

House File 2258 - Introduced

HOUSE FILE _____
BY BERRY

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

A BILL FOR

1 An Act relating to authorized delayed deposit service
2 transactions, and making penalties applicable.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 6207YH 82
5 rn/nh/5

PAG LIN

1 1 Section 1. Section 533D.9, Code 2007, is amended to read
1 2 as follows:

1 3 533D.9 FEE RESTRICTION == REQUIRED ~~DISCLOSURE~~ DISCLOSURES
1 4 == RIGHT OF RECISION.

1 5 1. A licensee shall not charge a fee in excess of fifteen
1 6 dollars on the first one hundred dollars on the face amount of
1 7 a check or more than ten dollars on subsequent one hundred
1 8 dollar increments on the face amount of the check for services
1 9 provided by the licensee, or pro rata for any portion of one
1 10 hundred dollars face value.

1 11 2. A licensee shall give to the maker of the check, at the
1 12 time any delayed deposit service transaction is made, or if
1 13 there are two or more makers, to one of them, notice written
1 14 in clear, understandable language disclosing all of the
1 15 following:

1 16 a. The fee to be charged for the transaction.

1 17 b. The annual percentage rate as computed pursuant to the
1 18 federal Truth in Lending Act, and the corresponding dollar
1 19 value of the finance charge imposed.

1 20 c. The date on which the check will be deposited or
1 21 presented for negotiation.

1 22 d. Any penalty, not to exceed fifteen dollars, which the
1 23 licensee will charge if the check is not negotiable on the
1 24 date agreed upon. A penalty to be charged pursuant to this
1 25 section shall only be collected by the licensee once on a
1 26 check no matter how long the check remains unpaid. A penalty
1 27 to be charged pursuant to this section is a licensee's
1 28 exclusive remedy and if a licensee charges a penalty pursuant
1 29 to this section no other penalties under this chapter or any
1 30 other provision apply.

1 31 e. The right to rescind at no cost the transaction on or
1 32 before the close of the following business day.

1 33 f. The option of repaying the amount of the check over a
1 34 longer period of time than originally reflected on the check,
1 35 at no additional charge, if the maker of the check indicates

2 1 the check will otherwise not be negotiable. The
2 2 superintendent shall by rule establish procedures and
2 3 timeframes applicable to this paragraph.

2 4 3. In addition to the notice required by subsection 2,
2 5 every licensee shall conspicuously display a schedule of all
2 6 fees, charges, and penalties for all services provided by the
2 7 licensee authorized by this section. The notice shall be
2 8 posted at the office and every branch office of the licensee.

2 9 Sec. 2. Section 533D.10, subsection 1, paragraph c, Code
2 10 2007, is amended to read as follows:

2 11 c. Hold or agree to hold a check for more than thirty=one
2 12 days, other than pursuant to the repayment option provisions
2 13 of section 533D.9, subsection 2, paragraph "f", or extend or
2 14 agree to extend the holding period of a check beyond
2 15 thirty=one days pursuant to section 533D.9, subsection 2,
2 16 paragraph "f", by imposing a fee or charge for the extension.

2 17 Sec. 3. Section 533D.10, subsection 1, Code 2007, is
2 18 amended by adding the following new paragraph:

2 19 NEW PARAGRAPH. g. Pursue or threaten to pursue criminal
2 20 action against the maker if a check is not negotiable on the

2 21 date agreed upon.

2 22

EXPLANATION

2 23 This bill relates to practices authorized in connection
2 24 with a delayed deposit services transaction.

2 25 The bill provides that notice must be given by a delayed
2 26 deposit service licensee to a customer of the actual dollar
2 27 value of the finance charge imposed by the licensee for the
2 28 transaction, the right to rescind the transaction at no cost
2 29 before the close of the following business day, and the option
2 30 of repaying the amount of the check over a longer period of
2 31 time than originally reflected on the check, at no additional
2 32 charge, if the customer indicates the check will otherwise not
2 33 be negotiable.

2 34 The bill additionally provides that a licensee shall not
2 35 extend or agree to extend the holding period of a check beyond
3 1 31 days other than pursuant to a repayment option provision,
3 2 and shall not impose a fee or charge for a repayment option
3 3 extension, or pursue or threaten to pursue criminal action
3 4 against the customer if the check is not negotiable on the
3 5 date agreed upon.

3 6 Existing penalties, including an administrative fine of
3 7 \$5,000 per violation, would be applicable to violations of the
3 8 bill's provisions.

3 9 LSB 6207YH 82

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