

**House File 2326 - Introduced**

HOUSE FILE 2326  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 603)

**A BILL FOR**

1 An Act relating to debt management programs, services, fees, and  
2 licensee requirements.

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

unofficial

1 Section 1. Section 533A.8, subsection 5, paragraph a, Code  
2 2026, is amended to read as follows:

3 a. Maintain a separate bank ~~trust~~ account or dedicated  
4 account in which all payments received from debtors for the  
5 benefit of creditors shall be deposited and in which all payments  
6 shall remain until a remittance is made to either the debtor or  
7 the creditor.

8 Sec. 2. Section 533A.8, subsection 5, paragraph d, Code 2026,  
9 is amended by striking the paragraph.

10 Sec. 3. Section 533A.8, subsection 6, Code 2026, is amended  
11 to read as follows:

12 6. If the debt management program is not based on a model  
13 which requires the licensee or any licensee to receive money or  
14 evidences thereof from the debtor to distribute to the debtor's  
15 creditors, ~~both of the following shall apply:~~

16 a. ~~The~~ the debtor shall maintain full control of and access  
17 to any moneys set aside for payment to creditors.

18 b. ~~The licensee may not receive consideration from any third~~  
19 ~~party in connection with services rendered to a debtor.~~

20 Sec. 4. Section 533A.9, subsection 4, Code 2026, is amended  
21 by striking the subsection and inserting in lieu thereof the  
22 following:

23 4. If a debt management program is not based on a model that  
24 requires the licensee or another licensee to receive money or  
25 evidences thereof from the debtor to distribute to the debtor's  
26 creditors, a licensee may not request or receive payment of any  
27 fee or consideration for debt management services provided under  
28 a debt management program unless all of the following are true:

29 a. The licensee has renegotiated, resolved, reduced, or  
30 otherwise altered the terms of at least one debt pursuant to a  
31 resolution agreement or other contractual agreement executed by  
32 the debtor and the creditor.

33 b. The debtor has made at least one payment pursuant to the  
34 resolution agreement or other contractual agreement entered into  
35 under paragraph "a".

1 c. To the extent that debts enrolled in the debt management  
2 program are renegotiated, resolved, reduced, or otherwise altered  
3 individually, the fee or consideration for the debt management  
4 service bears the same proportional relationship to the total  
5 fee or consideration for renegotiating, resolving, reducing, or  
6 otherwise altering the terms of the entire debt balance as the  
7 individual debt amount bears to the entire debt amount. The  
8 individual debt amount and the entire debt amount are those owed  
9 at the time the debt was enrolled in the debt management program.  
10 The percent charged is the same for each individual debt enrolled  
11 in the debt management program.

12 Sec. 5. Section 533A.9, subsection 5, Code 2026, is amended  
13 by striking the subsection.

14 Sec. 6. Section 538A.2, subsection 2, Code 2026, is amended  
15 by adding the following new paragraph:

16 NEW PARAGRAPH. i. A person licensed to engage in the  
17 business of debt management under section 533A.2, when acting  
18 within the course and scope of that license.

19 EXPLANATION

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

22 This bill relates to debt management, services, fees, and  
23 licensee requirements.

24 Under current law, if a debt management program (program) is  
25 based on a model which requires a licensee to receive money or  
26 evidences thereof from a debtor to distribute to the debtor's  
27 creditors, the licensee who receives the money for distribution  
28 shall maintain a separate bank trust account in which all  
29 payments received from the debtor for the benefit of creditors  
30 shall be deposited and shall remain until a remittance is made to  
31 either the debtor or the creditor. Under the bill, a licensee  
32 shall maintain a separate bank account or dedicated account for  
33 such purpose.

34 Under current law, if a debt management program is not  
35 based on a model which requires a licensee to receive money or

1 evidences thereof from the debtor to distribute to the debtor's  
2 creditors the debtor shall maintain full control of and access to  
3 any moneys set aside for payment to creditors, and the licensee  
4 may not receive consideration from any third party in connection  
5 with services rendered to a debtor. The bill eliminates the  
6 prohibition on a licensee receiving consideration from a third  
7 party in connection with services rendered to a debtor.

8 Under current law, if a program is not based on a model that  
9 requires a licensee to receive money or evidences thereof from  
10 the debtor to distribute to the debtor's creditors, a debtor  
11 may not be charged a fee exceeding the sum of the initiation  
12 fee plus 18 percent of the debtor's enrolled debts, as detailed  
13 in Code section 533A.9(4). Under the bill, a licensee may not  
14 request or receive payment of a fee for services unless: (1)  
15 the licensee has renegotiated, resolved, reduced, or otherwise  
16 altered the terms of a debt pursuant to a resolution agreement or  
17 other contractual agreement between the debtor and the creditor;  
18 (2) the debtor has made at least one payment pursuant to the  
19 agreement; and (3) to the extent that debts enrolled in a  
20 service are renegotiated, resolved, reduced, or otherwise altered  
21 individually, the fee or consideration for the service bears the  
22 same proportional relationship to the total fee for altering the  
23 terms of the entire debt balance as the individual debt amount  
24 bears to the entire debt amount as owed at the time the debt was  
25 enrolled in the service, and the same percent is charged for each  
26 individual debt enrolled in the program.

27 Under the bill, a person licensed to provide debt management  
28 services is exempt from Code chapter 538A (credit services  
29 organizations).

30 The bill strikes Code sections 533A.8(5)(d) (licensee  
31 requirements) and 533A.9(5) (fee agreed in advance).