

House File 235 - Introduced

HOUSE FILE 235
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 69)

A BILL FOR

1 An Act relating to service charges on consumer credit
2 transactions.

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

1 Section 1. Section 537.2501, subsection 1, paragraph 1,
2 Code 2021, is amended to read as follows:

3 1. For ~~an interest-bearing~~ a consumer credit transaction,
4 a service charge in an amount not to exceed the lesser of ten
5 percent of the amount financed or thirty dollars.

6 Sec. 2. Section 537.2510, subsection 3, paragraph a, Code
7 2021, is amended to read as follows:

8 a. If the prepayment is in full, the creditor may collect
9 or retain a minimum charge not exceeding five dollars in a
10 transaction which had an amount financed of seventy-five
11 dollars or less, or not exceeding seven dollars and fifty cents
12 in a transaction which had an amount financed of more than
13 seventy-five dollars, if the minimum charge was contracted
14 for, and the finance charge earned at the time of prepayment
15 is less than the minimum charge contracted for. If, however,
16 a creditor has collected a service charge in association with
17 ~~an interest-bearing~~ a consumer credit transaction pursuant to
18 section 537.2501, subsection 1, paragraph "1", the creditor
19 shall not collect or retain a minimum charge upon prepayment
20 pursuant to [this subsection](#).

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 relates to service charges on consumer credit
25 transactions.

26 Current law authorizes a creditor to contract for and
27 receive a service charge in an amount not to exceed the
28 lesser of 10 percent of the amount financed or \$30 for an
29 interest-bearing consumer credit transaction. Additionally,
30 current law prohibits a creditor from collecting a minimum
31 charge upon prepayment of a consumer credit transaction if the
32 creditor collected a service charge in association with an
33 interest-bearing consumer credit transaction. The bill strikes
34 from both of these provisions the requirement that the consumer
35 credit transaction bear interest.