

1 SENATE CONCURRENT RESOLUTION NO. 104

2 BY BOLKCOM

3 A Concurrent Resolution providing for the establishment
4 of a committee by the legislative council to conduct
5 a study of predatory or subprime lending practices.

6 WHEREAS, the loosening of federal banking and other
7 financial regulations since the 1980s has led to the
8 development of "fringe banking" services such as
9 "payday" lenders that often exploit consumers with
10 limited resources, low credit ratings, and short-term
11 cash flow problems by lending small dollar amounts at
12 high rates of interest, until the borrower receives a
13 paycheck; and

14 WHEREAS, every year more citizens of Iowa are
15 deceived by unconscionable mortgage practices, auto
16 loan and rent-to-own agreements, and misleading
17 promises of rapid refund tax advances; and

18 WHEREAS, an increasing number of states, including
19 Iowa, are considering the enactment of additional
20 financial regulations regarding abuses of consumers by
21 these fringe banking services; NOW THEREFORE,

22 BE IT RESOLVED BY THE SENATE, THE HOUSE OF
23 REPRESENTATIVES CONCURRING, That the legislative
24 council is requested to appoint an interim study
25 committee to conduct a comprehensive study of certain
26 alternative consumer lending practices and businesses
27 including, but not limited to, check cashing outlets,
28 payday loan companies, high-cost first and second
29 mortgages, subprime auto loans, rapid refund income
30 tax advances, rent-to-own companies, and other short-

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1 term lending practices utilizing excessive fees and
2 rates of interest; and

3 BE IT FURTHER RESOLVED, That the interim study
4 committee shall be composed of 10 members consisting
5 of members from both political parties and both houses
6 of the general assembly; and

7 BE IT FURTHER RESOLVED, That the interim committee
8 is authorized to meet on five days and at least one of
9 these days shall be set aside for the purpose of
10 holding a public hearing to receive oral or written
11 testimony from the general public regarding consumer
12 lending practices; and

13 BE IT FURTHER RESOLVED, That the committee shall be
14 staffed by the legislative services agency and any
15 other state agency shall provide such information and
16 assistance as deemed necessary by the committee. The
17 committee should begin its deliberations following the
18 adjournment of the 2004 regular session of the general
19 assembly and shall issue its findings and
20 recommendations in a final report delivered to the
21 general assembly no later than November 15, 2004.

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