reprinted by the House as follows:
- 4 1. Page 1, by striking lines 6 through 9 and in-
- 5 serting in lieu thereof the following:
- 6 "____. By striking page 1, line 22 through page
- 7 2, line 16, and inserting in lieu thereof the words
- 8 "per annum, and the interest shall be compounded
- 9 annually. This rate of interest shall also be the
- 10 maximum interest or penalty charged by all public
- 11 utilities for utility service provided in the past
- 12 on which customers have not made payment.
- 13 2. a. The public utility shall not place into".

H-6073 FILED
APRIL 15, 1980, LOST
(p. 1593)

BY RAPP of Black Hawk

HOUSE FILE 2492

H-5969

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House,
3 as follows:

4 1. Page 2, by striking lines 5 through 16 and
5 inserting in lieu thereof the following:

6 "_____. Page 4, by striking lines 16 through 31
7 and inserting in lieu thereof the following:

8 "4. The assessment and collection in connection
9 with a loan referred to in subsection one (1),
10 paragraph a of this section of a loan origination
11 fee, closing fee, commitment fee or similar charge
12 is prohibited. If any lender receives any such charge,
13 the borrower is entitled to recover that charge, plus
14 attorney fees and court costs incurred in any action
15 necessary to effect recovery. The provisions".

H-5969 FILED
APRIL 10, 1980

BY HOWELL of Floyd

w/d 4/15

HOUSE FILE 2492

H-5970

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House,
3 as follows:

4 1. Page 2, by inserting after line 16 the
5 following:

6 "_____. Page 5, by inserting after line 5 the
7 following:

8 "_____. Notwithstanding the provisions of subsection
9 one (1) of this section, with respect to any agreement
10 which was executed prior to the effective date of
11 this Act and which contained a provision for the
12 adjustment of the rate of interest specified in that
13 agreement, the maximum lawful rate of interest which
14 may be imposed under that agreement shall be the
15 maximum applicable rate of interest permitted under
16 the laws of this state as they existed immediately
17 prior to the effective date of this Act.""

18 2. By striking page 5, line 43 through page 6,
19 line 16.

H-5970 FILED
APRIL 10, 1980

BY HOWELL of Floyd

w/d 4/15

HOUSE FILE 2492

H-5960

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:

6035 4 1. Page 1, by striking lines 3 through 36 and
5 inserting in lieu thereof the following:
6 "_____. By striking page 1, line 23 through page
6035 7 2, line 16, and inserting in lieu thereof the
8 following:

9 "2. a. The public utility shall not place into
10 effect any portion of the suspended rates, charges,
11 schedules or regulations which would result in a
12 percentage increase in gross intrastate operating
13 revenues which is greater than the annual inflation
14 factor unless the public utility specifically applies
15 to the commission for authority to impose a greater
16 interim increase and the commission approves a greater
17 interim increase on the basis of need.

18 b. If the commission has not issued a final order
19 in the rate proceeding within twelve months following
20 the date application was filed, the public utility
21 may, at the end of that twelve-month period and of
22 each subsequent twelve-month period, place into effect
23 such additional portion of the suspended rates,
24 charges, schedules or regulations as will result in
25 an additional increase in gross intrastate operating
26 revenues which is equal to the annual inflation factor
27 for the respective twelve-month period; provided that
28 the public utility may apply for and receive authority
29 for a greater increase in the manner otherwise
30 permitted by this subparagraph.

31 c. The public utility shall not place into effect
32 any portion of any suspended rates, charges, schedules
33 or regulations of any subsequent rate filing relating
34 to services with respect to which a rate filing is
35 pending until after the commission has issued a final
36 order in the previously filed rate proceeding,
37 excepting the last filing pending at the time of
38 enactment of this bill, unless the public utility
39 applies to the commission for authority and receives
40 authority to place a portion of the subsequent filed
41 rate filing into effect on an interim basis.""

6035 42 2. Page 1, by inserting after line 36 the follow-
43 ing:

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

50 NEW SUBSECTION. A state bank may invest in

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Page Two

1 participation certificates issued by one or more
2 production credit associations chartered under the
3 laws of the United States in an amount which does
4 not exceed, in the aggregate with respect to all such
5 associations, twenty percent of the capital and surplus
6 of the state bank."

7 3. Page 1, by inserting after line 36 the follow-
8 ing:

9 "Sec. _____. Section five hundred twenty-four point
10 nine hundred six (524.906), subsection six (6), Code
11 1979, is amended by striking the subsection."

12 4. Page 1, by inserting after line 36 the follow-
13 ing:

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

17 524.908 DIRECT-LEASING LEASING OF PERSONAL
18 PROPERTY. A state bank ~~shall have the power, subject~~
19 ~~to approval by the superintendent, to~~ may acquire,
20 upon the specific request of and for the use of a
21 customer, and lease, personal property pursuant to
22 a binding arrangement for the leasing of ~~such the~~
23 property to the customer upon terms requiring payment
24 to the state bank, during the minimum period of the
25 lease, of rentals which in the aggregate, when added
26 to the estimated tax benefits to the bank resulting
27 from the ownership of the lease property plus the
28 estimated residual market value of the leased property
29 at the expiration of the initial term of the lease,
30 will be at least equal to the total expenditures by
31 the state bank for, and in connection with, the
32 acquisition, ownership, maintenance and protection
33 of the property. A lease made under authority of
34 this section shall have the prior approval of the
35 superintendent or be made pursuant to personal property
36 lease guidelines approved by the superintendent for
37 use by the lessor bank or pursuant to a personal
38 property lease guideline rule of general applicability
39 for use by all state banks."

40 5. Page 1, by inserting after line 36 the follow-
41 ing:

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

46 1. Charge, receive or collect interest at a rate
47 exceeding nine ten cents on the hundred by the year,
48 except that the interest may be computed when the
49 note is made on the full amount of the cash advanced
50 on the loan from the date of the note to the date

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1 of the final installment thereof, and the interest
2 so computed may be included in the note,
3 notwithstanding any agreement to pay the entire amount
4 in installments; or the interest may be computed on
5 the amount of the note and discounted or collected
6 in advance when the loan is made, notwithstanding
7 any agreement to pay the entire amount in installments.
8 If the note is repayable in other than equal monthly
9 installments, the interest may be an amount computed
10 on the basis of the effective rates permitted as
11 provided above; provided, however, there shall be
12 no compounding of interest and when an interest rate
13 as authorized herein is advertised, or negotiated
14 for with a prospective borrower, with intent that
15 it be computed by either of the two methods authorized
16 herein, they being the "add on" method or the
17 "discount" method, in such case such rate shall be
18 further described as to the method of computation
19 to be used, but interest computed by either method
20 shall be stated to the borrower as provided in section
21 537.3210."

22 6. By striking page 2, line 18 through page 3,
23 line 17.

24 7. By striking page 3, line 39, through page 4,
25 line 3, and inserting in lieu thereof the following:
26 "____. Page 7, line 24, by striking the word "one-
27 half" and inserting in lieu thereof the word "three-
28 fourths".

29 8. Page 4, by striking lines 4 through 23 and
30 inserting in lieu thereof the following:

31 "____. Page 8, line 18, by striking the word "one-
32 half" and inserting in lieu thereof the word "three-
33 fourths".

34 _____. Page 8, line 24, by striking the words "one
35 and three-fourths" and inserting in lieu thereof the
36 words "one-and-three-fourths two".

37 9. By striking page 4, line 45 through page 5,
38 line 30.

39 10. Page 5, by striking lines 31 through 41.

40 11. Page 6, by inserting after line 16 the follow-
41 ing:

42 "____. Page 9, by inserting after line 35 the
43 following:

44 "Sec. 21. Section five hundred thirty-seven point
45 one thousand three hundred one (537.1301), subsection
46 four (4), Code 1979, is amended by striking the
47 subsection and renumbering the remaining subsections.

48 Sec. 22. Section five hundred thirty-seven point
49 one thousand three hundred one (537.1301), subsection
50 thirteen (13), paragraph a, subparagraph three (3),

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1 Code 1979, is amended to read as follows:

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

5 Sec. 23. Section five hundred thirty-seven point
6 one thousand three hundred one (537.1301), subsection
7 fourteen (14), paragraph c, Code 1979, is amended
8 to read as follows:

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

12 Sec. 24. Section five hundred thirty-seven point
13 one thousand three hundred one (537.1301), subsection
14 fifteen (15), paragraph a, subparagraphs three (3)
15 and five (5), Code 1979, are amended to read as
16 follows:

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

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

23 Sec. 25. Section five hundred thirty-seven point
24 three thousand three hundred one (537.3301),
25 subsections one (1) and two (2), Code 1979, are amended
26 to read as follows:

27 1. With respect to a consumer credit sale, a
28 seller may take a security interest in the property
29 sold. In addition, a seller may take a security
30 interest in goods upon which services are performed
31 or in which goods sold are installed or to which they
32 are annexed, or in land to which the goods are af-
33 fixed or which is maintained, repaired or improved
34 as a result of the sale of the goods or services,
35 if in the case of a security interest in land the
36 amount financed is one thousand dollars or more, or
37 in the case of a security interest in goods if either
38 the amount financed is three hundred dollars or more,
39 or if the goods are household goods, or motor vehicles
40 used by a consumer, his or her dependents, or the
41 family with which the consumer resides, as
42 transportation to and from a place of employment,
43 one hundred dollars or more. ~~The-seller-may-also~~
44 ~~take-a-security-interest-in-property-which-is-itemized~~
45 ~~in-the-security-agreement,-to-secure-the-debt-arising~~
46 ~~from-a-consumer-credit-sale-primarily-for-an~~
47 ~~agricultural-purpose.~~ Except as provided with respect
48 to cross-collateral under section 537.3302, a seller
49 may not otherwise take a security interest in property
50 to secure the debt arising from a consumer credit

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1 sale.

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

8 Sec. 26. Section five hundred thirty-seven point
9 three thousand three hundred three (537.3303),
10 subsection one (1), Code 1979, is amended to read
11 as follows:

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

28 Sec. 27. Section five hundred thirty-seven point
29 three thousand three hundred seven (537.3307), Code
30 1979, is amended to read as follows:

31 537.3307 CERTAIN NEGOTIABLE INSTRUMENTS PROHIBITED.
32 With respect to a consumer credit sale or consumer
33 lease, ~~other-than-a-sale-or-lease-primarily-for-an~~
34 ~~agricultural-purpose,~~ the creditor may not take a
35 negotiable instrument other than a check dated not
36 later than ten days after its issuance as evidence
37 of the obligation of the consumer.

38 Sec. 28. Section five hundred thirty-seven point
39 three thousand three hundred eight (537.3308),
40 subsection two (2), paragraph c, Code 1979, is amended
41 by striking the paragraph and relettering the remaining
42 paragraphs.

43 Sec. 29. Section five hundred thirty-seven point
44 three thousand three hundred ten (537.3310), subsection
45 one (1), Code 1979, is amended to read as follows:

46 1. In a consumer credit transaction, ~~other-than~~
47 ~~one-for-an-agricultural-purpose,~~ if performance by
48 a creditor is by delivery of goods, services or both,
49 in four or more installments, either on demand of
50 the consumer or by prearranged scheduled performance,

1 the consumer shall have the right to cancel the
2 obligation with respect to that part which has not
3 been performed on the date of cancellation.

4 Sec. 30. Section five hundred thirty-seven point
5 three thousand four hundred one (537.3401), Code 1979,
6 is amended to read as follows:

7 537.3401 RESTRICTION ON LIABILITY IN CONSUMER
8 LEASE. The obligation of a lessee upon expiration
9 of a consumer lease ~~ether-than-one-primarily-for-an~~
10 ~~agricultural-purpose,~~ may not exceed twice the average
11 payment allocable to a monthly period under the lease.
12 This limitation does not apply to charges for damages
13 to the leased property or for other default.

14 Sec. 31. Section five hundred thirty-seven point
15 three thousand four hundred four (537.3404); subsection
16 one (1), Code 1979, is amended to read as follows:

17 1. With respect to a consumer credit sale or
18 consumer lease, ~~ether-than-one-primarily-for-an~~
19 ~~agricultural-purpose,~~ an assignee of the rights of
20 the seller or lessor is subject to all claims and
21 defenses of the consumer against the seller or lessor
22 arising from the sale or lease of property or services,
23 notwithstanding that the assignee is a holder in due
24 course of a negotiable instrument issued in violation
25 of the provisions prohibiting certain negotiable
26 instruments in section 537.3307; unless the consumer
27 has agreed in writing not to assert against an assignee
28 a claim or defense arising out of such sale, and the
29 consumer's contract has been assigned to an assignee
30 not related to the seller who acquired the consumer's
31 contract in good faith and for value and who gives
32 the consumer notice of the assignment as provided
33 in this subsection and who within thirty days after
34 the mailing of the notice receives no written notice
35 of the facts giving rise to the consumer's claim or
36 defense. Such agreement not to assert a claim or
37 defense is not valid if the assignee receives such
38 written notice from the consumer within such thirty-
39 day period. The notice of assignment shall be in
40 writing and addressed to the consumer at his or her
41 address as stated in the contract, identify the
42 contract, describe the property purchased by the
43 consumer, state the names of the seller and consumer,
44 the name and address of the assignee, the amount
45 payable by the consumer and the number, amounts and
46 due dates of the installments, and contain a
47 conspicuous notice to the consumer that he or she
48 has thirty days from the date of the mailing of the
49 notice to him or her within which to notify the
50 assignee in writing of any claims or defenses he or

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1 she may have against the seller and that if written
2 notification of any such claims or defenses is not
3 received by the assignee within such thirty-day period,
4 the assignee will have the right to enforce the
5 contract free of any claims or defenses the consumer
6 may have against the seller. An assignee does not
7 acquire a consumer's contract in good faith with-
8 in the meaning of this subsection if the assignee
9 has knowledge or, from his or her course of dealing
10 with the seller or his records, notice of substantial
11 complaints by other consumers of the seller's failure
12 or refusal to perform his or her contracts with them
13 and of the seller's failure to remedy his or her
14 defaults within a reasonable time after the assignee
15 notifies him or her of the complaints.

16 Sec. 32. Section five hundred thirty-seven point
17 three thousand four hundred five (537.3405), subsection
18 one (1), unnumbered paragraph one (1), Code 1979,
19 is amended to read as follows:

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

30 Sec. 33. Section five hundred thirty-seven point
31 three thousand five hundred one (537.3501), Code 1979,
32 is amended to read as follows:

33 537.3501 DOOR-TO-DOOR SALES. In a consumer credit
34 sale or a sale in which the goods or services are
35 paid for in whole or in part by a lender credit card
36 or a consumer loan in which the lender is subject
37 to defenses arising from the sale under section
38 537.3405, ~~other than a transaction for an agricultural~~
39 ~~purpose,~~ a consumer has, in addition to all the rights
40 and remedies provided by chapter 713B, a cause of
41 action under section 537.5201, subsection 1, and the
42 administrator has all powers granted under article
43 6, part 1, to enforce the provisions of chapter 713B.

44 Sec. 34. Notwithstanding sections twenty-one (21)
45 through thirty-three (33) of this Act, a consumer
46 credit transaction for an agricultural purpose which
47 was executed or undertaken before July 1, 1980, is
48 subject to the applicable provisions of chapter five
49 hundred thirty-seven (537) of the Code as they existed
50 prior to July 1, 1980, and nothing in sections twenty-

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1 one (21) through thirty-three (33) of this Act applies
2 with respect to rights, duties, privileges, obligations
3 or remedies of parties to such a transaction; provided,
4 however, that no additional loans, advances or
5 extensions of credit shall be made on or after July
6 1, 1980, with respect to agreements which were made
7 prior to July 1, 1980. Sections twenty-one (21)
8 through thirty-three (33) of this Act apply to a
9 consumer credit transaction executed or undertaken
10 on or after July 1, 1980."
11 12. Page 6, line 19, by striking the word and
12 symbol "Sec. ___." and inserting in lieu thereof the
13 word and figure "Sec. 50."
14 13. Page 6, by striking lines 44 through 46 and
15 inserting in lieu thereof the following: "inapplicable
16 in this state."
17 Sec. ___. All of the provisions of this Act except
18 section fifty (50) of this Act expire July 1, 1983."
19 14. By renumbering sections and correcting internal
20 references.

H-5960 FILED BY SCHROEDER of Pottawattamie
APRIL 9, 1980
Filed out of order 4/15 (p. 1596)

HOUSE FILE 2492

H-5961

1 Amend the Schroeder amendment, H-5960
2 as follows:
3 1. Page 3, by striking lines 37 and 38 and
4 inserting in lieu thereof the following:
5 ___ Page 5, lines 1 and 2, by striking the words
6 "~~one-half three-quarters~~" and inserting in lieu thereof
7 the word "one-half".
8 ___ Page 5, lines 18 and 19, by striking the words
9 "~~one-half three-quarters~~" and inserting in lieu thereof
10 the word "one-half".

H-5961 FILED BY SCHROEDER of Pottawattamie
APRIL 9, 1980
Placed out of order 4/15

HOUSE AMENDMENT TO SENATE AMENDMENT
TO HOUSE FILE 2492

S-5745

1 Amend the Senate amendment H-5879 to House File
2 2492 as amended, passed and reprinted by the House
3 as follows:

4 1. Page 2, by inserting after line 16 the follow-
5 ing:

6 " ____ . Page 5, by inserting after line 5 the follow-
7 ing:

8 "Sec. 40. Section five hundred twenty-four point
9 nine hundred one (524.901), Code 1979, as amended
10 by Acts of the Sixty-eighth General Assembly, 1979
11 Session, chapter one hundred twenty-eight (128),
12 section sixteen (16), is amended by adding the
13 following new subsection:

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

21 "Sec. 41. Section five hundred twenty-four point
22 nine hundred six (524.906), subsection six (6), Code
23 1979, is amended by striking the subsection.

24 "Sec. 42. Section five hundred twenty-four point
25 nine hundred eight (524.908), Code 1979, is amended
26 to read as follows:

27 524.908 ~~DIRECT-LEASING~~ LEASING OF PERSONAL
28 PROPERTY. A state bank ~~shall have the power, subject~~
29 ~~to approval by the superintendent, to~~ may acquire,
30 upon the specific request of and for the use of a
31 customer, and lease, personal property pursuant to
32 a binding arrangement for the leasing of ~~such the~~
33 property to the customer upon terms requiring payment
34 to the state bank, during the minimum period of the
35 lease, of rentals which in the aggregate, when added
36 to the estimated tax benefits to the bank resulting
37 from the ownership of the lease property plus the
38 estimated residual market value of the leased property
39 at the expiration of the initial term of the lease,
40 will be at least equal to the total expenditures by
41 the state bank for, and in connection with, the
42 acquisition, ownership, maintenance and protection
43 of the property. A lease made under authority of
44 this section shall have the prior approval of the
45 superintendent or be made pursuant to personal property
46 lease guidelines approved by the superintendent for
47 use by the lessor bank or pursuant to a personal
48 property lease guideline rule of general applicability
49 for use by all state banks.

50 "Sec. 43. Section five hundred thirty-six A point

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1 twenty-three (536A.23), subsection one (1), unnumbered
2 paragraph one (1), Code 1979 Supplement, is amended
3 to read as follows:

4 1. Charge, receive or collect interest at a rate
5 exceeding nine ten cents on the hundred by the year,
6 except that the interest may be computed when the
7 note is made on the full amount of the cash advanced
8 on the loan from the date of the note to the date
9 of the final installment thereof, and the interest
10 so computed may be included in the note,
11 notwithstanding any agreement to pay the entire amount
12 in installments; or the interest may be computed on
13 the amount of the note and discounted or collected
14 in advance when the loan is made, notwithstanding
15 any agreement to pay the entire amount in installments.
16 If the note is repayable in other than equal monthly
17 installments, the interest may be an amount computed
18 on the basis of the effective rates permitted as
19 provided above; provided, however, there shall be
20 no compounding of interest and when an interest rate
21 as authorized herein is advertised, or negotiated
22 for with a prospective borrower, with intent that
23 it be computed by either of the two methods authorized
24 herein, they being the "add on" method or the
25 "discount" method, in such case such rate shall be
26 further described as to the method of computation
27 to be used, but interest computed by either method
28 shall be stated to the borrower as provided in section
29 537.3210."

30 2. Page 2, by striking line 17.

31 3. Page 2, by striking lines 18 through 47.

32 4. Page 3, by striking lines 4 through 17 and
33 inserting in lieu thereof the following:

34 "NEW LETTERED PARAGRAPH. Notwithstanding section
35 six hundred twenty-eight point three (628.3) of the
36 Code, when a foreclosure of a mortgage on real property
37 results from the enforcement of a due-on-sale clause,
38 the mortgagor may redeem the real property at any
39 time within three years from the day of sale under
40 the levy, and the mortgagor shall, in the meantime,
41 be entitled to the possession thereof; and for the
42 first thirty months thereafter such right of redemption
43 is exclusive. Any real property redeemed by the
44 debtor shall thereafter be free and clear from any
45 liability for any unpaid portion of the judgment under
46 which the real property was sold. The right of
47 redemption established by this paragraph is not subject
48 to waiver by the mortgagor and the period of redemption
49 established by this paragraph shall not be reduced.
50 The times for redemption by creditors provided in

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1 sections six hundred twenty-eight point five (628.5),
2 six hundred twenty-eight point fifteen (628.15) and
3 six hundred twenty-eight point sixteen (628.16) of
4 the Code shall be extended to thirty-three months
5 in any case in which the mortgagor's period for
6 redemption is extended by this paragraph. This
7 paragraph does not apply to foreclosure of a mortgage
8 if for any reason other than enforcement of a due-
9 on-sale clause. As used in this paragraph, "due-on-
10 sale clause" means any type of covenant which gives
11 the mortgagee the right to demand payment of the
12 outstanding balance or a major part thereof upon a
13 transfer by the mortgagor to a third party of an
14 interest of the mortgagor in property covered by the
15 mortgage. This paragraph applies to any foreclosure
16 occurring on or after the effective date of this Act.
17 However, this paragraph does not apply if the lender
18 establishes, based on reasonable criteria which are
19 not more restrictive than those used to evaluate new
20 mortgage-loan applications, that the security interest
21 or the likelihood of repayment is impaired as a result
22 of the transfer of interest."

23 5. By striking page 3, line 39, through page 4,
24 line 3, and inserting in lieu thereof the following:
25 "_____. Page 7, line 24, by striking the word "one-
26 half" and inserting in lieu thereof the word "three-
27 fourths"."

28 6. Page 4, by striking lines 4 through 23 and
29 inserting in lieu thereof the following:
30 "_____. Page 8, line 18, by striking the word "one-
31 half" and inserting in lieu thereof the word "three-
32 fourths".

33 _____. Page 8, line 24, by striking the words "one
34 and three-fourths" and inserting in lieu thereof the
35 words "one-and-three-fourths two"."

36 7. By striking page 4, line 45 through page 5,
37 line 30.

38 8. Page 5, by striking lines 31 through 41.

39 9. Page 6, by inserting after line 16 the follow-
40 ing:

41 "_____. Page 9, by inserting after line 35 the
42 following:

43 "Sec. 21. Section five hundred thirty-seven point
44 one thousand three hundred one (537.1301), subsection
45 four (4), Code 1979, is amended by striking the
46 subsection and renumbering the remaining subsections.

47 Sec. 22. Section five hundred thirty-seven point
48 one thousand three hundred one (537.1301), subsection
49 thirteen (13), paragraph a, subparagraph three (3),
50 Code 1979, is amended to read as follows:

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

4 Sec. 23. Section five hundred thirty-seven point
5 one thousand three hundred one (537.1301), subsection
6 fourteen (14), paragraph c, Code 1979, is amended
7 to read as follows:

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

11 Sec. 24. Section five hundred thirty-seven point
12 one thousand three hundred one (537.1301), subsection
13 fifteen (15), paragraph a, subparagraphs three (3)
14 and five (5), Code 1979, are amended to read as
15 follows:

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

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

22 Sec. 25. Section five hundred thirty-seven point
23 three thousand three hundred one (537.3301),
24 subsections one (1) and two (2), Code 1979, are amended
25 to read as follows:

26 1. With respect to a consumer credit sale, a
27 seller may take a security interest in the property
28 sold. In addition, a seller may take a security
29 interest in goods upon which services are performed
30 or in which goods sold are installed or to which they
31 are annexed, or in land to which the goods are af-
32 fixed or which is maintained, repaired or improved
33 as a result of the sale of the goods or services,
34 if in the case of a security interest in land the
35 amount financed is one thousand dollars or more, or
36 in the case of a security interest in goods if either
37 the amount financed is three hundred dollars or more,
38 or if the goods are household goods, or motor vehicles
39 used by a consumer, his or her dependents, or the
40 family with which the consumer resides, as
41 transportation to and from a place of employment,
42 one hundred dollars or more. ~~The-seller-may-also~~
43 ~~take-a-security-interest-in-property-which-is-itemized~~
44 ~~in-the-security-agreement,-to-secure-the-debt-arising~~
45 ~~from-a-consumer-credit-sale-primarily-for-an~~
46 ~~agricultural-purpose.~~ Except as provided with respect
47 to cross-collateral under section 537.3302, a seller
48 may not otherwise take a security interest in property
49 to secure the debt arising from a consumer credit
50 sale.

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

7 Sec. 26. Section five hundred thirty-seven point
8 three thousand three hundred three (537.3303),
9 subsection one (1), Code 1979, is amended to read
10 as follows:

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

27 Sec. 27. Section five hundred thirty-seven point
28 three thousand three hundred seven (537.3307), Code
29 1979, is amended to read as follows:

30 537.3307 CERTAIN NEGOTIABLE INSTRUMENTS PROHIBITED.
31 With respect to a consumer credit sale or consumer
32 lease, ~~other-than-a-sale-or-lease-primarily-for-an~~
33 ~~agricultural-purpose~~, the creditor may not take a
34 negotiable instrument other than a check or credit-
35 union share draft dated not later than ten days after
36 its issuance as evidence of the obligation of the
37 consumer.

38 Sec. 28. Section five hundred thirty-seven point
39 three thousand three hundred eight (537.3308),
40 subsection two (2), paragraph c, Code 1979, is amended
41 by striking the paragraph and relettering the remaining
42 paragraphs.

43 Sec. 29. Section five hundred thirty-seven point
44 three thousand three hundred ten (537.3310), subsection
45 one (1), Code 1979, is amended to read as follows:

46 1. In a consumer credit transaction, ~~other-than~~
47 ~~one-for-an-agricultural-purpose~~, if performance by
48 a creditor is by delivery of goods, services or both,
49 in four or more installments, either on demand of
50 the consumer or by prearranged scheduled performance,

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1 the consumer shall have the right to cancel the
2 obligation with respect to that part which has not
3 been performed on the date of cancellation.

4 Sec. 30. Section five hundred thirty-seven point
5 three thousand four hundred one (537.3401), Code 1979,
6 is amended to read as follows:

7 537.3401 RESTRICTION ON LIABILITY IN CONSUMER
8 LEASE. The obligation of a lessee upon expiration
9 of a consumer lease ~~other-than-one-primarily-for-an~~
10 ~~agricultural-purpose,~~ may not exceed twice the average
11 payment allocable to a monthly period under the lease.
12 This limitation does not apply to charges for damages
13 to the leased property or for other default.

14 Sec. 31. Section five hundred thirty-seven point
15 three thousand four hundred four (537.3404), subsection
16 one (1), Code 1979, is amended to read as follows:

17 1. With respect to a consumer credit sale or
18 consumer lease, ~~other-than-one-primarily-for-an~~
19 ~~agricultural-purpose,~~ an assignee of the rights of
20 the seller or lessor is subject to all claims and
21 defenses of the consumer against the seller or lessor
22 arising from the sale or lease of property or services,
23 notwithstanding that the assignee is a holder in due
24 course of a negotiable instrument issued in violation
25 of the provisions prohibiting certain negotiable
26 instruments in section 537.3307; unless the consumer
27 has agreed in writing not to assert against an assignee
28 a claim or defense arising out of such sale, and the
29 consumer's contract has been assigned to an assignee
30 not related to the seller who acquired the consumer's
31 contract in good faith and for value and who gives
32 the consumer notice of the assignment as provided
33 in this subsection and who within thirty days after
34 the mailing of the notice receives no written notice
35 of the facts giving rise to the consumer's claim or
36 defense. Such agreement not to assert a claim or
37 defense is not valid if the assignee receives such
38 written notice from the consumer within such thirty-
39 day period. The notice of assignment shall be in
40 writing and addressed to the consumer at his or her
41 address as stated in the contract, identify the
42 contract, describe the property purchased by the
43 consumer, state the names of the seller and consumer,
44 the name and address of the assignee, the amount
45 payable by the consumer and the number, amounts and
46 due dates of the installments, and contain a
47 conspicuous notice to the consumer that he or she
48 has thirty days from the date of the mailing of the
49 notice to him or her within which to notify the
50 assignee in writing of any claims or defenses he or

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1 she may have against the seller and that if written
2 notification of any such claims or defenses is not
3 received by the assignee within such thirty-day period,
4 the assignee will have the right to enforce the
5 contract free of any claims or defenses the consumer
6 may have against the seller. An assignee does not
7 acquire a consumer's contract in good faith with-
8 in the meaning of this subsection if the assignee
9 has knowledge or, from his or her course of dealing
10 with the seller or his records, notice of substantial
11 complaints by other consumers of the seller's failure
12 or refusal to perform his or her contracts with them
13 and of the seller's failure to remedy his or her
14 defaults within a reasonable time after the assignee
15 notifies him or her of the complaints.

16 Sec. 32. Section five hundred thirty-seven point
17 three thousand four hundred five (537.3405), subsection
18 one (1), unnumbered paragraph one (1), Code 1979,
19 is amended to read as follows:

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

30 Sec. 33. Section five hundred thirty-seven point
31 three thousand five hundred one (537.3501), Code 1979,
32 is amended to read as follows:

33 537.3501 DOOR-TO-DOOR SALES. In a consumer credit
34 sale or a sale in which the goods or services are
35 paid for in whole or in part by a lender credit card
36 or a consumer loan in which the lender is subject
37 to defenses arising from the sale under section
38 537.3405, ~~other than a transaction for an agricultural~~
39 ~~purpose,~~ a consumer has, in addition to all the rights
40 and remedies provided by chapter 713B, a cause of
41 action under section 537.5201, subsection 1, and the
42 administrator has all powers granted under article
43 6, part 1, to enforce the provisions of chapter 713B.

44 Sec. 34. Notwithstanding sections twenty-one (21)
45 through thirty-three (33) of this Act, a consumer
46 credit transaction for an agricultural purpose which
47 was executed or undertaken before July 1, 1980, is
48 subject to the applicable provisions of chapter five
49 hundred thirty-seven (537) of the Code as they existed
50 prior to July 1, 1980, and nothing in sections twenty-

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1 one (21) through thirty-three (33) of this Act applies
2 with respect to rights, duties, privileges, obligations
3 or remedies of parties to such a transaction; provided,
4 however, that no additional loans, advances or
5 extensions of credit shall be made on or after July
6 1, 1980, with respect to agreements which were made
7 prior to July 1, 1980. Sections twenty-one (21)
8 through thirty-three (33) of this Act apply to a
9 consumer credit transaction executed or undertaken
10 on or after July 1, 1980.

11 Sec. 44. Section five hundred thirty-four point
12 twenty-one (534.21), subsection two (2), Code 1979,
13 is amended by adding the following new unnumbered
14 paragraph:

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

27 10. Page 6, line 19, by striking the word and
28 symbol "Sec. ___." and inserting in lieu thereof the
29 word and figure "Sec. 50."

30 11. Page 6, by striking lines 44 through 46 and
31 inserting in lieu thereof the following: "inapplicable
32 in this state.

33 Sec. ___. All of the provisions of this Act except
34 sections one (1), forty (40), forty-one (41), forty-
35 two (42), twenty-one (21) through thirty-four (34),
36 forty-four (44) and fifty (50) of this Act expire
37 July 1, 1983."

38 12. By renumbering sections and correcting internal
39 references.

S-5745 FILED
APRIL 16, 1980
SENATE CONCURRED

RECEIVED FROM THE HOUSE

*Senate concurred 4/16 (p. 1500)
Motion to reconsider 4/17 w/d 4/18*

SPECIAL LEGISLATIVE SUMMARY

IOWA GENERAL ASSEMBLY

Acts of the Sixty-eighth General Assembly

1980 Session

House File 2492

"An Act relating to the regulation of terms and conditions
of certain loans, advances and extensions of credit.",

and related Acts,

House File 2200,
House File 2486, and
Senate File 2375

Prepared by

Iowa Legislative Service Bureau

April, 1980

NOTE

THIS SUMMARY ASSUMES THE APPROVAL BY THE GOVERNOR OF
HOUSE FILE 2492, HOUSE FILE 2586, AND SENATE FILE 2375.

INTRODUCTION

House File 2492, referred to during the session as the "usury bill", is an omnibus Act relating to interest rates and other terms and conditions of loan and credit transactions. Its various provisions amend or affect existing law contained in chapters 321, 322, 476, 524, 533, 534, 535, 536A and 537 of the Code, and in one manner or another likely affect nearly every person who makes loans or extends credit and nearly every person who borrows money or obtains credit.

Iowa's usury laws and related Code provisions are a rather intricate set of statutes, the ultimate effects of which typically depend upon who the lender or creditor is, who the debtor is, and when the transaction took place. A further complication is that certain federal laws and regulations overlap state law, and in some instances supersede state law. The most comprehensive of these are two federal statutes recently passed by Congress which temporarily suspended certain state limitations on interest rates and other types of charges. The effects of these two statutes are described later in this summary.

Given the complexity of interest-rate laws, some caution should be exercised in referring to this summary. Every effort has been made to be accurate and complete, but as with any summary of legal provisions it is impossible to include a description of all ramifications, or to anticipate all factual situations. Nevertheless, it is hoped that this summary is a helpful guide to understanding Iowa "usury laws" as they presently exist.

A final introductory comment is that the Act has various effective dates, expiration dates, and transition provisions. Generally speaking, provisions relating to interest rates take effect upon publication of the Act and expire July 1, 1983, other provisions, except sections 17 through 30, take effect upon publication of the Act and are permanent, and sections 17 through 30 take effect July 1, 1980, and are permanent. The discussion which follows describes these dates as they apply to each section.

AMENDMENTS

A few of the provisions of House File 2492 were amended during the 1980 legislative session by bills passed subsequent to the passage of House File 2492. These amendments, contained in Senate File 2375 and House File 2486, were adopted to modify or clarify the intents and purposes of House File 2492. A discussion of these additional provisions is included in relation to the respective sections which they amend.

BIRD'S-EYE VIEW

Section 1 - Public utilities--permanent.

Restricts "pancaking" and removes 12 percent interest ceiling on rate refunds.

Section 2 - Temporary usury and point provisions--expires July 1, 1983.

Removes usury limits on a written agreement executed after publication date if (a) a loan for financing acquisition of real property, (b) a loan or extension of credit exceeding \$35,000 for constructing improvements on real property, (c) a contract for sale of real property, (d) a loan or extension of credit to a corporation or real estate trust, or a credit sale of securities, (e) a loan or extension of credit for a business purpose, (f) a loan or extension of credit for an agricultural purpose, or (g) a loan or extension of credit exceeding \$35,000 for a personal, family or household purpose.

Authorizes points on a purchase-money loan secured by a lien on a single-family or two-family owner-occupied dwelling equal to not more than 2 percent of principal, except a maximum of 1 percent if a refinancing or an assumption.

Sections 3, 4 and 5 - Banking law amendments--permanent.

Amend Code sections 524.901, 524.906 and 524.908 to authorize investment in participation certificates issued by production credit associations, to remove limitation on investment in installment loans and consumer loans, and to expand personal-property leasing authority.

Section 6 - Industrial loan law amendment--expires July 1, 1983.

Increases maximum interest rates on chapter 536A loans from 9 percent add-on or discount to 10 percent add-on or discount.

Section 7 - Interest on accounts receivable--expires July 1, 1983.

Permits finance charge in absence of written agreements on retail sales of goods or services on credit equal to 21 percent per year in closed-end transactions, or 1 1/2 percent per month on first \$500 of balance and 1 1/4 percent per month on excess in open-end transactions, but proper disclosures must be made.

Section 8 - Due-on-sale mortgage foreclosures--expires July 1, 1983.

Extends period of redemption by debtor under chapter 628 to 36 months if foreclosure of a mortgage on a one- or two-family owner-occupied dwelling occurring after effective date results from enforcement of due-on-sale clause, unless lender proves impairment of the security interest or the likelihood of repayment.

Section 9 - Interest on auto installment sales--expires July 1, 1983.

Increases maximum finance charge to 1 3/4 percent per month on new cars and 2 percent per month on cars not more than 2 years old.

Section 10 - Interest on mobile home and modular homes sales-- expires July 1, 1983.

Establishes authority to charge 1 3/4 percent per month on installment sales of mobile homes and modular homes, irrespective of age.

Section 11 - Interest on semitrailer and travel trailer sales-- expires July 1, 1983.

Increases maximum rate of finance charge on installment sales of semitrailers to 1 3/4 percent per month on new vehicles and 2 percent per month on vehicles not more than 2 years old. Also expands scope of section to cover travel trailers.

Sections 12 and 14 - Home loans under ICC--expire July 1, 1983.

Removes real property purchase money loans secured by first lien from coverage by the consumer credit code.

Sections 13 and 14 - Interest on closed-end consumer credit--expire July 1, 1983.

Increase maximum finance charge on closed-end consumer loans and consumer credit sales from 15 percent to 21 percent per year.

Sections 15 and 16 - Pre-existing adjustable-rate loans--expire July 1, 1983.

Sections 15 and 16 repealed by Senate File 2375. Additional provisions in Senate File 2375 limit interest on adjustable-rate loans made prior to August 3, 1978, and those made after August 3, 1978 and before July 1, 1979, with exception in each case for certain balloon loans.

Sections 17 through 30 - Ag purpose transactions removed from ICC--permanent.

Remove ag purpose loans and credit from coverage by the consumer credit code. Not effective until July 1, 1980. Old law continues to apply to existing agreements until fully performed, but no new credit or advances.

Section 31 - Renegotiable rate mortgage loans for S & Ls-- permanent.

Authorizes state savings and loan associations to make renegotiable-rate mortgage loans on one-family to four-family dwellings, if and to the extent federal institutions are permitted to do so.

Section 32 - Override of federal suspension--permanent.

Overrides provisions of Public Law No. 96-221, which suspended state usury laws and related provisions, with the effect that state laws are applicable after effective date.

House File 2486 - Ag credit corporation loans--permanent.

House File 2486 enacted residual authority for agricultural credit corporations to make agricultural production purpose loans at interest rates not greater than 4 percentage points above the lending rate of the federal intermediate credit bank of Omaha. The authority takes effect upon publication of that Act and is permanent, but the interest-rate limitation is temporarily preempted by section 2 of House File 2492.

DISCUSSION

Section 1 - Public utility rates.

Section 1 of the Act amends section 476.6, unnumbered paragraph 6 of the Code, which relates to the collection of public utility service charges subject to refund. Prior law, with some exceptions, required that the Iowa commerce commission approve rates and charges for utility service before they could be placed into effect by the public utility. As an exception, however, a rate-regulated utility that applied for authority to increase its charges could, while the application was pending before the commission, place the proposed new rates into effect subject to the condition that if the commission ultimately disapproved a portion of the new rates the utility had to refund the excess revenues, plus interest at a rate not exceeding 12 percent per year.

Section 1 of the Act amends the prior law in two respects. First, the 12 percent limitation on interest is removed, thus allowing the commission to require payment of whatever rate of interest on refunds it finds appropriate (but not less than 5 percent). Secondly, the section restricts the procedure referred to as "pancaking" whereby a utility applies for a rate increase while an earlier application for an increase is still pending, and collects part or all of both proposed increases prior to approval of the rates by the commission. The amendment prohibits a utility from placing any part of a proposed rate increase into effect subject to refund if a prior application is pending before the commission (whether or not refundable rates are in effect under the prior application), unless one year has passed since the prior application was filed, or unless the commerce commission gives specific authority to place the subsequent increase into effect prior to the end of that year.

Section 1 is a permanent change in the law, and takes effect upon publication of the Act. The removal of the interest rate ceiling applies to any refund ordered by the commerce commission on or after the date of publication of the Act.

Section 2 - Temporary usury exemptions.

An Act passed during the 1978 legislative session established what has been referred to as a "floating index" or floating usury rate. Although subject to numerous exceptions or exemptions, that law limited the rates of interest on home loans, business loans,

agricultural loans, and many types of credit. Major exceptions to that usury law were consumer credit transactions, loans and credit to corporations and real estate trusts, and automobile installment contracts.

Section 2 of House File 2492 establishes several new categories of transactions which are totally exempt from usury ceilings. House File 2492 did not repeal the section of the Code containing the floating usury rate, and if the interest rate provisions of House File 2492 are permitted to expire on July 1, 1983, the floating usury rate again will be the law of this state. The floating usury rate still applies to a limited number of transactions, even while House File 2492 is in effect.

Subsection 1 of section 2 of the Act establishes 5 categories of transactions which are exempt from usury limitations, although there is some overlap between categories. The categories are as follows:

1. Any person borrowing money to finance the acquisition of real property. This exemption applies irrespective of the nature of business of the lender, and irrespective of the purpose for which the property is to be used. The exemption applies to original loans and to loans given to refinance real estate purchase contracts, and if the lender releases the original borrower the exemption applies to assumptions. Examples of this type of exemption are home loans, ag land purchase loans, and loans to purchase land for future business development, whether the lender is a bank, savings and loan association, credit union, insurance company, corporation, or other person or entity.

2. Any person borrowing money or obtaining credit in an amount exceeding \$35,000, exclusive of interest, for the purpose of constructing improvements on real property. This exemption applies whoever the lender or creditor might be, and irrespective of the purpose of the improvement. Examples of the types of transactions covered by this exemption are major home renovation loans, loans to finance the construction of dwellings or other structures on unimproved property, and loans to lessees to construct improvements on leased real property for business uses.

3. A person who is purchasing real property on contract. This exemption applies irrespective of who the seller of the property is, and irrespective of who the buyer is, and irrespective of the use of the real property. This exemption would cover contract sales of homes between individuals, sales of agricultural land on contract, and other land sales on contract.

4. A person borrowing money or obtaining credit for business or agricultural purposes, or a person borrowing money or obtaining credit in an amount exceeding \$35,000 for personal, family or household purposes. These exemptions apply irrespective of the nature of the business of the lender or creditor, if any. Examples of transactions covered by these exemptions are a loan by, e.g., a bank, insurance company, individual or other entity, of whatever amount to a sole proprietor, partnership or association for a business or agricultural purpose; a farm operating loan or credit

sale of whatever amount; an installment sale of a motor vehicle or machinery, or of a mobile home, travel trailer, semitrailer, or other personal property for either a business or an agricultural purpose; and a loan or credit sale to an individual where the amount exceeds \$35,000 for any personal, family or household purpose.

The Act does not define what constitutes a business purpose. Section 2 does define "agricultural purpose" by incorporating by reference the definition contained in section 537.1301 of the Code (the consumer credit code). However, section 17 of the Act strikes the definition contained in the consumer credit code, in conjunction with the other amendments to that code which have the purpose of removing agricultural purpose transactions from the consumer credit code (see discussion relating to sections 17 through 30 of the Act). A retroactive amendment to House File 2492 was enacted in House File 2486 that inserts into section 2 a definition of "agricultural purpose" which is almost identical to the definition previously contained in the consumer credit code. The only difference is that the consumer credit code definition limited itself to activities undertaken by a "natural person", the limitation being consistent with the other purposes of the consumer credit code. The definition contained in House File 2492, as amended by House File 2486, does not contain the "natural person" qualification.

5. Any corporation or real estate investment trust borrowing money or obtaining credit, and any person purchasing securities on credit from a broker or dealer who is registered as such under state or federal law. These exemptions are a continuation of prior law, as contained in section 535.2, subsection 2 of the Code.

The above categories of exemptions apply only in those instances where the "creditor" and "debtor" have entered into a written agreement which specifies the rate of interest to be paid (including agreements that provide for an adjustment of the rate of interest). In the absence of such a written agreement, the rate of interest is controlled by section 535.2, subsection 1 of the Code, except as otherwise permitted by section 7 of House File 2492 (see discussion below).

The exemptions created in section 2 of the Act apply only to transactions entered into on or after the date of publication of the Act and prior to July 1, 1983 (see subsection 2 of section 2). Prior law continues to apply to most agreements executed before the publication date of the Act (but see discussion relating to section 7 of the Act).

Section 2 continued - Loan processing fees (points).

Subsection 3 of section 2 authorizes a lender to collect a loan processing fee (points) equal to not more than 2 percent of the amount loaned in connection with a loan given to finance the purchase of a single-family or two-family dwelling to be occupied by the borrower, except that if the loan is a refinancing of a prior loan, or if the transaction is an assumption of a prior loan, then the fee may not exceed 1 percent of the amount refinanced or

assumed. These provisions temporarily replace other authority contained in section 535.8, subsection 2, paragraph a, 1979 Code Supplement. The earlier provision is not repealed by House File 2492, and if section 2 of House File 2492 is permitted to expire July 1, 1983, the earlier provision would control on and after July 1, 1983.

All of the provisions of section 2 take effect upon publication of the Act and expire July 1, 1983.

Sections 3, 4 and 5 - Banking law amendments.

Sections 3, 4 and 5 of the Act contain amendments to the state banking laws. Section 3 amends Code section 524.901 by adding a new subsection that authorizes a state bank to invest up to 20 percent of its capital and surplus in participation certificates issued by federally-chartered production credit associations. Section 4 repeals subsection 6 of Code section 524.906. That subsection limited the aggregate amount a state bank could invest in installment loans and consumer loans. Section 5 amends Code section 524.908 to expand the authority of a state bank to purchase personal property for the purpose of leasing it to another person. The amendments to the banking laws contained in sections 3, 4 and 5 take effect on the publication date of the Act and are permanent Code amendments.

An additional amendment to chapter 524 was included in House File 2486. This amendment added a definition of "agricultural credit corporation" to chapter 524. Its function was to clarify the term as it is used in section 524.901 of the Code. (See also, the discussion of House File 2486 later in this summary.)

Section 6 - Industrial loan companies.

Section 6 of the Act amends section 536A.23, subsection 1 of the Code, which establishes a maximum interest rate that an industrial loan licensee may charge on its loans. Prior law permitted a rate of 9 percent, although it can be computed by using the add-on or the discount method. The amendment changes the maximum numerical rate from 9 percent to 10 percent. This amendment takes effect on the publication date of the Act and expires July 1, 1983. The limitation is preempted, however, by the temporary exemptions contained in section 2 of the Act, and thus a loan made by an industrial loan licensee for, e.g., a business or an agricultural purpose is not subject to any statutory interest-rate limitation.

Section 7 - Finance charge on accounts receivable.

Section 7 of the Act authorizes the collection of a finance charge exceeding 5 percent per year in the absence of a written agreement to pay interest in certain credit transactions. The attorney general has interpreted Iowa law to require a written agreement to pay interest if the rate is to exceed 5 percent per year. In the absence of such a written agreement, the legal rate of 5 percent, as established by section 535.2, subsection 1 of the Code, would control.

Section 7 provides that in a retail sale of goods or services on credit, the creditor can charge in excess of 5 percent if the creditor gives timely written notice of the amount of the actual finance charge and certain other information. In transactions which are subject to the federal truth-in-lending Act the creditor is required to give the disclosures required by that Act and at the times required by that Act. In transactions not subject to the federal truth-in-lending Act, the creditor is required to give notice at the time of sale. If proper disclosure is made then the creditor may charge up to 21 percent per year on closed-end credit transactions, and on open-end accounts the creditor may charge up to 1 1/2 percent per month on the first \$500 of account balance and 1 1/4 percent per month on the excess balance.

Section 7 contains numerous references to provisions of the consumer credit code (chapter 537), but is not expressly limited to "consumer credit transactions" as defined in that chapter. Section 7 states that it applies to a "retail sale of goods or services". The term "retail sale" is not defined.

It should be observed that the disclosure provisions of the federal truth-in-lending Act and state truth-in-lending provisions continue to apply. If proper disclosures are not made, damages, civil penalties and attorney fees may be recoverable by the debtor. Criminal penalties also apply to certain violations.

Section 7 takes effect on the publication date of the Act, and expires July 1, 1983. Section 7 applies only with respect to credit initially extended after the effective date of the Act. Existing open-end accounts which are subject to the consumer credit code are subject to the limitations contained in chapter 537 relating to disclosure of the terms of open-end accounts and changes in the terms of open-end accounts.

Section 8 - Due-on-sale mortgage foreclosures.

Section 8 of the Act amends section 535.8, subsection 2, 1979 Code Supplement, relating to the enforcement of due-on-sale clauses in mortgages on single-family or two-family owner-occupied dwellings. Prior law prohibits the enforcement by lenders of due-on-sale clauses unless certain criteria are met. Section 8 adds new language providing that if a mortgage foreclosure results from enforcement of a due-on-sale clause, the statutory period of redemption by the debtor contained in chapter 628 of the Code is extended to 36 months. The term "due-on-sale clause" is defined in section 8 to mean any type of mortgage provision which requires prepayment in the event of a transfer of an ownership interest in the dwelling. Such clauses also are known as "acceleration clauses". The new provision contained in section 8 does not apply in the event of a foreclosure for any reason other than enforcement of a due-on-sale clause, and also does not apply if the lender establishes that the transfer of interest impairs the security interest of the lender or the likelihood of repayment of the loan. The extension to 36 months cannot be waived or reduced by agreement.

Section 8 was amended retroactively by House File 2486 to clarify the scope of the section. The new paragraph of language was added to section 535.8, Code 1979 Supplement, which section applies only to purchase-money loans secured by one-family or two-family owner-occupied dwellings. Out of some concern that section 8 might be construed to apply to other types of mortgage loans, House File 2486 amended section 8 to expressly restrict its applicability to loans as defined in section 535.8.

The section takes effect on the date of publication of the Act and applies to any mortgage foreclosure occurring on or after the effective date of the Act, irrespective of when the mortgage was executed. Section 8 expires July 1, 1983.

Section 9 - Interest rates on automobile sales contracts.

Section 9 amends Code section 322.19 to increase the maximum finance charge on installment sales of new and used automobiles. The section increases the maximum charge on new automobiles to 21 percent per year, and increases the maximum charge on automobiles not more than 2 years old to 24 percent per year. This section supersedes Senate File 2200, also enacted during the 1980 Session, which increased the maximum rate on new automobiles to 18 percent per year. Section 9 takes effect on the date of publication of the Act, and expires July 1, 1983. If the Act does expire in 1983, the provisions of Senate File 2200 would then apply to sales of new automobiles, and pre-1980 law would then apply to sales of used automobiles.

Section 9 is subject to the temporary exceptions contained in section 2 of the Act. Thus, the limitations established by Code section 322.19 do not apply if the installment sale involves a buyer that is a corporation, or that is buying for a business or an agricultural purpose.

Section 10 - Interest rates on mobile home and modular home sales contracts.

Section 10 adds a new section to chapter 321 of the Code to permit a finance charge of 21 percent per year on installment sales of mobile homes and modular homes. This maximum rate applies irrespective of the age of the mobile home or modular home. Section 10 takes effect on the publication date of the Act and expires July 1, 1983.

Section 10 also is subject to the temporary exemptions contained in section 2 of the Act, and thus does not limit the rate of finance charge where the buyer, e.g., is obtaining the mobile home or modular home for a business or agricultural purpose.

Section 11 - Interest rates on semitrailer and travel trailer sales.

Section 11 amends the new Code section added by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter 128, section 1, which establishes the maximum finance charges on installment

sales of semitrailers. Section 11 increases the maximum rates permitted by the earlier law, and expands the section to cover travel trailers as well as semitrailers. The maximum rates are increased from 15 percent to 21 percent per year on new vehicles, and from 21 percent to 24 percent per year on used vehicles not more than 2 years old. Semitrailers and travel trailers more than 2 years old would be subject to the 27 percent per year limitation established in the 1979 Act. Section 11 takes effect on publication of the Act and expires July 1, 1983.

Section 11 is superseded by the temporary exemptions contained in section 2 of the bill, and thus does not limit the finance charge in transactions referred to in that section.

Section 12 - Applicability of consumer credit code to home loans.

Section 12 of the Act, in conjunction with a portion of section 14 of the Act, amend the consumer credit code to exclude from the provisions of that chapter any loan which is secured by a first lien on land and which is used as purchase money to acquire that land. "Second mortgage" loans would continue to be subject to that chapter. Historically, mortgage loans, although theoretically subject to that code, were not covered because of an exclusion for loans secured by a first mortgage in which the interest rate was below the amount specified in chapter 535 of the Code. Market interest rates for home mortgage loans were below the threshold specified in the consumer credit code until recently. The amendments contained in sections 12 and 14 of the Act essentially continue what has been the actual effect of prior law.

Sections 12 and 14 take effect on publication of the Act and expire July 1, 1983.

Sections 13 and 14 - Interest rates on closed-end consumer debt.

Sections 13 and 14 of the bill amend the consumer credit code to increase the maximum finance charge which may be collected in closed-end credit sales and closed-end loans under the consumer credit code. The maximum rate is increased in both cases from 15 percent per year to 21 percent per year. These changes would apply to such transactions as installment sales of home appliances, and personal loans made by banks and other regulated lending institutions, including loans for the purchase of automobiles. These limits do not apply to loans made by small loan companies, whose rates are controlled by chapter 536 of the Code.

Sections 13 and 14 take effect on the date of publication of the Act and expire July 1, 1983.

Sections 15 and 16 - Maximum rates on pre-1979 agreements.

During the 1978 Session, the general assembly enacted House File 2467 (chapter 1190, Acts of the 1978 Session) which repealed the then existing 9 percent usury ceiling and enacted the "floating" usury index. As a part of that legislation, however, the legislature inserted a provision which retained the 9 percent ceiling for those agreements which were executed prior to the

effective date of House File 2467 (effective August 3, 1978) and which contained an interest-rate adjustment clause. The effect was that the interest rate on those agreements could not be adjusted above 9 percent, even though the new usury ceiling was expected to and did exceed 9 percent.

Sections 15 and 16 of the Act repealed that 9 percent limitation, with the effect that after the publication date of the Act the interest rate on those agreements could have been adjusted according to the terms of the agreement without regard to the 9 percent ceiling.

However, shortly after passage of House File 2492 the legislature again considered the issue of adjustable-rate agreements, and the effects of sections 15 and 16 were nullified by Senate File 2375. This Act retroactively repeals sections 15 and 16 of House File 2492, and deals with the issue in a different manner.

Senate File 2375 contains a publication clause, and upon the effective date of that Act, sections 15 and 16 of House File 2492 are repealed, retroactive to the effective date of those two sections, with the intent that those two sections be void as if never enacted (see Senate File 2375, section 3). Senate File 2375 contains additional provisions which relate to adjustable-rate agreements entered into prior to July 1, 1979. Those provisions are as follows:

1. With respect to agreements entered into prior to August 3, 1978, the maximum interest rate which may be charged is 9 percent, the limitation established in the 1978 Act; provided, however, that as an exception to this limitation, if a loan agreement provided for the repayment of over 50 percent of the initial principal as a single payment at the end of the term of the loan (a balloon payment loan), the interest rate may be adjusted according to the terms of the agreement to any rate of interest permitted by the laws of this state as of the date the interest rate is adjusted. It is not clear, though, which state law is to be used in determining what rate is "permitted by the laws of this state" as of the date of adjustment. The exception was intended to permit renegotiation of the interest rate in those cases in which the lender, as a term of the balloon payment loan, agreed to refinance the loan at the end of the term. The attorney general had ruled that those agreements are, in effect, continuing loans, notwithstanding the balloon payment provision, and thus were subject to the 9 percent limitation. Following this line of reasoning, the usury exemptions contained in section 2 of House File 2492 do not apply as they expressly affect only those agreements which are entered into after the publication date of the Act, and thus, the residual usury limitation, section 535.2, subsection 3 of the Code (the floating usury rate), would establish the maximum interest rate which may be charge in these balloon-loan refinancings.

2. Another provision added by Senate File 2375 deals with adjustable-rate agreements executed on or after August 3, 1978 and prior to July 1, 1979. Section 2 of that Act limits the interest

rate under those agreements to a maximum of 2 1/2 percentage points above the rate initially payable under the agreement and in addition, restricts adjustments to 1/2 of 1 percent per year. This new provision also contains the exception for balloon payment agreements requiring a single payment of more than 50 percent, and authorizes adjustment after the publication date of Senate File 2375 to any rate permitted by the laws of this state as of the date of adjustment. Again, the controlling law is not clear, and following the attorney general's reasoning the floating index rate as of the date of adjustment is the maximum rate which may be charged.

It should be observed that these limitations and exceptions do not create adjustable interest rate loans, but serve as limitations on contract language. Adjustment of the rate of interest under such an agreement is controlled by the contract language, subject to statutory limitations. Thus, for example, if the contract language provides for adjustment of interest each January 15, the rate could not be adjusted until the next January 15 following the effective date of Senate File 2375.

In passing, it is noted that the general assembly enacted a law during the 1979 Session which authorized what are referred to as variable rate mortgages. Acts of the Sixty-eighth General Assembly, 1979 Session, chapter 132, section 7 specifies the terms and conditions required of "variable rate" loan agreements, one of which limits the maximum interest-rate adjustment to 2 1/2 percentage points during the term of the loan. This provision took effect July 1, 1979, and it is not known to what extent, if any, the authority is being used. It also is unclear whether that Act or any other state law prohibits the use of other types of adjustable-rate agreements. (See also, discussion of House File 2492, section 31.)

Sections 17 through 30 - Removal of Ag credit from the ICCC.

Sections 17 through 30 of House File 2492 amend the Iowa consumer credit code (chapter 537 of the Code) by striking all references to agricultural purpose loans and credit. As originally enacted in 1975, the consumer credit code applied to loans and credit for agricultural purposes where the amount involved did not exceed \$35,000, although there were several provisions which expressly did not apply to agricultural purpose transactions.

Sections 17 through 29 remove all references to agricultural credit from chapter 537, with the effect that the consumer credit code ceases to apply to any agricultural purpose transaction.

Section 30 contains transition provisions relating to the effects of sections 17 through 29. The amendments do not take effect until July 1, 1980. In addition, the amendments do not apply to any transaction which was entered into prior to July 1, 1980. Thus, an agricultural purpose transaction which was undertaken prior to July 1, 1980, continues to be subject to the provisions of the old law until that transaction has been fully performed by both parties. Section 30, however, states that additional loans, advances or extensions of credit shall not be

made on or after July 1, 1980, pursuant to agreements executed prior to July 1, 1980. Sections 17 through 29 are permanent Code revisions.

It should be observed that the removal of agricultural purpose transactions from the Iowa consumer credit code does not have any effect upon the federal truth-in-lending requirements. The federal law continues to apply to agricultural purpose transactions where the amount involved does not exceed \$25,000 (the thresholds in the federal law and the Iowa law were not the same).

Section 31 - Renegotiable mortgage loans for savings and loan assn.

Section 31 of the Act adds a new provision to chapter 534 of the Code which authorizes state-chartered savings and loan associations to make loans on one-family to four-family dwellings using agreements which require renegotiation of the interest rate at intervals of 3, 4 or 5 years. These are referred to as "renegotiable rate mortgage loans". This authority is, however, only available to state institutions if and to the same extent that federally-chartered institutions have such authority under federal law and regulations. This authority is different from and independent of the authority to make variable rate mortgage loans, as defined and authorized by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter 132. Section 31 takes effect upon publication of the Act and is a permanent Code change.

Section 32 - Override of federal usury laws.

The United States Congress recently enacted two laws which substantially affected state usury laws and related provisions. Public Law No. 96-161 and parts of Public Law No. 96-221 suspended state limitations on certain types of loan provisions for the purpose of freeing-up lending until the various state legislatures could meet and consider revisions to state laws or constitutions.

The federal Acts suspended state laws and constitutional provisions which limited interest rates, discount points and other types of charges. Public Law No. 96-221 was similar in effect to Public Law No. 96-161, although it was more extensive. The former expired by its own terms during 1980, and in addition it was superseded by the passage of the latter. Generally speaking, the federal suspension applied only with respect to loans made for housing and business and agricultural purposes when made by regulated financial institutions, although there were some exceptions to this statement.

The provisions of the federal Acts also authorized states to override the federal suspensions by passing a law declaring that the state did not want the federal provisions to apply. In response to this grant of authority, the Iowa general assembly adopted section 32, which declares that the provisions of the federal Acts are not to apply in this state. As far as can be determined, the effect of section 32 is that Iowa usury and related laws apply to transactions entered into on or after the publication date of House File 2492. However, the federal provisions apply to transactions entered into after December 28, 1979, the effective

date of Public Law No. 96-221, and prior to the publication date of House File 2492.

Section 32 takes effect upon the publication date of House File 2492, and is permanent.

Section 33 - Expiration of temporary provisions.

Section 33 is the section which controls the expiration or permanence of the various sections of House File 2492. It provides that all sections except those specifically enumerated expire July 1, 1983. The sections enumerated, and thus not expiring in 1983, are section 1 relating to utility rates, sections 3, 4 and 5 amending the banking laws, section 17 through 30 removing agricultural transactions from the consumer credit code, section 31 authorizing renegotiable rate mortgage loans for savings and loan associations, and section 32 overriding the federal suspension.

Section 34 - Publication clause and transition.

Section 34 contains the publication clause for the Act. The section also provides that the removal of the 12 percent limitation on utility rate refunds applies to all refunds ordered on or after the publication date of the Act. Section 34 also specifies that the new interest-rate ceilings for installment sales of automobiles, mobile homes, modular homes, semitrailers and travel trailers, and the new interest-rate ceilings on closed-end consumer loans and consumer credit, apply only to loans or credit made or extended on or after the publication date of the Act.

House File 2486 - Ag credit corporation loans--permanent.

House File 2486 enacted authority for agricultural credit corporations to make agricultural production purpose loans at interest rates not greater than 4 percentage points above the lending rate of the federal intermediate credit bank of Omaha. The authority takes effect upon publication of that Act and is permanent, but the interest-rate limitation is temporarily preempted by section 2 of House File 2492.

These provisions of House File 2486 apply only to corporations that are qualified under federal law to discount or sell agricultural purpose loans to the federal intermediate credit bank of Omaha, Nebraska, and the residual authority only applies to loans for "agricultural production purposes". A loan does not have to be sold to that bank, though.

As noted above in the discussion of section 2, House File 2486 added a definition of "agricultural purpose" to the general usury law. However, House File 2486 contains a different definition, that of "agricultural production purpose" (emphasis added) for use in determining the residual authority of agricultural credit corporations. The end result is that until July 1, 1983, agricultural credit corporations may charge any rate of interest on agricultural purpose loans, as broadly defined in House File 2492, section 2, as amended. Effective July 1, 1983, an agricultural credit corporation may charge up to 4 percentage points above the

F.I.C.B. lending rate on any "agricultural production purpose" loan, and may charge whatever the floating usury rate permits on other loans.

CONCLUSION

It is reiterated that the preceding is a summary of the various provisions enacted during the 1980 legislative session. It does not and cannot answer all of the legal questions which arise in a discussion of usury laws. Enactments by the Iowa general assembly in the past few years, in conjunction with recent federal legislation, establish a complicated network of laws, the effect of which depend upon who, for what purpose and when.

It does appear, however, that the temporary law under House File 2492 has simplified the "usury law" to the extent that interest-rate limitations presently may exist only on loan or credit transactions for personal, family and household purposes, and then only to the extent that the amount involved does not exceed \$35,000. However, this is a general conclusion drawn from appearances: The Iowa "usury law" continues to be constructed of exceptions to general rules, and compliance can be determined only by assessing factual situations against the framework of rules and exceptions.

HOUSE FILE 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 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, ~~ether 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, ~~either 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, ~~either-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.

WILLIAM H. HARBOR
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2492, Sixty-eighth General Assembly.

BRUCE GRAHAM
Assistant Chief Clerk of the House

Approved April 30, 1980

ROBERT D. RAY
Governor