

House Study Bill 514 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON CARLSON)

A BILL FOR

1 An Act relating to specified fees and notice provisions in
2 connection with designated consumer lending provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 535.10, subsection 3, paragraph a, Code
2 2020, is amended to read as follows:

3 a. A lender may collect in connection with establishing
4 or renewing a home equity line of credit the costs listed in
5 section 535.8, subsection 4, paragraph "a" or "b", charges
6 for insurance as described in [section 537.2501, subsection 2](#),
7 and a loan processing fee as agreed between the borrower and
8 the lender, and annually may collect an account maintenance
9 fee of not more than ~~fifteen~~ thirty dollars. Fees collected
10 under [this subsection](#) shall be disregarded for purposes of
11 determining the maximum charge permitted by [subsection 4](#).

12 Sec. 2. Section 537.3205, subsection 1, Code 2020, is
13 amended to read as follows:

14 1. Whether or not a change is authorized by prior agreement,
15 a creditor may make a change in the terms of an open-end credit
16 account applying to any balance incurred after the effective
17 date of the change only if the creditor delivers or mails to
18 the consumer a written disclosure of the change ~~at least sixty~~
19 ~~days before the effective date of the change~~ in accordance with
20 12 C.F.R. §1026.9.

21 EXPLANATION

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

24 This bill makes specified changes relating to consumer
25 lending provisions.

26 The bill changes the maximum annual account maintenance fee
27 lenders may collect in connection with home equity lines of
28 credit from \$15 to \$30.

29 The Iowa consumer credit code contained in Code chapter
30 537 currently states creditors may only make changes to the
31 terms of an open-end credit account, applying to any balance
32 incurred after the effective date of the change, if the
33 creditor provides to the consumer a written disclosure of the
34 change at least 60 days prior to the effective date of the
35 change. The bill replaces that 60-day notification requirement

H.F. _____

1 by incorporating by reference federal regulations governing
2 the disclosure of changes to the terms of an open-end credit
3 account.