

# House Study Bill 772

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
GOVERNMENT OVERSIGHT BILL  
BY CHAIRPERSON ALONS)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act concerning the military division of the department of  
2 public defense.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 6623HC 81  
5 ec/gg/14

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1 1 Section 1. Section 29A.99, Code 2005, is amended by  
1 2 striking the section and inserting in lieu thereof the  
1 3 following:  
1 4 29A.99 MAXIMUM RATE OF INTEREST.  
1 5 1. An obligation or liability bearing interest at a rate  
1 6 in excess of six percent per year that is incurred by a  
1 7 service member either individually or jointly with the service  
1 8 member's spouse before the service member enters military  
1 9 service shall not bear interest at a rate in excess of six  
1 10 percent per year during the service member's period of  
1 11 military service. Interest that would otherwise be incurred  
1 12 but for the prohibition in this section is forgiven. The  
1 13 amount of any periodic payment due from a service member under  
1 14 the terms of the instrument that created an obligation or  
1 15 liability covered by this section shall be reduced by the  
1 16 amount of the interest forgiven under this section that is  
1 17 allocable to the period for which such payment is made.  
1 18 2. In order for an obligation or liability of a service  
1 19 member to be subject to the interest rate limitation in this  
1 20 section, the service member shall provide to the creditor  
1 21 written notice and a copy of the military orders calling the  
1 22 service member to military service and any orders further  
1 23 extending military service, not later than one hundred eighty  
1 24 days after the date of the service member's termination or  
1 25 release from military service. Upon receipt of written notice  
1 26 and a copy of orders calling a service member to military  
1 27 service, the creditor shall treat the debt in accordance with  
1 28 this section, effective as of the date on which the service  
1 29 member is called to military service.  
1 30 3. A court may grant a creditor relief from the  
1 31 limitations of this section if, in the opinion of the court,  
1 32 the ability of the service member to pay interest upon the  
1 33 obligation or liability at a rate in excess of six percent per  
1 34 year is not materially affected by reason of the service  
1 35 member's military service.  
2 1 4. As used in this section, the term "interest" includes  
2 2 service charges, renewal charges, fees, or any other charges,  
2 3 except for bona fide insurance, with respect to an obligation  
2 4 or liability.  
2 5 Sec. 2. Section 29A.101A, Code 2005, is amended by  
2 6 striking the section and inserting in lieu thereof the  
2 7 following:  
2 8 29A.101A TERMINATION OF LEASE BY SERVICE MEMBER ==  
2 9 PENALTY.  
2 10 1. For purposes of this section, unless the context  
2 11 otherwise requires:  
2 12 a. "Premises lease" means a lease of premises occupied, or  
2 13 intended to be occupied, by a service member or a service  
2 14 member's dependents for a residential, professional, business,  
2 15 agricultural, or similar purpose if either of the following  
2 16 applies:  
2 17 (1) The lease is executed by or on behalf of a person who  
2 18 thereafter and during the term of the lease enters military

2 19 service.

2 20 (2) The service member, while in military service,  
2 21 executes the lease and thereafter receives military orders for  
2 22 a permanent change of station or to deploy with a military  
2 23 unit, or as an individual in support of a military operation,  
2 24 for a period of not less than ninety days.

2 25 b. "Vehicle lease" means a lease of a motor vehicle used,  
2 26 or intended to be used, by a service member or a service  
2 27 member's dependents for personal or business transportation if  
2 28 either of the following applies:

2 29 (1) The lease is executed by or on behalf of a person who  
2 30 thereafter and during the term of the lease enters military  
2 31 service under a call or order specifying a period of service  
2 32 of not less than ninety days, or who enters military service  
2 33 under a call or order specifying a period of ninety days of  
2 34 service or less and who, without a break in service, receives  
2 35 orders extending the period of military service to a period of  
3 1 not less than ninety days.

3 2 (2) The service member, while in military service,  
3 3 executes the lease and thereafter receives military orders to  
3 4 deploy with a military unit, or as an individual in support of  
3 5 a military operation, for a period of not less than ninety  
3 6 days.

3 7 2. A service member may terminate a premises lease or  
3 8 vehicle lease pursuant to the requirements of this section.  
3 9 Termination of a premises lease or vehicle lease shall be made  
3 10 as follows:

3 11 a. By delivery by the lessee of written notice of such  
3 12 termination, and a copy of the service member's military  
3 13 orders, to the lessor or the lessor's grantee, or to the  
3 14 lessor's agent or the agent's grantee. A lessee's termination  
3 15 of a lease pursuant to this subsection shall terminate any  
3 16 obligation a dependent of the lessee may have under the lease.  
3 17 For purposes of this paragraph, written notice may be  
3 18 accomplished by hand delivery, by private business carrier, or  
3 19 by placing the written notice in an envelope with sufficient  
3 20 postage and with return receipt requested, and addressed as  
3 21 designated by the lessor or the lessor's grantee or to the  
3 22 lessor's agent or the agent's grantee, and depositing the  
3 23 written notice in the United States mail.

3 24 b. In the case of a vehicle lease, by return of the motor  
3 25 vehicle by the lessee to the lessor or the lessor's grantee,  
3 26 or to the lessor's agent or the agent's grantee, not later  
3 27 than fifteen days after the date of the delivery of written  
3 28 notice under paragraph "a". A lessee's termination of a lease  
3 29 pursuant to this subsection shall terminate any obligation a  
3 30 dependent of the lessee may have under the lease.

3 31 3. In the case of a premises lease that provides for  
3 32 monthly payment of rent, termination of the lease is effective  
3 33 thirty days after the first date on which the next rental  
3 34 payment is due and payable after the date on which the notice  
3 35 is delivered. In the case of any other premises lease,  
4 1 termination of the lease is effective on the last day of the  
4 2 month following the month in which the notice is delivered.

4 3 4. In the case of a vehicle lease, termination of the  
4 4 lease is effective on the day on which the vehicle is  
4 5 delivered to the lessor or the lessor's grantee.

4 6 5. Rents or lease amounts unpaid for the period preceding  
4 7 the effective date of the lease termination shall be paid on a  
4 8 prorated basis. In the case of a vehicle lease, the lessor  
4 9 may not impose an early termination charge, but any taxes,  
4 10 summonses, and title and registration fees and any other  
4 11 obligation and liability of the lessee in accordance with the  
4 12 terms of the lease, including reasonable charges to the lessee  
4 13 for excess wear, use, and mileage, that are due and unpaid at  
4 14 the time of termination of the lease shall be paid by the  
4 15 lessee.

4 16 6. Rents or lease amounts paid in advance for a period  
4 17 after the effective date of the termination of the lease shall  
4 18 be refunded to the lessee by the lessor or the lessor's  
4 19 assignee or the assignee's agent within thirty days of the  
4 20 effective date of the termination of the lease.

4 21 7. Upon application by the lessor to a court before the  
4 22 termination date provided in the written notice, relief  
4 23 granted by this section to a service member may be modified as  
4 24 justice and equity require.

4 25 8. a. Any person who knowingly seizes, holds, or detains  
4 26 the personal effects, security deposit, or other property of a  
4 27 service member or a service member's dependent who lawfully  
4 28 terminates a lease covered by this section, or who knowingly  
4 29 interferes with the removal of such property from premises

4 30 covered by such lease, for the purpose of subjecting or  
4 31 attempting to subject any of such property to a claim for rent  
4 32 accruing subsequent to the date of termination of such lease,  
4 33 or attempts to do so, commits a simple misdemeanor.

4 34 b. The remedy and rights provided under this section are  
4 35 in addition to and do not preclude any remedy for wrongful  
5 1 conversion otherwise available under law to the person  
5 2 claiming relief under this section.

5 3 EXPLANATION

5 4 The Iowa national guard civil relief provisions of Code  
5 5 chapter 29A are amended by the bill. Code section 29A.99,  
5 6 regarding the maximum rate of interest that may be charged on  
5 7 preservice obligations, is rewritten by the bill. The bill  
5 8 provides that the interest protection provided by the section  
5 9 applies to joint obligations of a service member and the  
5 10 service member's spouse and that any interest over 6 percent  
5 11 is forgiven.

5 12 Code section 29A.101A, regarding termination of preservice  
5 13 leases, is also rewritten by the bill. The rewritten section  
5 14 provides that the lease termination provisions currently  
5 15 applicable to real property leases also apply to motor vehicle  
5 16 leases. The section sets out the notice and termination  
5 17 requirements for each type of lease and provides that for  
5 18 vehicle leases, the vehicle must be returned. The current  
5 19 simple misdemeanor penalty for interference with a service  
5 20 member or dependent in the exercise of rights under the  
5 21 section is retained in the rewritten section.

5 22 LSB 6623HC 81  
5 23 ec:nh/gg/14.1