

FEB 8 2000

COMMERCE AND REGULATION

HOUSE FILE
BY CARROLL

2178

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the rate of permissible finance charge on
2 certain consumer loans.

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

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HF 2178

1 Section 1. Section 535.11, subsections 1, 3, 4, and 5,
2 Code 1999, are amended to read as follows:

3 1. Except where the parties have agreed in writing for the
4 payment of a different finance charge or rate of interest, a
5 creditor may charge a finance charge on the unpaid balances of
6 an account receivable or a consumer loan at a rate not
7 exceeding that permitted by subsection 3 or 4 ~~of this section~~
8 if the creditor gives notice as required by subsection 2 ~~of~~
9 ~~this section~~.

10 3. With respect to an account other than an open account,
11 the creditor may impose a finance charge not exceeding that
12 permitted by section 537.2201, subsections 2 to 5, or section
13 537.2401, as applicable.

14 4. With respect to an open account, the creditor may
15 impose a finance charge not exceeding that permitted by
16 section 537.2202, subsection 2, or section 537.2402, as
17 applicable.

18 5. As used in this section, "finance charge" means as
19 defined in section 537.1301; ~~and~~ "account receivable" means a
20 debt arising from the retail sale of goods or services or both
21 on credit; "consumer loan" means as defined in section
22 537.1301; and "open account" means an account receivable
23 consisting of debt arising from the extension of open-end
24 credit, as defined in section 537.1301.

25 EXPLANATION

26 This bill amends Code section 535.11 to include consumer
27 loans with respect to the finance charge which may be charged
28 to certain accounts receivable. The bill specifically
29 includes consumer loans under this section and provides that,
30 with respect to a consumer loan not pursuant to open-end
31 credit, the creditor may impose a finance charge not exceeding
32 that permitted under section 537.2401, and with respect to a
33 consumer loan pursuant to open-end credit, a creditor may
34 impose a finance charge not to exceed that permitted under
35 Code section 537.2402.