

Senate Study Bill 49

Bill Text

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1 1 Section 1. Section [537.2504](#), unnumbered paragraph 1, Code
1 2 1997, is amended to read as follows:

1 3 With respect to a consumer credit transaction in which the
1 4 rate of finance charge required to be disclosed in the
1 5 transaction pursuant to section 537.3201 does not exceed
1 6 eighteen percent per year, other than a consumer lease or a
1 7 consumer rental purchase agreement, the creditor may, by
1 8 agreement with the consumer, refinance the unpaid balance and
1 9 may contract for and receive a finance charge based on the
1 10 amount financed resulting from the refinancing at a rate not
1 11 exceeding that permitted by the provisions on finance charge
1 12 for consumer credit sales other than open end credit in
1 13 section 537.2201 if a consumer credit sale is refinanced, the
1 14 provisions on finance charge for a consumer loan other than a
1 15 supervised loan in section 537.2401, subsection 1, or the
1 16 provisions on finance charge for a supervised loan not
1 17 pursuant to open end credit in section 537.2401, subsection 2,
1 18 as applicable, if a consumer loan is refinanced. With respect
1 19 to a consumer credit transaction in which the rate of finance
1 20 charge required to be disclosed in the transaction to the
1 21 consumer pursuant to section 537.3201 exceeds eighteen percent
1 22 per year, other than a consumer lease or a consumer rental
1 23 purchase agreement, the creditor may by agreement with the
1 24 consumer, refinance the unpaid balance and may contract for
1 25 and receive a finance charge based on the amount financed
1 26 resulting from the refinancing at a rate of finance charge not
1 27 to exceed that

~~which was required to be disclosed in the~~

1 28

~~original transaction to the consumer~~

~~rate permitted for~~

1 29 consumer credit sales pursuant to section

~~537.3201~~

~~537.2201 or~~

1 30 the rate permitted for consumer loans pursuant to section
1 31 537.2401, whichever is greater. For the purpose of
1 32 determining the finance charge permitted, the amount financed
1 33 resulting from the refinancing consists of:

1 34 Sec. 2. Section [537.2505](#), subsection 3, Code 1997, is
1 35 amended by striking the subsection and inserting in lieu

2 1 thereof the following:

2 2 3. Upon the consolidation of any debt arising from or in
2 3 combination from a consumer credit sale, lender credit card,
2 4 seller credit card, or consumer loan, the creditor may
2 5 contract for and receive the finance charge at a rate
2 6 permitted for consumer credit sales pursuant to section
2 7 537.2201 or permitted for consumer loans pursuant to section
2 8 537.2401, whichever is greater.

2 9 EXPLANATION

2 10 This bill regulates the finance charge that may be imposed
2 11 for refinancing certain consumer credit transactions in which
2 12 the rate of interest required to be disclosed pursuant to the

2 13 federal Truth in Lending Act exceeds 18 percent per year.
2 14 Currently the permitted rate is based on the amount which was
2 15 required to be disclosed in the original transaction. This
2 16 bill provides that the rate is the same as permitted for
2 17 consumer credit sales pursuant to Code section 537.2201 or for
2 18 consumer loans pursuant to Code section 537.2401, whichever is
2 19 more.

2 20 The bill also amends a section providing for the
2 21 consolidation of debts arising from consumer loans, consumer
2 22 credit sales, lender credit cards, or seller credit cards.
2 23 Currently, if the consolidated debt arises from consumer loans
2 24 the finance charge must be the same as for consumer loans as
2 25 regulated pursuant to Code section 537.2401. If the
2 26 consolidation includes a debt arising from a consumer credit
2 27 sale, or a lender credit card, the rate must be the same as
2 28 for consumer credit sales as regulated in Code section
2 29 537.2201. This bill provides that upon consolidation of any
2 30 debt arising from a consumer credit sale, lender credit card,
2 31 seller credit card, or consumer loan, the rate must be the
2 32 same as provided pursuant to Code section 537.2201 or
2 33 537.2401, whichever is more.

2 34 LSB 1819SC 77

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