

House File 382 - Introduced

HOUSE FILE 382

BY KOESTER

A BILL FOR

1 An Act modifying provisions applicable to delayed deposit
2 services businesses.

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

1 Section 1. Section 533D.9, subsections 2 and 3, Code 2013,
2 are amended to read as follows:

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

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

8 b. The annual percentage rate as computed pursuant to the
9 federal Truth in Lending Act.

10 c. The date on which the check will be deposited or
11 presented for negotiation.

12 d. Any penalty, not to exceed fifteen dollars, which the
13 licensee will charge if the check is not negotiable on the
14 date agreed upon. A penalty to be charged pursuant to this
15 section shall only be collected by the licensee once on a check
16 no matter how long the check remains unpaid. A penalty to be
17 charged pursuant to this section is a licensee's exclusive
18 remedy and if a licensee charges a penalty pursuant to this
19 section no other penalties under this chapter or any other
20 provision apply.

21 e. That the licensee cannot initiate debt collection
22 procedures, civil court proceedings, or arbitration to collect
23 an unpaid check unless the licensee has provided the maker of
24 the check the opportunity to agree to repay the obligation as
25 provided in section 533D.9A.

26 3. a. In addition to the notice required by subsection
27 2, every licensee shall conspicuously display a schedule of
28 all fees, charges, and penalties for all services provided by
29 the licensee authorized by this section. The notice shall be
30 posted at the office and every branch office of the licensee.

31 b. A licensee shall not accept payment from a maker of a
32 check who appears in person at the delayed deposit services
33 business location for the purpose of repaying the obligation in
34 lieu of the check being deposited or presented for negotiation
35 without first providing written notice of the installment

1 unpaid check unless the licensee has provided the maker of the
2 check the opportunity to agree to repay the obligation. The
3 bill provides that the obligation may be repaid in biweekly
4 installments or installments that correspond to the maker's
5 next four paydays if the duration of the pay period is more
6 than a week but less than two weeks, that a licensee may not
7 require the maker of a check to pay more than 25 percent of
8 the obligation in any one installment payment, and that in
9 lieu of the \$15 penalty otherwise applicable if payment is not
10 made, a one-time fee of \$10 shall be charged at the time the
11 installment agreement is entered into. The bill adds that it
12 must also be disclosed that during the repayment period the
13 licensee may not transfer or sell the debt owing on the unpaid
14 check, and the loan shall not be considered to be in default
15 until the maker of the check fails to make a payment under the
16 installment arrangement.

17 The bill provides that a licensee shall not accept payment
18 from a maker of a check who appears in person at the delayed
19 deposit services business location for the purpose of repaying
20 the obligation in lieu of the check being deposited or
21 presented for negotiation without first providing written
22 notice of the installment payment option.

23 The bill provides that engaging in deception,
24 misrepresentation, or subterfuge intended to evade the
25 requirements of Code chapter 533D shall be considered
26 a prohibited act subject to the Code chapter's penalty
27 provisions, which include suspension or revocation of a license
28 and a civil penalty of up to \$5,000 per violation.