

**Senate File 2290 - Introduced**

SENATE FILE 2290

BY WAHLS

**A BILL FOR**

1 An Act restricting the price a motor vehicle dealer may  
2 charge for voluntary debt cancellation coverage and making  
3 penalties applicable.

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

1 Section 1. Section 322.19, subsection 2, paragraph b, Code  
2 2020, is amended to read as follows:

3 b. Voluntary debt cancellation coverage, whether insurance  
4 or debt waiver, which may be excluded from the finance  
5 charge under the federal Truth in Lending Act as defined in  
6 section 537.1302. A motor vehicle dealer licensed under this  
7 chapter shall not charge a person an amount for voluntary  
8 debt cancellation coverage that is in excess of one hundred  
9 fifteen percent of the cost the motor vehicle dealer paid  
10 to a third-party vendor for the voluntary debt cancellation  
11 coverage.

12 EXPLANATION

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

15 This bill restricts the price a motor vehicle dealer may  
16 charge for voluntary debt cancellation coverage.

17 The bill prohibits a motor vehicle dealer from charging an  
18 amount for voluntary debt cancellation coverage that is in  
19 excess of 115 percent of the cost the motor vehicle dealer paid  
20 to a third-party vendor for the voluntary debt cancellation  
21 coverage. Pursuant to Code section 322.14, subsection 1, a  
22 motor vehicle dealer who violates this prohibition is guilty  
23 of a simple misdemeanor punishable by a fine of not less than  
24 \$250 and not more than \$1,500 or by imprisonment not to exceed  
25 30 days.