

Senate Study Bill 1101

Bill Text

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1 1 Section 1. Section [537.2501](#), subsection 1, Code 1999, is
1 2 amended by adding the following new paragraph:

1 3 NEW PARAGRAPH. i. With respect to a creditor which is a
1 4 bank organized under chapter 524 or 12 U.S.C. } 21, an annual
1 5 account maintenance fee, payable in advance, for the privilege
1 6 of maintaining a demand deposit account with a line of credit
1 7 that may be accessed by the account holder writing a check.

1 8 Sec. 2. Section [537.2502](#), Code 1999, is amended to read as
1 9 follows:

1 10 [537.2502](#) DELINQUENCY CHARGES.

1 11 1. With respect to a

~~precomputed~~

- consumer credit

1 12

~~transaction~~

- sale, a consumer loan, open-end credit, or a home

1 13 equity line of credit under section 535.10, the parties may
1 14 contract for a delinquency charge on any installment or
1 15 payment not paid in full within ten days after its due date,
1 16 as originally scheduled or as deferred, in an amount not
1 17 exceeding the greater of either of the following:

1 18 a. Five percent of the unpaid amount of the installment or
1 19 payment, or a maximum of twenty dollars.

1 20 b. The deferral charge that would be permitted to defer
1 21 the unpaid amount of the installment or payment for the period
1 22 that it is delinquent.

1 23 2. A delinquency charge under subsection 1, paragraph "a",
1 24 may be collected only once on an installment or payment
1 25 however long it remains in default.

~~No~~

- A delinquency charge

1 26

~~may~~

- shall not be collected with respect to a deferred

1 27 installment or payment unless the installment or payment is
1 28 not paid in full within ten days after its deferred due date.

1 29 A delinquency charge may be collected at the time it accrues
1 30 or at any time afterward.

1 31 3.

~~No~~

- A delinquency charge

~~may~~

- shall not be collected

1 32 under subsection 1, paragraph "a", on an installment or
1 33 payment which is paid in full within ten days after its
1 34 scheduled or deferred installment or payment due date even
1 35 though an earlier maturing installment or payment or a

2 1 delinquency or deferral charge on an earlier installment or
2 2 payment may not have been paid in full. For purposes of this
2 3 subsection payments on a consumer credit sale, a consumer

2 4 loan, or a home equity line of credit under section 535.10 are
2 5 applied first to current installments or payments and then to
2 6 delinquent installments or payments, and payments on open-end
2 7 credit are applied first to an amount due for the current
2 8 billing cycle and then to delinquent payments.
2 9

~~4. With respect to open end credit, the parties may~~

~~2 10~~

~~contract for a delinquency charge on any payment not paid in~~

~~2 11~~

~~full when due, as originally scheduled or as deferred, in an~~

~~2 12~~

~~amount up to fifteen dollars.~~

~~2 13~~

~~5. A delinquency charge under subsection 4 may be~~

~~2 14~~

~~collected only once on a payment however long it remains in~~

~~2 15~~

~~default. A delinquency charge shall not be collected with~~

~~2 16~~

~~respect to a deferred payment unless the payment is not paid~~

~~2 17~~

~~in full on or before its deferred due date. A delinquency~~

~~2 18~~

~~charge may be collected at the time it accrues or at any time~~

~~2 19~~

~~afterward.~~

~~2 20~~

~~6. A delinquency charge shall not be collected under~~

~~2 21~~

~~subsection 4 on a payment which is paid in full on or before~~

~~2 22~~

~~its scheduled or deferred due date even though an earlier~~

~~2 23~~

~~maturing payment or a delinquency or deferred charge on an~~

~~2 24~~

~~earlier payment has not been paid in full. For purposes of~~

2 25

~~this subsection, payments are applied first to amounts due for~~

2 26

~~the current billing cycle and then to delinquent payments.~~

2 27

EXPLANATION

2 28 This bill amends Code section 537.2501 and provides that in
2 29 addition to other permissible charges, a state or national
2 30 bank may charge an annual account maintenance fee, payable in
2 31 advance, for the privilege of maintaining a demand deposit
2 32 account with a line of credit that may be accessed by the
2 33 account holder writing a check.

2 34 This bill amends Code section 537.2502 relating to
2 35 delinquency charges associated with certain consumer credit
3 1 transactions. The bill provides that the parties to a
3 2 consumer credit sale, a consumer loan, or a home equity line
3 3 of credit may contract for a delinquency charge on any
3 4 installment or payment not paid in full within 10 days after
3 5 its due date, as originally scheduled or as deferred, in an
3 6 amount not exceeding the greater of five percent of the unpaid
3 7 amount of the installment or payment, or a maximum of \$20; or
3 8 a deferral charge that would be permitted to defer the unpaid
3 9 amount of the installment or payment for the period that it is
3 10 delinquent. Under current law, such delinquency charge
3 11 applies only to precomputed consumer credit transactions.

3 12 The bill increases the maximum delinquency charge which may
3 13 be assessed with respect to open-end credit from \$15 to the
3 14 greater of \$20 or a deferral charge that would be permitted to
3 15 defer the unpaid amount for the period that it is delinquent.
3 16 The bill also provides that a delinquency charge shall not be
3 17 collected with respect to an amount that is paid in full
3 18 within 10 days after its scheduled or deferred due date.
3 19 Currently, there is no 10-day grace period and a delinquency
3 20 charge can be collected if a payment amount is not paid in
3 21 full on or before its scheduled or deferred due date.

3 22 LSB 2155SC 78

3 23 mj/sc/14