

Senate Study Bill 1016 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON ANDERSON)

A BILL FOR

1 An Act providing for the deferral of unpaid installments and
2 deferral charges for certain interest-bearing consumer
3 credit transactions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 537.2503, subsection 1, Code 2017, is
2 amended to read as follows:

3 1. a. Before or after default in payment of a scheduled
4 installment of a precomputed consumer credit transaction, the
5 parties to the transaction may agree in writing to a deferral
6 of all or part of one or more unpaid installments and the
7 creditor may make at the time of deferral and receive at that
8 time or at any time thereafter a deferral charge which is
9 not in excess of one and one-half percent per month for the
10 period of time for which it is deferred, but not to exceed the
11 rate of finance charge which was required to be disclosed in
12 the transaction to the consumer pursuant to [section 537.3201](#)
13 applied to each amount deferred for the period for which it
14 is deferred. In computing a deferral charge for one or more
15 months, any month may be counted as one-twelfth of a year and
16 in computing a deferral charge for part of a month, a day shall
17 be counted as one three hundred sixty-fifth of a year.

18 b. With respect to an interest-bearing consumer credit
19 transaction not pursuant to an open-end credit arrangement
20 and other than a consumer lease or consumer rental purchase
21 agreement, the parties to the transaction may agree in writing
22 to a deferral of all or part of one or more unpaid installments
23 in addition to any interest accrued pursuant to the terms of
24 the consumer credit transaction. The creditor may make at
25 the time of deferral and receive at that time or at any time
26 thereafter a deferral charge which shall not exceed twenty
27 dollars per month for the period of time for which the payment
28 is deferred.

29 Sec. 2. Section 537.2503, subsection 3, Code 2017, is
30 amended to read as follows:

31 3. The parties may agree in writing at the time of a
32 precomputed consumer credit transaction or an interest-bearing
33 consumer credit transaction not pursuant to an open-end credit
34 arrangement and other than a consumer lease or consumer rental
35 purchase agreement that if an installment is not paid within

1 ten days after its due date, the creditor may unilaterally
2 grant a deferral and make charges as provided in [this section](#).
3 No deferral charge may be made for a period after the date
4 that the creditor elects to accelerate the maturity of the
5 transaction.

6 EXPLANATION

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

9 This bill authorizes the deferral of unpaid installments and
10 deferral charges for certain interest-bearing consumer credit
11 transactions.

12 Under Code section 537.2503(1), the parties to a precomputed
13 consumer credit transaction may agree in writing to a partial
14 or full deferral of any unpaid installments and the creditor
15 may receive a deferral charge. The bill amends Code section
16 537.2503(1) by providing for such a deferral with respect to
17 interest-bearing consumer credit transactions not pursuant to
18 open-end credit arrangements and other than consumer lease
19 or consumer rental purchase agreements. The parties to this
20 type of transaction may agree in writing to a partial or full
21 deferral of any unpaid installments in addition to any interest
22 accrued pursuant to the terms of the transaction. The creditor
23 may receive a deferral charge not to exceed \$20 per month for
24 the period of time that payment is deferred.

25 The bill also includes interest-bearing consumer credit
26 transactions not pursuant to open-end credit arrangements
27 and other than consumer lease or consumer rental purchase
28 agreements in the types of transactions in which the parties
29 may agree in writing to a unilateral deferral under Code
30 section 537.2503(3).