

Commerce 4/22  
Do Pass 4/22 (p.1593)  
See Commerce  
Do Pass 4/24 a/w H-6344

SENATE FILE 2375

Commerce  
Holden, Chairperson  
Bergman  
Robinson

FILED 'APR 22 1980

SENATE FILE 2375

By HULTMAN AND JUNKINS

Passed Senate, Date 4/23/80 (p.1611) Passed House, Date 4/24/80 (p.2068)

Vote: Ayes 34 Nays 11 Vote: Ayes 92 Nays 4

Approved May 24, 1980

Repassed Senate 4/25/80 (p.1762)  
46-0

### A BILL FOR

1 An Act repealing Acts of the Sixty-eighth General Assembly,  
2 1980 Session, House File two thousand four hundred  
3 ninety-two (2492), sections fifteen (15) and sixteen (16),  
4 and making such repeal retroactive to the effective  
5 date of that Act.

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

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1 Section 1. Acts of the Sixty-eighth General Assembly,  
2 1980 Session, House File two thousand four hundred ninety-  
3 two (2492), sections fifteen (15) and sixteen (16) are  
4 repealed. It is the intent of the general assembly that this  
5 section be retroactive to the effective date of House File  
6 two thousand four hundred ninety-two (2492) with the effect  
7 that sections fifteen (15) and sixteen (16) of that Act be  
8 void as if never enacted.

633b

9 Sec. 2. This Act, being deemed of immediate importance,  
10 takes effect from and after its publication in the Quad City  
11 Times, a newspaper published in Davenport, Iowa, and in The  
12 Council Bluffs Nonpareil, a newspaper published in Council  
13 Bluffs, Iowa.

14 EXPLANATION

15 This bill repeals sections 15 and 16 of House File 2492,  
16 enacted during the 1980 Session. Sections 15 and 16 of that  
17 Act effectively repealed section 535.2, subsection 4 of the  
18 Code. That subsection limited those agreements having  
19 adjustable interest rate provisions and executed prior to  
20 August 3, 1978 to a maximum interest rate of 9 percent.  
21 Sections 15 and 16 of House File 2492 would have removed that  
22 limitation so that those agreements would no longer be subject  
23 to a statutory interest rate limitation after the effective  
24 date of House File 2492. This bill strikes those two sections  
25 retroactively so that the 9 percent limitation would continue  
26 to apply and sections 15 and 16 of House File 2492 would be  
27 deemed never enacted.

28 This bill would take effect upon publication.

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SENATE FILE 2375

H-6344

1 Amend Senate File 2375 as passed by the Senate  
2 as follows:

3 1. By striking everything after the enacting  
4 clause and inserting in lieu thereof the following:  
5 "Section 1. Section five hundred thirty-five point  
6 two (535.2), subsection four (4), Code 1979 Supplement  
7 is amended to read as follows:

8 4. a. Notwithstanding the provisions of subsection  
9 3, with respect to any agreement which was executed  
10 prior to August 3, 1978, and which contained a  
11 provision for the adjustment of the rate of interest  
12 specified in that agreement, the maximum lawful rate  
13 of interest which may be imposed under that agreement  
14 shall be nine cents on the hundred by the year, and  
15 any excess charge shall be a violation of section  
16 535.4.

17 b. Notwithstanding the limitation contained in  
18 paragraph a of this subsection, with respect to a  
19 written agreement for the repayment of money loaned,  
20 which was executed prior to August 3, 1978 and which  
21 provided for the payment of over fifty percent of  
22 the initial principal amount of the loan as a single  
23 payment due at the end of the term of the agreement,  
24 the interest rate may be adjusted after the effective  
25 date of this Act according to the terms of the  
26 agreement to any rate of interest permitted by the  
27 laws of this state as of the date an adjustment in  
28 interest is to be made. This paragraph does not  
29 authorize adjustment of interest in any manner other  
30 than that expressly permitted by the terms of the  
31 written agreement, and nothing contained in this  
32 paragraph authorizes the collection of additional  
33 interest with respect to any portion of a loan which  
34 was repaid prior to the effective date of an interest-  
35 rate adjustment.

36 Sec. 2. Section five hundred thirty-five point  
37 two (535.2), Code 1979 Supplement, is amended by  
38 adding the following new subsection:

39 NEW SUBSECTION. a. Notwithstanding the provisions  
40 of Acts of the Sixty-eighth General Assembly, 1980  
41 Session, House File two thousand four hundred ninety-  
42 two (2492), with respect to any agreement which was  
43 executed on or after August 3, 1978 and prior to July  
44 1, 1979, and which contained a provision for the  
45 adjustment of the rate of interest specified in the  
46 agreement, the maximum lawful rate of interest which  
47 may be imposed under that agreement shall be that  
48 rate which is two and one-half percentage points above  
49 the rate initially to be paid under the agreement,  
50 and any excess charge shall be a violation of section

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Page two

1 five hundred thirty-five point four (535.4) of the  
2 Code.  
3 b. Notwithstanding the limitation contained in  
4 paragraph a of this subsection, with respect to a  
5 written agreement for the repayment of money loaned  
6 which was executed on or after August 3, 1978, and  
7 prior to July 1, 1979, and which provided for the  
8 payment of over fifty percent of the initial principal  
9 amount of the loan as a single payment due at the  
10 end of the term of the agreement, the interest rate  
11 may be adjusted after the effective date of this Act  
12 according to the terms of the agreement to any rate  
13 of interest permitted by the laws of this state as  
14 of the date an adjustment in interest is to be made.  
15 This paragraph does not authorize adjustment of  
16 interest in any manner other than that expressly  
17 permitted by the terms of the written agreement, and  
18 nothing contained in this paragraph authorizes the  
19 collection of additional interest with respect to  
20 any portion of a loan which was repaid prior to the  
21 effective date of an interest-rate adjustment.

22 Sec. 3. Acts of the Sixty-eighth General Assembly,  
23 1980 Session, House File two thousand four hundred  
24 ninety-two (2492), sections fifteen (15) and sixteen  
25 (16) are repealed. It is the intent of the general  
26 assembly that this section be retroactive to the  
27 effective date of House File two thousand four hundred  
28 ninety-two (2492) with the effect that sections fifteen  
29 (15) and sixteen (16) of that Act be void as if never  
30 enacted.

31 Sec. 4. This Act, being deemed of immediate  
32 importance, takes effect from and after its publication  
33 in the Quad City Times, a newspaper published in  
34 Davenport, Iowa, and in The Council Bluffs Nonpareil,  
35 a newspaper published in Council Bluffs, Iowa."

36 2. Amend the title, line 1, by inserting after  
37 the word "Act" the words "limiting the adjustment  
38 of rates of interest on certain closed-end loans  
39 executed prior to July 1, 1979, and in connection  
40 therewith".

H-6344 FILED APRIL 24, 1980 By COMMITTEE ON COMMERCE  
ADOPTED *as amended by 6355 (p. 2667)* SCHROEDER, Chair

SENATE FILE 2375

H-6355

1 Amend amendment H-6344 to Senate File 2375 as  
2 passed by the Senate as follows:  
3 1. Page 1, line 49, by inserting after the comma  
4 the words "provided that the greatest interest-rate  
5 adjustment which may be made at any one time shall  
6 be one-half of one percent and an interest rate  
7 adjustment may not be made until at least one year  
8 has passed since the last interest rate adjustment,".

H-6355 FILED APRIL 24, 1980 By CRAWFORD of Story  
ADOPTED *(p. 2667)*

APRIL 25, 1980

## HOUSE AMENDMENT TO SENATE FILE 2375

S-5921

1 Amend Senate File 2375 as passed by the Senate  
2 as follows:

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

5 "Section 1. Section five hundred thirty-five point  
6 two (535.2), subsection four (4), Code 1979 Supplement  
7 is amended to read as follows:

8 4. a. Notwithstanding the provisions of subsection  
9 3, with respect to any agreement which was executed  
10 prior to August 3, 1978, and which contained a  
11 provision for the adjustment of the rate of interest  
12 specified in that agreement, the maximum lawful rate  
13 of interest which may be imposed under that agreement  
14 shall be nine cents on the hundred by the year, and  
15 any excess charge shall be a violation of section  
16 535.4.

17 b. Notwithstanding the limitation contained in  
18 paragraph a of this subsection, with respect to a  
19 written agreement for the repayment of money loaned,  
20 which was executed prior to August 3, 1978 and which  
21 provided for the payment of over fifty percent of  
22 the initial principal amount of the loan as a single  
23 payment due at the end of the term of the agreement,  
24 the interest rate may be adjusted after the effective  
25 date of this Act according to the terms of the  
26 agreement to any rate of interest permitted by the  
27 laws of this state as of the date an adjustment in  
28 interest is to be made. This paragraph does not  
29 authorize adjustment of interest in any manner other  
30 than that expressly permitted by the terms of the  
31 written agreement, and nothing contained in this  
32 paragraph authorizes the collection of additional  
33 interest with respect to any portion of a loan which  
34 was repaid prior to the effective date of an interest-  
35 rate adjustment.

36 Sec. 2. Section five hundred thirty-five point  
37 two (535.2), Code 1979 Supplement, is amended by  
38 adding the following new subsection:

39 NEW SUBSECTION. a. Notwithstanding the provisions  
40 of Acts of the Sixty-eighth General Assembly, 1980  
41 Session, House File two thousand four hundred ninety-  
42 two (2492), with respect to any agreement which was  
43 executed on or after August 3, 1978 and prior to July  
44 1, 1979, and which contained a provision for the  
45 adjustment of the rate of interest specified in the  
46 agreement, the maximum lawful rate of interest which  
47 may be imposed under that agreement shall be that  
48 rate which is two and one-half percentage points above  
49 the rate initially to be paid under the agreement,  
50 provided that the greatest interest-rate adjustment

S-5921  
Page 2

1 which may be made at any one time shall be one-half  
2 of one percent and an interest rate adjustment may  
3 not be made until at least one year has passed since  
4 the last interest rate adjustment, and any excess  
5 charge shall be a violation of section five hundred  
6 thirty-five point four (535.4) of the Code.

7 b. Notwithstanding the limitation contained in  
8 paragraph a of this subsection, with respect to a  
9 written agreement for the repayment of money loaned  
10 which was executed on or after August 3, 1978, and  
11 prior to July 1, 1979, and which provided for the  
12 payment of over fifty percent of the initial principal  
13 amount of the loan as a single payment due at the  
14 end of the term of the agreement, 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 paragraph does not authorize adjustment of  
20 interest in any manner other than that expressly  
21 permitted by the terms of the written agreement, and  
22 nothing contained in this paragraph authorizes the  
23 collection of additional interest with respect to  
24 any portion of a loan which was repaid prior to the  
25 effective date of an interest-rate adjustment.

26 Sec. 3. Acts of the Sixty-eighth General Assembly,  
27 1980 Session, House File two thousand four hundred  
28 ninety-two (2492), sections fifteen (15) and sixteen  
29 (16) are repealed. It is the intent of the general  
30 assembly that this section be retroactive to the  
31 effective date of House File two thousand four hundred  
32 ninety-two (2492) with the effect that sections fifteen  
33 (15) and sixteen (16) of that Act be void as if never  
34 enacted.

35 Sec. 4. This Act, being deemed of immediate  
36 importance, takes effect from and after its publication  
37 in the Quad City Times, a newspaper published in  
38 Davenport, Iowa, and in The Council Bluffs Nonpareil,  
39 a newspaper published in Council Bluffs, Iowa."

40 2. Amend the title, line 1, by inserting after  
41 the word "Act" the words "limiting the adjustment  
42 of rates of interest on certain closed-end loans  
43 executed prior to July 1, 1979, and in connection  
44 therewith".

S-5921 FILED  
APRIL 24, 1980

RECEIVED FROM THE HOUSE

*Senate concurred 4/25 (p. 1761)*

SENATE FILE 2375

H-6336

1 Amend Senate File 2375 as passed by the Senate,  
2 as follows:  
3 1. Page 1, by inserting after line 8 the following:  
4 "Sec.           . Section five hundred thirty-five point  
5 two (535.2), Code 1979 Supplement, is amended by  
6 adding the following new subsection:  
7 NEW SUBSECTION. Notwithstanding the provisions  
8 of Acts of the Sixty-eighth General Assembly, 1980  
9 Session, House File two thousand four hundred ninety-  
10 two (2492), with respect to any agreement which was  
11 executed on or after August 3, 1978 and prior to July  
12 1, 1979, and which contained a provision for the  
13 adjustment of the rate of interest specified in the  
14 agreement, the maximum lawful rate of interest which  
15 may be imposed under that agreement shall be that  
16 rate which is two and one-half percentage points above  
17 the rate initially to be paid under the agreement,  
18 and any excess charge shall be a violation of section  
19 five hundred thirty-five point four (535.4) of the  
20 Code."  
21 2. By renumbering sections.  
22 3. Amend the title, line 1, by inserting after  
23 the word "Act" the words "establishing the maximum  
24 rate of interest payable on adjustable interest-rate  
25 agreements 00270 executed prior to July 1, 1979, and  
26 in connection executed prior to July 1, 1979, and  
27 in connection therewith".

H-6336 FILED APRIL 23, 1980 By CRAWFORD of Story  
*Placed out of order 4/24 (p. 2061)*

SENATE FILE 2375

H-6352

1 Amend amendment H-6344 to Senate File 2375 as  
2 passed by the Senate, as follows:  
3 1. Page 1, by striking line 14 and inserting in  
4 lieu thereof the words "shall be nine-cents-on-the  
5 hundred-by-the-year two and one-half percentage points  
6 above the original rate agreed to, provided that the  
7 greatest interest rate adjustment which may be made  
8 at any one time shall be one-half of one percent and  
9 an interest rate adjustment may not be made until  
10 at least one year has passed since the last interest  
11 rate adjustment, and".

H-6352 FILED APRIL 24, 1980 By SCHNEKLOTH of Scott  
LOST (p. 2067)

## SENATE FILE 2375

## AN ACT

LIMITING THE ADJUSTMENT OF RATES OF INTEREST ON CERTAIN CLOSED-END LOANS EXECUTED PRIOR TO JULY 1, 1979, AND IN CONNECTION THEREWITH REPEALING ACTS OF THE SIXTY-EIGHTH GENERAL ASSEMBLY, 1980 SESSION, HOUSE FILE TWO THOUSAND FOUR HUNDRED NINETY-TWO (2492), SECTIONS FIFTEEN (15) AND SIXTEEN (16), AND MAKING SUCH REPEAL RETROACTIVE TO THE EFFECTIVE DATE OF THAT ACT.

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

Section 1. Section five hundred thirty-five point two (535.2), subsection four (4), Code 1979 Supplement is amended to read as follows:

4. a. Notwithstanding the provisions of subsection 3, with respect to any agreement which was executed prior to August 3, 1978, and which contained a provision for the adjustment of the rate of interest specified in that agreement, the maximum lawful rate of interest which may be imposed under that agreement shall be nine cents on the hundred by the year, and any excess charge shall be a violation of section 535.4.

b. Notwithstanding the limitation contained in paragraph a of this subsection, with respect to a written agreement for the repayment of money loaned, which was executed prior to August 3, 1978 and which provided for the payment of over fifty percent of the initial principal amount of the loan as a single payment due at the end of the term of the agreement, 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 paragraph 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 paragraph authorizes the collection of additional interest with respect to any portion of a loan which was repaid prior to the effective date of an interest-rate adjustment.

Sec. 2. Section five hundred thirty-five point two (535.2), Code 1979 Supplement, is amended by adding the following new subsection:

NEW SUBSECTION. a. Notwithstanding the provisions of Acts of the Sixty-eighth General Assembly, 1980 Session, House File two thousand four hundred ninety-two (2492), with respect to any agreement which was executed on or after August 3, 1978 and prior to July 1, 1979, and which contained a provision for the adjustment of the rate of interest specified in the agreement, the maximum lawful rate of interest which may be imposed under that agreement shall be that rate which is two and one-half percentage points above the rate initially to be paid under the agreement, provided that the greatest interest-rate adjustment which may be made at any one time shall be one-half of one percent and an interest rate adjustment may not be made until at least one year has passed since the last interest rate adjustment, and any excess charge shall be a violation of section five hundred thirty-five point four (535.4) of the Code.

b. Notwithstanding the limitation contained in paragraph a of this subsection, with respect to a written agreement for the repayment of money loaned which was executed on or after August 3, 1978, and prior to July 1, 1979, and which provided for the payment of over fifty percent of the initial principal amount of the loan as a single payment due at the end of the term of the agreement, 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 paragraph 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 paragraph authorizes the collection of additional interest with respect to any portion of a loan which was repaid prior to the effective date of an interest-rate adjustment.

Sec. 3. Acts of the Sixty-eighth General Assembly, 1980 Session, House File two thousand four hundred ninety-two (2492), sections fifteen (15) and sixteen (16) are repealed. It is the intent of the general assembly that this section be retroactive to the effective date of House File two thousand four hundred ninety-two (2492) with the effect that sections fifteen (15) and sixteen (16) of that Act be void as if never enacted.

Sec. 4. 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.

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TERRY E. BRANSTAD  
President of the Senate

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WILLIAM H. HARBOR  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2375, Sixty-eighth General Assembly.

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FRANK J. STORK  
Secretary of the Senate

Approved 5/24, 1980

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ROBERT D. RAY  
Governor