

Senate Study Bill 1053 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON JUDICIARY BILL BY
CHAIRPERSON ZAUN)

A BILL FOR

1 An Act relating to late fees and prohibited provisions in
2 rental agreements.

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

1 Section 1. Section 562A.9, subsection 4, Code 2019, is
2 amended to read as follows:

3 4. For rental agreements in which the rent does not exceed
4 seven hundred dollars per month, a rental agreement shall not
5 provide for a late fee that exceeds twelve dollars per day or a
6 total amount of sixty dollars per month. For rental agreements
7 in which the rent is greater than seven hundred dollars per
8 month but less than one thousand four hundred dollars per
9 month, a rental agreement shall not provide for a late fee that
10 exceeds twenty dollars per day or a total amount of one hundred
11 dollars per month. For rental agreements in which the rent is
12 at least one thousand four hundred dollars per month, a rental
13 agreement shall not provide for a late fee that exceeds thirty
14 dollars per day or a total amount of one hundred fifty dollars
15 per month.

16 Sec. 2. Section 562A.11, subsection 2, Code 2019, is amended
17 by striking the subsection and inserting in lieu thereof the
18 following:

19 2. A provision in a rental agreement prohibited by
20 subsection 1 is unenforceable. If the landlord seeks to
21 enforce the provision or accepts the tenant's voluntary
22 compliance with the provision, the court may award the tenant
23 an amount not to exceed three months' periodic rent and
24 reasonable attorney fees.

25 Sec. 3. Section 562B.10, subsection 4, Code 2019, is amended
26 to read as follows:

27 4. For rental agreements in which the rent does not exceed
28 seven hundred dollars per month, a rental agreement shall not
29 provide for a late fee that exceeds twelve dollars per day or a
30 total amount of sixty dollars per month. For rental agreements
31 in which the rent is greater than seven hundred dollars per
32 month but less than one thousand four hundred dollars per
33 month, a rental agreement shall not provide for a late fee that
34 exceeds twenty dollars per day or a total amount of one hundred
35 dollars per month. For rental agreements in which the rent is

1 at least one thousand four hundred dollars per month, a rental
2 agreement shall not provide for a late fee that exceeds thirty
3 dollars per day or a total amount of one hundred fifty dollars
4 per month.

5 Sec. 4. Section 562B.11, subsection 2, Code 2019, is amended
6 by striking the subsection and inserting in lieu thereof the
7 following:

8 2. A provision in a rental agreement prohibited by
9 subsection 1 is unenforceable. If the landlord seeks to
10 enforce the provision or accepts the tenant's voluntary
11 compliance with the provision, the court may award the tenant
12 an amount not to exceed three months' periodic rent and
13 reasonable attorney fees.

14 EXPLANATION

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

17 Current law caps late fees on rental agreements in which
18 rent is greater than \$700 per month at \$20 per day and \$100
19 per month. Current law also allows an aggrieved party to
20 recover actual damages in certain situations when a prohibited
21 provision is willingly or knowingly used in a rental agreement.

22 This bill allows a rental agreement to provide for late
23 fees not to exceed \$20 per day and \$100 per month for rental
24 agreements in which rent is greater than \$700 per month but
25 not more than \$1,400 per month. When rent exceeds \$1,400 per
26 month, a rental agreement may provide for late fees of no
27 more than \$30 per day and \$150 per month. Furthermore, if
28 a landlord seeks to enforce or accepts a tenant's voluntary
29 compliance with a prohibited provision, the court may award the
30 tenant an amount not to exceed three months' periodic rent and
31 reasonable attorney fees.