

House File 598 - Introduced

HOUSE FILE 598
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 138)

A BILL FOR

1 An Act relating to delayed deposit services by requiring a
2 delayed deposit repayment option.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 533D.9, subsection 2, Code 2015, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *e.* That the licensee must provide the maker
4 of the check the option to enter into an extended repayment
5 plan agreement pursuant to section 533D.9A upon the maker's
6 request and prior to the date the check is to be negotiable if
7 the maker is unable to repay the check on the date agreed upon.

8 Sec. 2. NEW SECTION. **533D.9A Extended repayment plan.**

9 1. The licensee shall enter into an extended repayment plan
10 agreement if the maker of the check is unable to repay the
11 check and the maker requests to enter into such agreement prior
12 to the date upon which the check is to be negotiable. Except
13 as provided in this section, the licensee shall not initiate
14 debt collection, as defined by section 537.7102, civil court
15 proceedings, or arbitration to collect on the unpaid check
16 during the term of the extended repayment plan agreement.

17 2. A licensee is required to enter into only one extended
18 repayment plan agreement with a maker of a check in a
19 twelve-month period, measured from the commencement date of the
20 first extended repayment plan agreement until the commencement
21 date of the second extended repayment plan agreement.

22 3. A licensee shall not assess any other fee, interest
23 charge, or other charge on the maker as a result of entering
24 into an extended repayment plan agreement concerning the unpaid
25 check obligation.

26 4. *a.* The maker of a check shall be allowed to pay the
27 total unpaid check obligation to be charged in at least four
28 substantially equal installments due on dates or soon after
29 dates when the maker of the check will receive regular income.
30 The extended repayment plan agreement shall contain a schedule
31 for the payment of the total unpaid check obligation.

32 *b.* The extended repayment plan agreement shall be in writing
33 and signed by both the maker and the licensee.

34 5. Upon entering into an extended repayment plan agreement,
35 the licensee shall return any postdated check that the maker

1 has given to the licensee for the original delayed deposit
2 services transaction and shall do one of the following:

- 3 *a.* The licensee shall require the maker of the check at
4 the time of entering into an extended repayment plan agreement
5 to make a new check for the balance on the unpaid check and
6 upon each payment by the maker under the extended repayment
7 plan agreement, the licensee shall require a new check for the
8 remaining balance and return any previous check to the maker.
9 *b.* The licensee shall require the maker of the check at the
10 time of entering into the extended repayment plan agreement to
11 provide multiple checks, one for each of the scheduled payments
12 under the extended repayment plan agreement.

13 6. During the duration of the extended repayment plan
14 agreement, the obligation the maker owes on the unpaid check
15 is not delinquent and the licensee shall not charge a penalty
16 pursuant to section 533D.9, subsection 2.

17 7. Upon the maker's failure to make a scheduled payment,
18 the licensee may charge a penalty pursuant to section 533D.9,
19 subsection 2, and may initiate debt collection as defined in
20 section 537.7102, civil court proceedings, or arbitration to
21 collect on the unpaid check.

22 EXPLANATION

23 The inclusion of this explanation does not constitute agreement with
24 the explanation's substance by the members of the general assembly.

25 This bill relates to delayed deposit services by requiring
26 the option of a repayment plan.

27 The bill requires the licensee to enter into an extended
28 repayment plan agreement if the maker of the check is unable
29 to repay the check and the maker requests to enter into such
30 agreement prior to the date upon which the check is to be
31 negotiable. The licensee may not initiate debt collection,
32 civil court proceedings, or arbitration to collect on the
33 unpaid check during the term of the extended repayment plan
34 agreement. The bill requires a licensee to enter into only one
35 extended repayment plan agreement with a maker of a check in a

1 12-month period. The bill prohibits the licensee from charging
2 a fee, interest charge, or other charge as a result of entering
3 into an extended repayment plan agreement. The bill states
4 that during the duration of the agreement, the obligation
5 the maker owes on the unpaid check is not delinquent and the
6 licensee shall not charge the \$15 penalty for a delinquent
7 obligation.

8 The bill provides that the extended repayment plan agreement
9 shall be in writing, signed by the maker and the licensee, and
10 shall contain the schedule for the payment of the total unpaid
11 check obligation. The bill specifies that the schedule for the
12 payment shall allow the maker of a check to pay the check in at
13 least four substantially equal installments.

14 The bill requires the licensee to return any postdated check
15 that the maker has given to the licensee for the original
16 delayed deposit services transaction.

17 The bill states that upon the maker's failure to make a
18 scheduled payment, the licensee may charge a penalty pursuant
19 to Code section 533D.9, subsection 2, and may initiate debt
20 collection, civil court proceedings, or arbitration to collect
21 on the unpaid check.

22 A violation of the bill could result in an administrative
23 fine of not more than \$5,000 for each violation and the cost of
24 investigation.