

House File 2474 - Introduced

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BY THOMSON

A BILL FOR

1 An Act relating to financial institution acceptance of
2 negotiable instruments, and providing penalties.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 525.1 Definitions.

2 As used in this chapter, unless the context otherwise
3 requires:

4 1. "*Financial institution*" means and includes any bank
5 incorporated under the provisions of any state or federal
6 law, any savings and loan association incorporated under the
7 provisions of federal law, any credit union organized under
8 the provisions of any state or federal law, any corporation
9 licensed as an industrial loan company under chapter 536A, and
10 any affiliate of a bank, savings and loan association, credit
11 union, or industrial loan company.

12 2. "*Negotiable instrument*" means the same as defined in
13 section 554.3104.

14 Sec. 2. NEW SECTION. 525.2 Financial institutions —
15 negotiable instruments.

16 1. A financial institution in the state shall do all of the
17 following:

18 a. Accept tender of any negotiable instrument in exchange
19 for issuance of a conditional credit to the tendering party.

20 b. Make a good-faith effort to obtain payment from the
21 original issuer of the negotiable instrument.

22 c. Remit cash to the original issuer from the payment of the
23 negotiable instrument within two days following the receipt of
24 the payment.

25 2. A financial institution receiving the tender of a
26 negotiable instrument may impose a fee for related services.
27 The fee for the services shall not exceed the greater of twenty
28 dollars, or one percent of the lesser of any of the following:

29 a. The face amount of the tendered negotiable instrument.

30 b. The amount of proceeds received by the financial
31 institution.

32 3. The financial institution shall not require the party
33 tendering a negotiable instrument to open an account with the
34 financial institution.

35 4. The financial institution shall not require the party

1 tendering a negotiable instrument to present identification.

2 Sec. 3. NEW SECTION. 525.3 Remedies.

3 1. A person who suffers a violation of this chapter may
4 bring an action to recover damages in an amount up to five
5 times the amount of the negotiable instrument and attorney
6 fees.

7 2. If a financial institution has denied acceptance of
8 a negotiable instrument three or more times, the financial
9 institution shall be assessed a civil penalty in the amount of
10 not less than ten thousand dollars, not to exceed twenty-five
11 thousand dollars, as determined by the court.

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 relates to a financial institution's acceptance of
16 negotiable instruments.

17 The bill defines "financial institution" to mean any bank
18 incorporated under the provisions of any state or federal
19 law, any savings and loan association incorporated under the
20 provisions of federal law, any credit union organized under
21 the provisions of any state or federal law, any corporation
22 licensed as an industrial loan company under chapter 536A,
23 and any affiliate of a bank, savings and loan association,
24 credit union, or industrial loan company. The bill defines
25 "negotiable instrument" to mean an unconditional promise or
26 order to pay a fixed amount of money, with or without interest
27 or other charges described in the promise or order, as defined
28 in Code section 554.3104.

29 The bill provides that a financial institution in the state
30 shall accept tender of any negotiable instrument in exchange
31 for issuance of a conditional credit to the tendering party,
32 make a good-faith effort to obtain payment from the original
33 issuer of the negotiable instrument, and remit cash to the
34 original issuer from the payment of the negotiable instrument
35 within two days following the receipt of the payment.

1 The bill provides that a financial institution receiving the
2 tender of a negotiable instrument may impose a fee for related
3 services. The fee for the services shall not exceed the
4 greater of \$20, or 1 percent of the lesser of the face amount of
5 the tendered negotiable instrument or the amount of proceeds
6 received by the financial institution.

7 The bill provides that a financial institution shall
8 not require the party tendering a negotiable instrument to
9 open an account with the financial institution or present
10 identification.

11 The bill provides that a person who suffers a violation
12 of the provisions of the bill may bring an action to recover
13 damages in an amount up to five times the amount of the
14 negotiable instrument and attorney fees. If a financial
15 institution has denied acceptance of a negotiable instrument
16 three or more times, the financial institution shall pay a
17 civil penalty of between \$10,000 and \$25,000, as determined by
18 the court.