

House File 2039 - Introduced

HOUSE FILE 2039

BY McBURNEY

A BILL FOR

1 An Act relating to delayed deposit services by limiting the
2 annual percentage rate for fees and requiring a delayed
3 deposit repayment option in certain circumstances, and making
4 penalties applicable.

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

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1 Section 1. Section 533D.9, subsection 2, paragraph b, Code
2 2026, is amended to read as follows:

3 b. The annual percentage rate as computed pursuant to the
4 federal Truth in Lending Act. The annual percentage rate shall
5 not exceed ten percent.

6 Sec. 2. Section 533D.9, subsection 2, Code 2026, is amended
7 by adding the following new paragraph:

8 NEW PARAGRAPH. e. That a maker obtaining more than four
9 delayed deposit service loans from one licensee in a two-month
10 period shall have the option to enter into an extended repayment
11 plan agreement with the licensee pursuant to section 533D.9A upon
12 the maker's request and prior to the date the last check accepted
13 by the licensee is to be negotiable.

14 Sec. 3. NEW SECTION. **533D.9A Extended repayment plan.**

15 1. Any maker obtaining more than four delayed deposit service
16 loans from one licensee in a two-month period may enter into
17 an extended repayment plan agreement with the licensee if the
18 maker requests to enter into such agreement prior to the date
19 upon which the last check accepted by the licensee is to be
20 negotiable. Except as provided in this section, the licensee
21 shall not initiate debt collection, as defined in section
22 537.7102, civil court proceedings, or arbitration to collect on
23 any unpaid checks during the term of the extended repayment plan
24 agreement.

25 2. A licensee is required to enter into only one extended
26 repayment plan agreement with a maker in a twelve-month period,
27 measured from the commencement date of the first extended
28 repayment plan agreement until the commencement date of the
29 second extended repayment plan agreement.

30 3. A licensee shall not assess any other fee, interest
31 charge, or other charge on the maker as a result of entering into
32 an extended repayment plan agreement concerning any unpaid check
33 obligations.

34 4. a. The maker shall be allowed to pay the total unpaid
35 check obligations to be charged in at least four substantially

1 equal installments due on dates or soon after dates when the
2 maker will receive regular income, or on dates as mutually agreed
3 upon by the maker and the licensee. The extended repayment plan
4 agreement shall contain a schedule for the payment of the total
5 unpaid check obligations.

6 b. The extended repayment plan agreement shall be in writing
7 and signed by both the maker and the licensee.

8 5. Upon entering into an extended repayment plan agreement,
9 the licensee shall return any postdated checks that the maker has
10 given to the licensee for the original delayed deposit services
11 transactions and shall do one of the following:

12 a. The licensee shall require the maker at the time of
13 entering into an extended repayment plan agreement to make a new
14 check for the balance on any unpaid checks and upon each payment
15 by the maker under the extended repayment plan agreement, the
16 licensee shall require a new check for the remaining balance and
17 shall return any previous check to the maker.

18 b. The licensee shall require the maker at the time of
19 entering into the extended repayment plan agreement to provide
20 multiple checks, one for each of the scheduled payments under the
21 extended repayment plan agreement.

22 6. During the duration of the extended repayment plan
23 agreement, the obligations the maker owes on any unpaid checks
24 are not delinquent and the licensee shall not charge a penalty
25 pursuant to section 533D.9, subsection 2.

26 7. Upon the maker's failure to make a scheduled payment
27 pursuant to the extended repayment plan agreement, the licensee
28 may charge a penalty pursuant to section 533D.9, subsection 2,
29 and may initiate debt collection as defined in section 537.7102,
30 civil court proceedings, or arbitration to collect on any unpaid
31 checks.

32 **EXPLANATION**

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

35 This bill modifies provisions applicable to delayed deposit

1 services.

2 The bill limits the annual percentage rate applicable to a
3 delayed deposit services transaction to 10 percent, as computed
4 pursuant to the federal Truth in Lending Act.

5 The bill allows a maker obtaining more than four delayed
6 deposit service loans from one licensee in a two-month period to
7 enter into an extended repayment plan agreement with the licensee
8 if the maker requests to enter into such an agreement prior to
9 the date upon which the last check accepted by the licensee is to
10 be negotiable.

11 The bill requires a licensee holding multiple checks from
12 one maker at any one time to enter into an extended repayment
13 plan agreement if the maker of the multiple checks requests
14 to enter into such agreement prior to the date upon which the
15 checks are to be negotiable. The licensee may not initiate debt
16 collection, civil court proceedings, or arbitration to collect
17 on the unpaid checks during the term of the extended repayment
18 plan agreement. A licensee need only enter into one extended
19 repayment plan agreement with a maker of multiple checks in
20 a 12-month period. A licensee cannot charge a fee, interest
21 charge, or other charge as a result of entering into an extended
22 repayment plan agreement. During the duration of the agreement,
23 the obligations that the maker owes on the unpaid checks are
24 not delinquent and the licensee cannot charge penalties for a
25 delinquent obligation.

26 The bill requires the extended repayment plan agreement to be
27 in writing, signed by the maker and the licensee, and contain the
28 schedule for payment of the total unpaid check obligations. The
29 schedule must allow the maker to pay the checks in at least four
30 substantially equal installments.

31 The bill requires the licensee to return any postdated checks
32 that the maker has given to the licensee for the original
33 transactions. The licensee may then either require the maker
34 to provide a new check for the balance on the unpaid checks
35 or provide multiple checks for each scheduled payment under the

1 agreement.

2 The bill states that upon the maker's failure to make a
3 scheduled payment, the licensee may charge a penalty pursuant to
4 Code section 533D.9(2) not to exceed \$15, and may initiate debt
5 collection, civil court proceedings, or arbitration to collect on
6 the unpaid checks.

7 A violation of the bill may result in an administrative fine
8 of not more than \$5,000 for each violation and the cost of
9 investigation.

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