

Senate Study Bill 131

Bill Text

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1 1 Section 1. Section [537.1301](#), subsection 42, Code 1997, is
1 2 amended to read as follows:

1 3 42. "Supervised financial organization" means a person,
1 4 other than an insurance company or other organization
1 5 primarily engaged in an insurance business, which is
1 6 organized, chartered, or holding an authorization certificate
1 7 pursuant to chapter 524, 533, or 534, or pursuant to the laws
1 8 of any other state or of the United States which authorizes
1 9 the person to make loans and to receive deposits, including a
1 10 savings, share, certificate or deposit account, and which is
1 11 subject to supervision by an official or agency of this state,
1 12 such other state, or of the United States.

1 13 Sec. 2. Section [537.2202](#), subsection 1, Code 1997, is
1 14 amended to read as follows:

1 15 1. With respect to a consumer credit sale made pursuant to
1 16 open end credit, a creditor may contract for and receive a
1 17 finance charge

~~not exceeding that~~

~~without limitation as to~~

1 18 amount or rate as permitted in this section.

1 19 Sec. 3. Section [537.2202](#), subsection 3, Code 1997, is
1 20 amended by striking the subsection.

1 21 Sec. 4. Section [537.2402](#), subsection 1, Code 1997, is
1 22 amended to read as follows:

1 23 1. If authorized to make supervised loans, a creditor may
1 24 contract for and receive a finance charge without limitation
1 25 as to amount or rate with respect to a loan pursuant to open-
1 26 end credit

~~not exceeding that~~

~~as~~ permitted in this section.

1 27 Sec. 5. Section [537.2402](#), subsections 3, 5, and 6, Code
1 28 1997, are amended by striking the subsections.

1 29 Sec. 6. Section [537.2501](#), subsection 1, paragraph f,
1 30 unnumbered paragraph 1, Code 1997, is amended to read as
1 31 follows:

1 32 With respect to open-end credit

~~pursuant to a credit card~~

1 33

~~issued by the creditor which entitles the cardholder to~~

1 34

~~purchase or lease goods or services from at least one hundred~~

1 35

~~persons not related to the card issuer~~

~~,~~ the parties may

2 1 contract for an over-limit charge up to fifteen dollars if the
2 2 balance of the account exceeds the credit limit established
2 3 pursuant to the agreement. The over-limit charge under this

2 4 paragraph shall not be assessed again in a subsequent billing
2 5 cycle unless in a subsequent billing cycle the account balance
2 6 has been reduced below the credit limit.
2 7 Sec. 7. Section [537.2502](#), subsection 4, Code 1997, is
2 8 amended to read as follows:
2 9 4. With respect to open-end credit

~~obtained pursuant to a~~

2 10

~~credit card issued by the creditor which entitles the~~

2 11

~~cardholder to purchase or lease goods or services from at~~

2 12

~~least one hundred persons not related to the card issuer~~

~~, the~~

2 13 parties may contract for a delinquency charge on any payment
2 14 not paid in full when due, as originally scheduled or as
2 15 deferred, in an amount up to fifteen dollars.

2 16 Sec. 8. Section [537.2502](#), subsections 7 and 8, Code 1997,
2 17 are amended by striking the subsections.

2 18 EXPLANATION

2 19 This bill amends provisions relating to the permissible
2 20 charges which may be contracted for with respect to a consumer
2 21 credit sale or a loan pursuant to open-end credit.

2 22 Code section 537.1301 is amended to include a financial
2 23 institution holding an authorization certificate pursuant to
2 24 the laws of another state under the definition of a supervised
2 25 financial organization for purposes of the consumer credit
2 26 code.

2 27 Code section 537.2202 is amended to provide that a creditor
2 28 may contract for and receive a finance charge without
2 29 limitation as to amount or rate with respect to a consumer
2 30 credit sale made pursuant to open end-credit. Currently, if
2 31 the billing cycle is monthly, the finance charge may not
2 32 exceed 1.65 percent.

2 33 Code section 537.2402 is amended to provide that a creditor
2 34 authorized to make supervised loans may contract for and
2 35 receive a finance charge without limitation as to amount or
3 1 rate with respect to open-end credit as permitted in the
3 2 section. Subsections 3, 5, and 6, which currently establish
3 3 limitations on the finance charge, are stricken. Subsection 3
3 4 limits the finance charge, for open-end credit subject to a
3 5 monthly billing cycle, to an amount equal to 1.65 percent of
3 6 the maximum balance amount as determined under subsection 2.
3 7 Subsection 5 provides that a creditor may contract and receive
3 8 a finance charge without limitation with respect to a loan
3 9 pursuant to open-end credit obtained pursuant to a credit card
3 10 issued by a creditor which entitles the cardholder to purchase
3 11 or lease goods from at least 100 persons not related to the
3 12 card issuer. Subsection 6 provides that if the differential
3 13 treatment based upon the number of persons honoring a credit
3 14 card is unconstitutional, a creditor may receive a maximum
3 15 finance charge of 22 percent per year for a loan pursuant to
3 16 open-end credit.

3 17 Code sections 537.2501 and 537.2502 are amended to provide
3 18 that the over-limit charge of up to \$15 and the delinquency
3 19 charge of up to \$15 apply to all open-end credit accounts.
3 20 Currently, those charges apply to credit obtained pursuant to
3 21 a credit card issued by a creditor which entitles the
3 22 cardholder to purchase or lease goods from at least 100
3 23 persons not related to the card issuer.

3 24 Subsections 7 and 8 of Code section 537.2502, which pertain
3 25 to delinquency charges, are stricken. Subsection 7 provides
3 26 that if the differential treatment based upon the number of
3 27 persons honoring a credit card is unconstitutional, the
3 28 parties may contract for a delinquency charge in an amount up
3 29 to \$15 in any consumer credit transaction pursuant to open-end
3 30 credit. Subsection 8 provides that with respect to open-end
3 31 credit obtained pursuant to a credit card issued by the
3 32 creditor which entitles the cardholder to purchase or lease
3 33 goods or services from less than 100 persons not related to
3 34 the card issuer, the parties may contract for a delinquency
3 35 charge on any payment not paid in full within 30 days after
4 1 its due date, as originally scheduled or as deferred, in an
4 2 amount not to exceed \$10. The subsection provides that a
4 3 delinquency charge is not to be collected more than once on
4 4 any one payment, regardless of the length of time the payment
4 5 remains delinquent.
4 6 LSB 1910SC 77
4 7 mj/sc/14