

*Reprinted*

MAR 22 1991

HOUSE FILE 601  
BY COMMITTEE ON COMMERCE

Place On Calendar

(SUCCESSOR TO HF 30)

Passed House, Date 4/2/91 (4/2/91) Passed Senate, Date \_\_\_\_\_  
Vote: Ayes 97 Nays 2 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to open end credit accounts by eliminating the  
2 requirement that the banking division compile and report a  
3 summary of the volume of consumer installment credit to the  
4 administrator of the Iowa consumer credit code and providing  
5 for a change in terms in the agreement.

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

**HOUSE FILE 601**

H-3388

1 Amend House File 601 as follows:  
2 1. Page 1, by striking lines 28 and 29, and  
3 inserting the following: "effective date of the  
4 change only as provided in subsection 2."

By DODERER of Johnson

H-3388 FILED MARCH 28, 1991

*Placed out of Order 4/2*

**HOUSE FILE 601**

H-3392

1 Amend House File 601 as follows:  
2 1. Page 1, by striking lines 23 through 29 and  
3 inserting the following: "acquired in a bulk  
4 acquisition of the portfolio."

By DODERER of Johnson

H-3392 FILED MARCH 28, 1991

*Adopted 4/2 (4/2/91)*

HF 601

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1 Section 1. Section 524.227, subsection 4, paragraph b,  
2 Code 1991, is amended by striking the paragraph.

3 Sec. 2. Section 537.3205, subsection 1, Code 1991, is  
4 amended to read as follows:

5 1. Whether or not a change is authorized by prior  
6 agreement, a creditor may make a change in the terms of an  
7 open end credit account applying to any balance incurred after  
8 the effective date of the change only if ~~either the consumer~~  
9 ~~after receiving disclosure of the change agrees to it in~~  
10 ~~writing or the creditor delivers or mails to the consumer two~~  
11 ~~a written disclosures~~ disclosure of the change, ~~the first at~~  
12 ~~least three months~~ thirty days before the effective date of  
13 the change ~~and the second at a later time before the effective~~  
14 ~~date of the change.~~

15 Sec. 3. Section 537.3205, Code 1991, is amended by adding  
16 the following new subsection:

17 NEW SUBSECTION. 2A. Notwithstanding subsection 2, a  
18 creditor may make a change in the terms of an open end credit  
19 account with respect to a balance incurred before the  
20 effective date of the change if the creditor gives a written  
21 disclosure as provided in subsection 1 and if the credit card  
22 account is part of a portfolio of credit card accounts  
23 acquired in a bulk acquisition of the portfolio. If the  
24 differential treatment resulting from the account being part  
25 of such portfolio is found to be unconstitutional, then a  
26 creditor may make a change in the terms of an open end credit  
27 account with respect to a balance incurred before the  
28 effective date of the change if the creditor gives a written  
29 disclosure as provided in subsection 1.

30 Sec. 4. Section 537.6104, subsection 5, Code 1991, is  
31 amended to read as follows:

32 5. The administrator shall report annually on or before  
33 January 1 to the general assembly on the operation of the  
34 consumer credit protection bureau and the other agencies of  
35 this state charged with administering this chapter, ~~on the use~~

1 of-consumer-credit-in-the-state, and on the problems of  
2 persons of small means obtaining credit from persons regularly  
3 engaged in extending sales or loan credit. For the purpose of  
4 making the report, the administrator may conduct research and  
5 make appropriate studies. The report shall include, for the  
6 consumer credit protection bureau and for other state agencies  
7 enforcing this chapter, a description of the examination and  
8 investigation procedures and policies, a statement of policies  
9 followed in deciding whether to investigate or examine the  
10 offices of credit suppliers subject to this chapter, a  
11 statement of the number and percentages of offices which are  
12 periodically investigated or examined, a statement of the  
13 types of consumer credit problems of both creditors and  
14 consumers which have come to the administrator's attention  
15 through the administrator's examinations and investigations  
16 and the disposition of them under existing law, and  
17 recommendations, if any, for legislation to deal with those  
18 problems within the administrator's general jurisdiction, a  
19 statement of the extent to which the rules of the  
20 administrator pursuant to this chapter are not in harmony with  
21 the rules of administrators in other jurisdictions which enact  
22 the uniform consumer credit code and the reasons for the  
23 variations, and a general statement of the activities of the  
24 administrator's office and of others to promote the purposes  
25 of this chapter. The report shall not identify the creditors  
26 against whom action is taken.

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## EXPLANATION

28 This bill eliminates the requirement that the banking  
29 superintendent include a summary of the volume of consumer  
30 installment credit in the superintendent's annual report to  
31 the administrator of the Iowa consumer credit code.

32 The requirement that the administrator report on the use of  
33 consumer credit to the general assembly is also eliminated.

34 The bill also provides that a creditor may make a change in  
35 the terms of an open end account if the creditor gives written

S.F. \_\_\_\_\_ H.F. 601

1 notice and the account is part of a portfolio of credit card  
2 accounts acquired in bulk by the creditor.

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*Law Commerce 4/3 Amend (3365) Do Pass 4/9/91*

HOUSE FILE 601  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HF 30)

(As Amended and Passed by the House April 2, 1991)

*AW 3752*  
RePassed House, Date 4/23/91 (p. 1459) Passed Senate, Date 4/16/91 (p. 1280)  
Vote: Ayes 48 Nays 1 Vote: Ayes 48 Nays 0  
Approved May 6, 1991 (p. 2160) *motion to reamend (p. 1287) w/2 4/18/91 (p. 1252)*

A BILL FOR

1 An Act relating to open end credit accounts by eliminating the  
2 requirement that the banking division compile and report a  
3 summary of the volume of consumer installment credit to the  
4 administrator of the Iowa consumer credit code and providing  
5 for a change in terms in the agreement.

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

HOUSE FILE 601

S-3365

1 Amend House File 601, as amended, passed, and re-  
2 printed by the House, as follows:  
3 1. Page 1, line 12, by striking the word "thirty"  
4 and inserting the following: "sixty".

By COMMITTEE ON COMMERCE  
PAT DELUSERY, Chairperson

S-3365 FILED APRIL 9, 1991  
*Adopted 4/16/91 (p. 1281)*

SENATE AMENDMENT TO HOUSE FILE 601

H-3752

1 Amend House File 601, as amended, passed, and re-  
2 printed by the House, as follows:  
3 1. Page 1, line 12, by striking the word "thirty"  
4 and inserting the following: "sixty".

RECEIVED FROM THE SENATE

H-3752 FILED APRIL 19, 1991  
*House amended 4/25/91 (p. 1459)*

1 Section 1. Section 524.227, subsection 4, paragraph b,  
2 Code 1991, is amended by striking the paragraph.

3 Sec. 2. Section 537.3205, subsection 1, Code 1991, is  
4 amended to read as follows:

5 1. Whether or not a change is authorized by prior  
6 agreement, a creditor may make a change in the terms of an  
7 open end credit account applying to any balance incurred after  
8 the effective date of the change only if ~~either-the-consumer~~  
9 ~~after-receiving-disclosure-of-the-change-agrees-to-it-in~~  
10 ~~writing-or~~ the creditor delivers or mails to the consumer two  
11 ~~a written disclosures~~ disclosure of the change, ~~the-first~~ at  
3345 12 ~~least three-months~~ thirty days before the effective date of  
13 the change ~~and-the-second-at-a-later-time-before-the-effective~~  
14 ~~date-of-the-change.~~

15 Sec. 3. Section 537.3205, Code 1991, is amended by adding  
16 the following new subsection:

17 NEW SUBSECTION. 2A. Notwithstanding subsection 2, a  
18 creditor may make a change in the terms of an open end credit  
19 account with respect to a balance incurred before the  
20 effective date of the change if the creditor gives a written  
21 disclosure as provided in subsection 1 and if the credit card  
22 account is part of a portfolio of credit card accounts  
23 acquired in a bulk acquisition of the portfolio.

24 Sec. 4. Section 537.6104, subsection 5, Code 1991, is  
25 amended to read as follows:

26 5. The administrator shall report annually on or before  
27 January 1 to the general assembly on the operation of the  
28 consumer credit protection bureau and the other agencies of  
29 this state charged with administering this chapter, ~~on-the-use~~  
30 ~~of-consumer-credit-in-the-state,~~ and on the problems of  
31 persons of small means obtaining credit from persons regularly  
32 engaged in extending sales or loan credit. For the purpose of  
33 making the report, the administrator may conduct research and  
34 make appropriate studies. The report shall include, for the  
35 consumer credit protection bureau and for other state agencies

1 enforcing this chapter, a description of the examination and  
2 investigation procedures and policies, a statement of policies  
3 followed in deciding whether to investigate or examine the  
4 offices of credit suppliers subject to this chapter, a  
5 statement of the number and percentages of offices which are  
6 periodically investigated or examined, a statement of the  
7 types of consumer credit problems of both creditors and  
8 consumers which have come to the administrator's attention  
9 through the administrator's examinations and investigations  
10 and the disposition of them under existing law, and  
11 recommendations, if any, for legislation to deal with those  
12 problems within the administrator's general jurisdiction, a  
13 statement of the extent to which the rules of the  
14 administrator pursuant to this chapter are not in harmony with  
15 the rules of administrators in other jurisdictions which enact  
16 the uniform consumer credit code and the reasons for the  
17 variations, and a general statement of the activities of the  
18 administrator's office and of others to promote the purposes  
19 of this chapter. The report shall not identify the creditors  
20 against whom action is taken.

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HOUSE FILE 601

AN ACT

RELATING TO OPEN END CREDIT ACCOUNTS BY ELIMINATING THE REQUIREMENTS THAT THE BANKING DIVISION COMPILE AND REPORT A SUMMARY OF THE VOLUME OF CONSUMER INSTALLMENT CREDIT TO THE ADMINISTRATOR OF THE IOWA CONSUMER CREDIT CODE AND PROVIDING FOR A CHANGE IN TERMS IN THE AGREEMENT.

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

Section 1. Section 524.227, subsection 4, paragraph b, Code 1991, is amended by striking the paragraph.

Sec. 2. Section 537.3205, subsection 1, Code 1991, is amended to read as follows:

1. Whether or not a change is authorized by prior agreement, a creditor may make a change in the terms of an open end credit account applying to any balance incurred after the effective date of the change only if either ~~the consumer after receiving disclosure of the change agrees to it in writing or the creditor delivers or mails to the consumer two a written disclosures disclosure of the change--the first at least three months sixty days before the effective date of the change and the second at a later time before the effective date of the change.~~

Sec. 3. Section 537.3205, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION: 2A. Notwithstanding subsection 2, a creditor may make a change in the terms of an open end credit

account with respect to a balance incurred before the effective date of the change if the creditor gives a written disclosure as provided in subsection 2 and if the credit card account is part of a portfolio of credit card accounts acquired in a bulk acquisition of the portfolio.

Sec. 4. Section 537.6104, subsection 5, Code 1991, is amended to read as follows:

5. The administrator shall report annually on or before January 1 to the general assembly on the operation of the consumer credit protection bureau and the other agencies of this state charged with administering this chapter, ~~on the use of consumer credit in the state,~~ and on the problems of persons of small means obtaining credit from persons regularly engaged in extending sales or loan credit. For the purpose of making the report, the administrator may conduct research and make appropriate studies. The report shall include, for the consumer credit protection bureau and for other state agencies enforcing this chapter, a description of the examination and investigation procedures and policies, a statement of policies followed in deciding whether to investigate or examine the offices of credit suppliers subject to this chapter, a statement of the number and percentages of offices which are periodically investigated or examined, a statement of the types of consumer credit problems of both creditors and consumers which have come to the administrator's attention through the administrator's examinations and investigations and the disposition of them under existing law, and recommendations, if any, for legislation to deal with those problems within the administrator's general jurisdiction, a statement of the extent to which the rules of the administrator pursuant to this chapter are not in harmony with the rules of administrators in other jurisdictions which enact the uniform consumer credit code and the reasons for the variations, and a general statement of the activities of the administrator's office and of others to promote the purposes



of this chapter. The report shall not identify the creditors against whom action is taken.

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ROBERT C. ARNOULD  
Speaker of the House

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JOE J. WELSH  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 601, Seventy-fourth General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved May 6, 1991

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TERRY E. BRANSTAD  
Governor