A BILL FOR

1 An Act relating to delayed deposit services by requiring a delayed deposit repayment option.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
Section 1. Section 533D.9, subsection 2, Code 2015, is amended by adding the following new paragraph:

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

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

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

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

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

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

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

5. Upon entering into an extended repayment plan agreement, the licensee shall return any postdated check that the maker
H.F. 598

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

3   a. The licensee shall require the maker of the check at the time of entering into an extended repayment plan agreement to make a new check for the balance on the unpaid check and upon each payment by the maker under the extended repayment plan agreement, the licensee shall require a new check for the remaining balance and return any previous check to the maker.

9   b. The licensee shall require the maker of the check at the time of entering into the extended repayment plan agreement to provide multiple checks, one for each of the scheduled payments under the extended repayment plan agreement.

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

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

EXPLANATION

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

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

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