

Senate File 132 - Introduced

SENATE FILE _____
BY BOLKCOM _____

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

A BILL FOR

1 An Act relating to delayed deposit services including fees,
2 notices, transaction amounts, and reporting requirements.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2238XS 82
5 rn/gg/14

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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.

1 4 1. a. A licensee shall not charge a transaction fee in
1 5 excess of fifteen five dollars on the first per one hundred
1 6 dollars on the face amount of a check or more than ten dollars
~~1 7 on subsequent one hundred dollar increments on the face amount~~
~~1 8 of the check of the amount financed for services provided by~~
1 9 the licensee, or pro rata for any portion of one hundred
1 10 dollars face value.

1 11 b. If the check is not negotiable on the date agreed upon,
1 12 a licensee may charge a default fee, not to exceed fifteen
1 13 dollars. Only one such fee may be collected with respect to a
1 14 check even if the check has been redeposited and returned more
1 15 than once, regardless of how long the check remains unpaid. A
1 16 fee charged pursuant to this subsection is a licensee's
1 17 exclusive remedy and charge for late payment or nonpayment.

1 18 2. A licensee shall give to the maker of the check, at the
1 19 time any delayed deposit service transaction is made, or if
1 20 there are two or more makers, to one of them, notice written
1 21 in clear, understandable language disclosing all of the
1 22 following:

1 23 a. The transaction fee to be charged ~~for the transaction.~~

1 24 b. The annual percentage rate as computed pursuant to the
1 25 federal Truth in Lending Act.

1 26 c. The date on which the check will be deposited or
1 27 presented for negotiation.

1 28 d. ~~Any penalty~~ The default fee, not to exceed fifteen
1 29 dollars, ~~which that~~ the licensee will charge if the check is
1 30 not negotiable on the date agreed upon. ~~A penalty~~ The notice
1 31 shall state that the default fee to be charged pursuant to

1 32 this section shall only be collected by the licensee once on a
1 33 check ~~no matter~~ regardless of how long the check remains
1 34 unpaid. ~~A penalty;~~ and that a default fee to be charged
1 35 pursuant to this section is a licensee's exclusive remedy and
2 1 if a licensee charges a ~~penalty~~ default fee pursuant to this
2 2 section no other penalties under this chapter or any other
2 3 provision apply.

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 The licensee shall provide a written schedule of the fees,
2 10 charges, interest rates, and penalties upon request.

2 11 4. The licensee shall make all notices and disclosures
2 12 required under this section available in the languages spoken
2 13 by consumers who frequent that location.

2 14 Sec. 2. Section 533D.10, subsection 1, Code 2007, is
2 15 amended to read as follows:

2 16 1. A licensee shall not do any of the following:

2 17 a. Hold from any one maker more than ~~two checks~~ one check
2 18 at any one time.

2 19 b. Hold from any one maker a check ~~or checks~~ in an
2 20 ~~aggregate face~~ amount of more than ~~five three~~ three hundred dollars

2 21 at any one time.
2 22 c. Hold or agree to hold a check for more than thirty-one
2 23 days.
2 24 d. Require the maker to receive payment by a method ~~which~~
2 25 ~~that~~ causes the maker to pay additional or further fees and
2 26 charges to the licensee or another person, or otherwise charge
2 27 to cash a check representing the proceeds of the transaction.
2 28 e. Repay, refinance, or otherwise consolidate a postdated
2 29 check transaction with the proceeds of another postdated check
2 30 transaction made by the same licensee. Upon payment of the
2 31 maker's check by the drawee bank, the return of a check to a
2 32 maker who redeems it for consideration, or any other method of
2 33 termination of the delayed deposit transaction, the licensee
2 34 shall not enter into another delayed deposit transaction with
2 35 the same maker for at least two days thereafter provided,
3 1 however, that a licensee may extend the delay of the deposit
3 2 of the check without charge.

3 3 f. Receive any other charges or fees in addition to the
3 4 fees listed in section 533D.9, ~~subsections 1 and 2.~~
3 5 Sec. 3. NEW SECTION. 533D.17 REPORTING.
3 6 1. The superintendent shall annually collect, and
3 7 licensees shall provide, information regarding at least all of
3 8 the following:
3 9 a. The total number of delayed deposit transactions made
3 10 at each location.
3 11 b. The total amount of money subject to delayed deposit
3 12 transactions at each location.
3 13 c. The total amount of bad debt incurred at each location.
3 14 d. Affiliate relationships, if any, of each licensee with
3 15 any financial institutions.
3 16 e. The age, ethnicity, and annual income of each consumer
3 17 of the licensee's delayed deposit services business.
3 18 2. The superintendent may adopt rules pursuant to chapter
3 19 17A related to these reporting requirements.

EXPLANATION

3 20
3 21 This bill makes amendments to Code chapter 533D, delayed
3 22 deposit services, more commonly known as payday loans.
3 23 The bill amends Code section 533.9 to provide that a
3 24 licensee may charge a transaction fee of \$5 per \$100 of the
3 25 amount financed, rather than the current fee maximum of \$15 on
3 26 the first \$100 financed, and \$10 for subsequent \$100
3 27 increments.
3 28 The bill also amends Code section 533.9 to require
3 29 licensees to make written information regarding charges, fees,
3 30 penalties, and interest rates available upon request, and to
3 31 provide that notices and disclosures be provided in languages
3 32 spoken by the consumers who frequent that location.
3 33 The bill amends Code section 533.10 to provide that the
3 34 licensee shall not enter into more than one transaction with a
3 35 maker at one time, and that the licensee must wait two days
4 1 after termination of a transaction through cashing the maker's
4 2 check before entering into another delayed deposit transaction
4 3 with the same maker. The bill also changes the maximum amount
4 4 of the transaction to \$300, rather than \$500.
4 5 The bill creates new Code section 533D.17, which requires
4 6 licensees to report, and the superintendent to collect,
4 7 information regarding delayed deposit transactions made,
4 8 affiliate relationships with other financial institutions, and
4 9 information regarding the age, ethnicity, and annual income of
4 10 each consumer of the licensee's delayed deposit services.
4 11 LSB 2238XS 82
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