

Senate Study Bill 2158

Conference Committee Text

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1 1 Section 1. Section [627.6](#), Code 1995, is amended by adding
1 2 the following new subsection:

1 3 NEW SUBSECTION. 14. The debtor's interest, not to exceed
1 4 two thousand dollars in the aggregate, in any combination of
1 5 the following property:

1 6 a. Any residential rental deposit held by a landlord as a
1 7 security deposit, as well as any interest earned on such
1 8 deposit as a result of any statute or rule requiring that such
1 9 deposit be placed in an interest-bearing account.

1 10 b. Any residential utility deposit held by any electric,
1 11 gas, telephone, or water company as a condition for initiation
1 12 or reinstatement of such utility service, as well as any
1 13 interest earned on such deposit as a result of any statute or
1 14 rule requiring that such deposit be placed in an interest-
1 15 bearing account.

1 16 c. Any rent paid to the landlord in advance of the date
1 17 due under any unexpired residential lease.

1 18 EXPLANATION

1 19 This bill adds a new subsection to the list of property
1 20 which is exempt from execution under section 627.6. This new
1 21 subsection permits a debtor to claim as exempt property a
1 22 limited amount of residential and utility security deposits,
1 23 as well as a limited amount of prepaid rent.

1 24 Although bankruptcy is a federal action, the property that
1 25 may be listed as exempt is controlled by state law. In a
1 26 bankruptcy proceeding, the security deposits and prepaid rent
1 27 must be listed as assets on Schedule B of a debtor's
1 28 bankruptcy filing and the unexpired lease must be listed under
1 29 Schedule G, but under current Iowa law, the deposits and
1 30 prepaid rent cannot be listed as exempt property on Schedule
1 31 C. Under this bill, if a debtor listed such deposits or
1 32 prepaid rent as exempt property, the bankruptcy trustee could
1 33 not force the debtor to turn over such deposits or the cash
1 34 equivalent, nor could the trustee directly collect the
1 35 security deposits or prepaid rent from the landlord or utility
2 1 for use as part of the bankruptcy estate.

2 2 LSB 3850SC 76

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