

REPRINTED

SENATE FILE 508  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 52)

(p. 889)  
Passed Senate, Date 4-1-97 Passed House, Date \_\_\_\_\_  
Vote: Ayes 36 Nays 11 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act allowing account maintenance fees to be charged in  
2 connection with certain consumer lines of credit accounts in  
3 certain financial institutions.

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

5  
6  
7

SENATE FILE 508

S-3304

1 Amend Senate File 508 as follows:  
2 1. Page 1, by striking lines 9 through 18.  
By JOANN DOUGLAS

S-3304 FILED APRIL 1, 1997  
ADOPTED

4-1-97 (p. 888)

S.F. 508

14  
15  
16  
17  
18  
19  
20  
21  
22  
23

DEFINITIONS

1 Section 1. Section 537.2501, subsection 1, Code 1997, is  
2 amended by adding the following new paragraph h and  
3 relettering the existing paragraph h as paragraph i:

4 NEW PARAGRAPH. h. Annual account maintenance fees not to  
5 exceed fifteen dollars, payable in advance, charged by a  
6 supervised financial organization for the privilege of  
7 maintaining a demand deposit account with a line of credit  
8 that may be accessed by the account holder writing a check.

9 Sec. 2. Section 537.2501, subsection 1, Code 1997, is  
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. j. With respect to a consumer loan, a  
12 commitment fee, closing fee, processing fee, or documentation  
13 fee not exceeding fifteen dollars, agreed to in writing by the  
14 creditor and the consumer. However, these charges do not  
15 apply to open-end credit obtained pursuant to a credit card  
16 which entitles the cardholder to purchase or lease goods or  
17 services from at least one hundred persons not related to the  
18 card issuer.

19 EXPLANATION

20 This bill amends Code section 537.2501 which relates to  
21 additional charges which a creditor may contract for and  
22 receive on certain consumer credit transactions.

23 The bill provides that account maintenance fees not to  
24 exceed \$15 and charged on accounts at financial institutions  
25 for "line of credit" or "overdraft loan" checking accounts are  
26 additional charges permitted in consumer credit transactions.

27 The bill permits a creditor in a consumer loan transaction  
28 to contract for and receive a commitment fee, closing fee,  
29 processing fee, or documentation fee. The fee cannot exceed  
30 \$15, must be agreed to in writing, and does not apply to open-  
31 end credit obtained pursuant to a credit card which entitles  
32 the cardholder to purchase or lease goods or services from at  
33 least 100 persons not related to the card issuer.

34  
35

## SENATE FILE 508

S-3273

1 Amend Senate File 508 as follows:

2 1. Page 1, by inserting before line 1 the  
3 following:

4 "Sec. \_\_\_\_ . Section 537.2501, subsection 1,  
5 paragraph g, Code 1997, is amended to read as follows:  
6 g. A surcharge of not more than five percent of  
7 the amount of the face value of the payment instrument  
8 or twenty dollars, whichever is greater, for each  
9 dishonored payment instrument provided that the fee is  
10 clearly and conspicuously disclosed in the cardholder  
11 agreement contract. However, the amount of the  
12 surcharge shall not exceed twenty dollars unless the  
13 check, draft, or order was presented twice or the  
14 maker does not have an account with the drawee. If  
15 the check, draft, or order was presented twice or the  
16 maker does not have an account with the drawee, the  
17 amount of the surcharge shall not exceed fifty  
18 dollars. The surcharge shall not be assessed against  
19 the maker if the reason for the dishonor of the  
20 instrument is that the maker has stopped payment  
21 pursuant to section 554.4403."

22 2. Title page, line 1, by striking the words  
"account maintenance" and inserting the following:  
"certain".

3. By renumbering as necessary.

By DONALD B. REDFERN

S-3273 FILED MARCH 27, 1997

*Adopted 4-1-97*  
*(p. 888)*



1 Section 1. Section 537.2501, subsection 1, paragraph g,  
2 Code 1997, is amended to read as follows:

3 g. A surcharge of not more than five percent of the amount  
4 of the face value of the payment instrument or twenty dollars,  
5 whichever is greater, for each dishonored payment instrument  
6 provided that the fee is clearly and conspicuously disclosed  
7 in the cardholder-agreement contract. However, the amount of  
8 the surcharge shall not exceed twenty dollars unless the  
9 check, draft, or order was presented twice or the maker does  
10 not have an account with the drawee. If the check, draft, or  
11 order was presented twice or the maker does not have an  
12 account with the drawee, the amount of the surcharge shall not  
13 exceed fifty dollars. The surcharge shall not be assessed  
14 against the maker if the reason for the dishonor of the  
15 instrument is that the maker has stopped payment pursuant to  
16 section 554.4403.

17 Sec. 2. Section 537.2501, subsection 1, Code 1997, is  
18 amended by adding the following new paragraph h and  
19 relettering the existing paragraph h as paragraph i:

20 NEW PARAGRAPH. h. Annual account maintenance fees not to  
21 exceed fifteen dollars, payable in advance, charged by a  
22 supervised financial organization for the privilege of  
23 maintaining a demand deposit account with a line of credit  
24 that may be accessed by the account holder writing a check.

25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

SSB 52

Bartz, Chair  
Douglas  
Hynn

Commerce  
Succeeded By  
(SF) HF 508

SENATE FILE  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON JENSEN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act allowing account maintenance fees to be charged in  
2 connection with certain consumer lines of credit accounts in  
3 certain financial institutions.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

1 Section 1. Section 537.2501, subsection 1, Code 1997, is  
2 amended by adding the following new paragraph h and  
3 relettering the existing paragraph h as paragraph i:

4 NEW PARAGRAPH. h. Annual account maintenance fees not to  
5 exceed fifteen dollars, payable in advance, charged by a  
6 credit union organized under chapter 533 or federal law, a  
7 savings and loan association incorporated under chapter 534 or  
8 federal law, a state bank incorporated under chapter 524 or a  
9 national bank chartered pursuant to 12 U.S.C. § 21 et seq. for  
10 the privilege of maintaining a demand deposit account with a  
11 line of credit or home equity line of credit, as defined in  
12 section 535.10, that may be accessed by the account holder.  
13 The fees provided for in this paragraph shall not be  
14 contracted for or collected on any account established to  
15 provide the account holder with open-end credit pursuant to a  
16 credit card where the card issuer receives an annual fee  
17 pursuant to paragraph "d", or any account established to  
18 provide the account holder with a home equity line of credit  
19 where the lender receives an annual account maintenance fee on  
20 such account pursuant to section 535.10, subsection 3. If a  
21 financial institution charges an account maintenance fee  
22 pursuant to this paragraph for the privilege of maintaining a  
23 demand deposit account with a line of credit or a home equity  
24 line of credit that may be accessed by an account holder, then  
25 such accounts shall be made available to all customers of the  
26 financial institution maintaining a demand deposit account  
27 with the financial institution who qualify for extensions of  
28 credit under the same standards and policies of the financial  
29 institution with respect to the line of credit or home equity  
30 line of credit as applied to that account holder.

31 Sec. 2. Section 537.2501, subsection 1, Code 1997, is  
32 amended by adding the following new paragraph:

33 NEW PARAGRAPH. j. With respect to a consumer loan, a  
34 commitment fee, closing fee, processing fee, or documentation  
35 fee not exceeding fifteen dollars, agreed to in writing by the

1 creditor and the consumer. However, these charges do not  
2 apply to open-end credit obtained pursuant to a credit card  
3 which entitles the cardholder to purchase or lease goods or  
4 services from at least one hundred persons not related to the  
5 card issuer.

6 EXPLANATION

7 This bill amends Code section 537.2501 which relates to  
8 additional charges which a creditor may contract for and  
9 receive on certain consumer credit transactions.

10 The bill provides that account maintenance fees not to  
11 exceed \$15 and charged on accounts at financial institutions  
12 for "line of credit" or "overdraft loan" checking accounts are  
13 additional charges permitted in consumer credit transactions.  
14 The bill also provides that the fee provided for in this  
15 section cannot be collected on an open-end credit account  
16 pursuant to a credit card where the card issuer receives an  
17 annual fee pursuant to Code section 537.2501, subsection 1,  
18 paragraph "d", or a home equity line of credit where the  
19 lender receives an annual account maintenance fee pursuant to  
20 Code section 535.10.

21 The bill permits a creditor in a consumer loan transaction  
22 to contract for and receive a commitment fee, closing fee,  
23 processing fee, or documentation fee. The fee cannot exceed  
24 \$15, must be agreed to in writing, and does not apply to open-  
25 end credit obtained pursuant to a credit card which entitles  
26 the cardholder to purchase or lease goods or services from at  
27 least 100 persons not related to the card issuer.

28  
29  
30  
31  
32  
33  
34  
35