

**Senate Study Bill 1193 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON JUDICIARY BILL BY  
CHAIRPERSON HOGG)

**A BILL FOR**

1 An Act relating to right to cure provisions applicable to a  
2 closed credit card account.

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

1 Section 1. Section 537.5110, subsection 4, paragraph c,  
2 Code 2013, is amended to read as follows:

3 c. Until the expiration of the minimum applicable period  
4 after the notice is given, the consumer may cure the default by  
5 tendering either the amount of all unpaid installments due at  
6 the time of the tender, without acceleration, plus any unpaid  
7 delinquency or deferral charges, or the amount stated in the  
8 notice of right to cure, whichever is less, or by tendering any  
9 performance necessary to cure any default other than nonpayment  
10 of amounts due, which is described in the notice of right to  
11 cure. The act of curing a default restores to the consumer  
12 the consumer's rights under the agreement as though no default  
13 had occurred, except as provided in subsection 3. However,  
14 where the obligation in default is a credit card account that  
15 has been closed, the act of curing a default does not restore  
16 to the consumer the consumer's rights under the agreement as  
17 though no default had occurred.

18 Sec. 2. Section 537.5111, Code 2013, is amended by adding  
19 the following new subsection:

20 NEW SUBSECTION. 4A. If the consumer credit transaction is  
21 a credit card account that has been closed, the notice shall  
22 conform to the requirements of subsection 2, and a notice in  
23 substantially the form specified in that subsection complies  
24 with this subsection except that the statement relating to  
25 continuation of the contract upon correction of the default as  
26 though the consumer did not default shall not be contained in  
27 the notice.

28 EXPLANATION

29 This bill relates to right to cure provisions applicable to a  
30 credit card account that has been closed.

31 The bill states that provisions applicable to restoring  
32 a consumer's rights under an agreement after a default is  
33 cured as though no default had occurred do not apply to  
34 situations where the account in question is a closed credit  
35 card account. Similarly, the bill also states, with reference

S.F. \_\_\_\_\_

1 to the notice of right to cure sample form contained in Code  
2 section 537.5111, that a notice substantially complying with  
3 the form suffices for closed credit card accounts, except that  
4 a statement contained in the form relating to continuation  
5 of the contract upon correction of the default as though the  
6 consumer did not default shall not be contained in the notice.