

House File 460 - Introduced

HOUSE FILE _____
BY TYMESON

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

A BILL FOR

1 An Act concerning remedies for motor vehicle dealers for a
2 buyer's nonpayment of fees.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1996HH 83
5 dea/nh/8

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1 1 Section 1. NEW SECTION. 322.22 DEALER PAYMENT OF FEES ==
1 2 AGREEMENT FOR REMEDIES.
1 3 Pursuant to a written agreement between a retail buyer and
1 4 a motor vehicle dealer entered into at the time of the sales
1 5 transaction, if the buyer of a motor vehicle has made payment
1 6 by use of a check or electronic funds transfer for title fees,
1 7 annual registration fees, the fee for new registration, or
1 8 state or local use taxes and a financial institution refuses
1 9 payment because of insufficient funds in the buyer's account,
1 10 the buyer shall be considered in default of payment and the
1 11 dealer may pursue any remedies available for repossession of
1 12 collateral in the manner provided for default on a secured
1 13 debt under the uniform commercial code, chapter 554, article
1 14 9.

EXPLANATION

1 15
1 16 Motor vehicle dealers are required to collect on behalf of
1 17 the state the amount due for title fees, annual registration
1 18 fees, the fee for new registration, and any applicable taxes
1 19 due at the time of purchase of a motor vehicle. Because those
1 20 charges are not part of the retail installment contract, they
1 21 are paid directly to the dealer and are not part of the
1 22 secured debt covered under a retail installment contract. If
1 23 the buyer pays the charges by check or electronic funds
1 24 transfer and the buyer's financial institution refuses payment
1 25 due to insufficient funds in the buyer's account, the dealer
1 26 does not currently have the right of a secured party to
1 27 repossess the vehicle. The bill provides that such a
1 28 dishonored check or electronic funds transfer is considered
1 29 default of payment and the dealer may pursue remedies
1 30 available under law for repossession of the motor vehicle as
1 31 if the default were a default on secured debt. The bill
1 32 specifies that there must be a prior written agreement between
1 33 the dealer and the buyer that allows the dealer to pursue the
1 34 remedy provided in the bill.
1 35 LSB 1996HH 83
2 1 dea/nh/8