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COMMERCE

SENATE FILE 2083
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Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

An Act relating to required notices and disclosures of delayed deposit services, prohibited acts by licensees, and providing for fees.

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

SF 2083 COMMERCE

TLSB 5822XS 80
kk/cf/24

S.F. 2083 H.F. _____

Section 1. Section 533D.9, Code 2003, is amended to read as follows:

533D.9 FEE RESTRICTION -- REQUIRED DISCLOSURE.

1. A licensee shall not charge, contract for, or directly or indirectly receive any interest, fees, or charges, except those specifically authorized by this section:

a. TRANSACTION FEE. A licensee shall not charge a fee in excess of ~~fifteen~~ five dollars ~~on the first one~~ per hundred dollars ~~on the face amount~~ of ~~a check or more than ten dollars on subsequent one hundred dollar increments on the face amount of the check for services provided by the licensee, or pro rata for any portion of one hundred dollars face value~~ the amount financed. However, the licensee may receive a minimum charge of five dollars when the amount financed exceeds seventy-five dollars, or three dollars and fifty cents when the amount financed exceeds fifty dollars.

b. DEFAULT FEE. If the check is not negotiable on the date agreed upon, a licensee may charge a default fee, not to exceed fifteen dollars. Only one such fee may be collected with respect to a check even if it has been redeposited and returned more than once, no matter how long the check remains unpaid. A fee charged pursuant to this section is a licensee's exclusive remedy and charge for late payment or nonpayment.

2. A licensee shall give to the maker of the check, at the time any delayed deposit service transaction is made, or if there are two or more makers, to one of them, notice written in clear, understandable language disclosing all of the following:

a. The transaction fee to be charged ~~for the transaction~~.

b. The annual percentage rate on the ~~first hundred dollars on the face amount of the check which the fee represents, and the annual percentage rate on subsequent one hundred dollar increments which the fee represents, if different~~ transaction.

c. The date on which the check will be deposited or

presented for negotiation.

d. ~~Any penalty, not to exceed fifteen dollars, which~~ The default fee that the licensee will charge if the check is not negotiable on the date agreed upon. ~~A penalty~~ The notice shall state that the default fee to be charged pursuant to this section shall only be collected by the licensee once on a check no matter how long the check remains unpaid~~. A penalty~~; and that a default fee to be charged pursuant to this section is a licensee's exclusive remedy and if a licensee charges a ~~penalty~~ default fee pursuant to this section no other penalties under this chapter or any other provision apply.

3. In addition to the notice required by subsection 2, every licensee shall conspicuously display a schedule of all fees, charges, and penalties for all services provided by the licensee authorized by this section. The notice shall be posted at the office and every branch office of the licensee. The licensee shall provide a written schedule of the fees, charges, interest rates, and penalties upon request.

4. The licensee shall make all notices and disclosures required under this section available in the languages spoken by consumers who frequent that location.

Sec. 2. Section 533D.10, Code 2003, is amended to read as follows:

533D.10 PROHIBITED ACTS BY LICENSEE.

1. A licensee shall not do any of the following:

a. Hold from any one maker more than ~~two checks~~ one check at any one time.

b. Hold from any one maker a check ~~or checks in an aggregate face amount~~ of more than ~~five~~ three hundred dollars at any one time.

c. Hold or agree to hold a check for ~~more~~ less than ~~thirty one~~ thirty days.

d. Require the maker to receive payment by a method ~~which~~ that causes the maker to pay additional or further fees and charges to the licensee or another person.

1 e. Repay, refinance, or otherwise consolidate a postdated
2 check transaction with the proceeds of another postdated check
3 transaction made by the same licensee.
4 f. Receive any other charges or fees in addition to the
5 fees listed in section 533D.9, ~~subsections~~ subsection 1 ~~and 2~~.
6 g. The termination of a delayed deposit transaction either
7 through the payment of the consumer's check by the drawee
8 bank, through the return of the check to a consumer who
9 redeems it for consideration, through expiration of the
10 check's maturity date, or through any other method of
11 termination. The licensee shall not enter into another
12 delayed deposit transaction with the same consumer for at
13 least two days after the termination of a delayed deposit
14 transaction either through the payment of the consumer's check
15 by the drawee bank, through the return of the check to a
16 consumer who redeems it for consideration, through expiration
17 of the check's maturity date, or through any other method of
18 termination. However, the licensee may extend the term of the
19 loan without charge.
20 2. For purposes of this section, "licensee" includes a
21 person related to the licensee by common ownership or control,
22 a person in whom the licensee has any financial interest, or
23 any employee or agent of the licensee.
24 EXPLANATION
25 This bill makes amendments to Code chapter 533D, delayed
26 deposit services, more commonly known as payday loans.
27 The bill specifically amends Code section 533D.9 to require
28 licensees to limit the fees that can be charged in connection
29 with a delayed deposit transaction, to make available upon
30 request written schedules of charges, fees, penalties, and
31 interest rates that are posted on location, and to provide
32 that notices and disclosures be provided in languages spoken
33 by the consumers.
34 The bill also amends Code section 533D.10 to prohibit a
35 licensee from holding more than one check from a maker at any

one time, limiting that check to $300 instead of $500, and requiring at least a two-day waiting period at the conclusion of a delayed deposit transaction before entering into another transaction with the same consumer. The bill strikes the 31-day maximum loan period and provides for a minimum loan period of 30 days.