

Reprinted

JAN 16 1990

SMALL BUSINESS AND COMMERCE

HOUSE FILE 2092

BY TEAFORD and HARPER

Passed House, Date 2/26/90 (p. 635) Passed Senate, Date _____
 Vote: Ayes 95 Nays 1 Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to debt management services, by providing certain
 2 regulatory exemptions for nonprofit consumer credit counseling
 3 services and providing for the distribution of debtor trust
 4 funds.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
 HOUSE FILE 2092

H-5233

1 Amend House File 2092 as follows:

2 1. By striking everything after the enactment
 3 clause and inserting the following:

4 "Section 1. Section 533A.9, Code 1989, is amended
 5 to read as follows:

6 533A.9 FEE AGREED IN ADVANCE.

7 The fee of the licensee shall be agreed upon in
 8 advance and stated in the contract and provision for
 9 settlement in case of cancellation or prepayment shall
 10 be clearly stated herein. The fee of the licensee
 11 shall not exceed ~~twelve-and-one-half~~ fifteen percent
 12 of any payment made by the debtor and distributed to
 13 the creditors pursuant to the contract. In case of
 14 total payment of the contract before the contract
 15 period has expired, the licensee shall be entitled
 16 only to a fee of no more than three percent of such
 17 final payment.

18 Sec. 2. Section 533A.11, subsection 7, Code 1989,
 19 is amended by striking the subsection."

20 2. Title page, lines 1 through 4, by striking the
 21 words: ", by providing certain regulatory exemptions
 22 for nonprofit consumer credit counseling services and
 23 providing for the distribution of debtor trust funds".

By COMMITTEE ON SMALL BUSINESS
 AND COMMERCE

DODERER of Johnson, Chairperson

H-5233 FILED FEBRUARY 20, 1990

Adopted 2/26 (p. 634)

HF 2092

5233 amends all

1 Section 1. Section 533A.2, subsection 1, Code 1989, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. h. Nonprofit consumer credit counseling
4 services.

5 Sec. 2. Section 533A.9, Code 1989, is amended by adding
6 the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. Fair share contributions or
8 voluntary donations received by a nonprofit consumer credit
9 counseling service from a client debtor are not fees, and the
10 receipt of such contributions or donations by a nonprofit
11 consumer credit counseling service shall not subject the
12 service to any requirements imposed under this chapter upon
13 licensees charging fees.

14 Sec. 3. NEW SECTION. 533A.12 DEBTORS' FUNDS HELD IN
15 TRUST.

16 A debtor's funds held in a trust account belong to the debt
17 management service for the benefit of the debtor's creditors
18 and do not belong to the debtor. The funds are not subject to
19 garnishment, attachment, or other legal proceedings by any
20 creditor but shall be distributed by the debt management
21 service to the debtor's creditors, or upon payment of all
22 creditors, shall be returned to the debtor.

23 EXPLANATION

24 This bill exempts nonprofit consumer credit counseling
25 services from the chapter 533A licensing requirements for debt
26 managers. Additionally, the bill provides that voluntary fair
27 share contributions or donations by client debtors to a
28 nonprofit consumer credit counseling service are not subject
29 to the chapter's requirement that fees be agreed upon in
30 advance. Finally, the bill provides that a debtor's funds
31 held in trust by a debt management service for the benefit of
32 creditors may not be garnished or attached by any single
33 creditor to the detriment of other creditors, but instead are
34 to be distributed by the debt management service to the
35 debtor's creditors, with any remaining balance to be returned

1 to the debtor.

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HOUSE FILE 2092
BY TEAFORD and HARPER

(As Amended and Passed by the House February 26, 1990)

Passed House, Date 2/26/90 (p. 635) Passed Senate, Date 3/15/90 (p. 1093)
Vote: Ayes 95 Nays 1 Vote: Ayes 44 Nays 0
Approved March 29, 1990

A BILL FOR

*1 An Act relating to debt management services.

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

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House Amendments _____

Deleted Language *

1 Section 1. Section 533A.9, Code 1989, is amended to read
2 as follows:

3 533A.9 FEE AGREED IN ADVANCE.

4 The fee of the licensee shall be agreed upon in advance and
5 stated in the contract and provision for settlement in case of
6 cancellation or prepayment shall be clearly stated herein.

7 The fee of the licensee shall not exceed ~~twelve-and-one-half~~
8 fifteen percent of any payment made by the debtor and
9 distributed to the creditors pursuant to the contract. In
10 case of total payment of the contract before the contract
11 period has expired, the licensee shall be entitled only to a
12 fee of no more than three percent of such final payment.

13 Sec. 2. Section 533A.11, subsection 7, Code 1989, is
14 amended by striking the subsection.

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Sec. 2. Section 533A.11, subsection 7, Code 1989, is amended by striking the subsection.

HOUSE FILE 2092

AN ACT
RELATING TO DEBT MANAGEMENT SERVICES.

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

Section 1. Section 533A.9, Code 1989, is amended to read as follows:

533A.9 FEE AGREED IN ADVANCE.

The fee of the licensee shall be agreed upon in advance and stated in the contract and provision for settlement in case of cancellation or prepayment shall be clearly stated herein. The fee of the licensee shall not exceed twelve-and-one-half fifteen percent of any payment made by the debtor and distributed to the creditors pursuant to the contract. In case of total payment of the contract before the contract period has expired, the licensee shall be entitled only to a fee of no more than three percent of such final payment.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2092, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved March 29, 1990

TERRY E. BRANSTAD
Governor