

House Study Bill 524 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY CHAIRPERSON
YOUNG)

A BILL FOR

- 1 An Act relating to interest rates and charges on regulated loans,
- 2 and consumer credit transaction service charges.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 536.13, subsections 1, 2, and 3, Code
2 2026, are amended by striking the subsections.

3 Sec. 2. Section 536.13, subsections 4 and 5, Code 2026, are
4 amended to read as follows:

5 4. ~~Beginning July 4, 1965, and until such time as a different~~
6 ~~rate is fixed by the superintendent, the~~ The maximum rate of
7 interest or charges upon ~~the class or classes of~~ regulated loans
8 ~~is as follows:~~ shall be three percent per month.

9 ~~a. Three percent per month on any part of the unpaid~~
10 ~~principal balance of the loan not exceeding one hundred fifty~~
11 ~~dollars.~~

12 ~~b. Two percent per month on any part of the loan in excess~~
13 ~~of one hundred fifty dollars, but not exceeding three hundred~~
14 ~~dollars.~~

15 ~~c. One and one-half percent per month on any part of the~~
16 ~~unpaid principal balance of the loan in excess of three hundred~~
17 ~~dollars, but not exceeding seven hundred dollars.~~

18 ~~d. One percent per month on any part of the unpaid principal~~
19 ~~balance of the loan in excess of seven hundred dollars.~~

20 5. A licensee under this chapter may lend any sum of money
21 not exceeding the threshold amount as defined in section 537.1301
22 in amount and may charge, contract for, and receive on the loan
23 interest or charges at a rate not exceeding the maximum rate of
24 interest or charges ~~determined and fixed by the superintendent~~
25 ~~under authority of this section or pursuant to subsection 7 for~~
26 ~~those amounts in excess of ten thousand dollars~~ 4.

27 Sec. 3. Section 536.13, subsection 7, paragraph a, Code 2026,
28 is amended by striking the paragraph.

29 Sec. 4. Section 537.2501, subsection 1, paragraph 1, Code
30 2026, is amended to read as follows:

31 1. For a consumer credit transaction, a service charge in an
32 amount not to exceed the lesser of either ten percent of the
33 amount financed or ~~thirty~~ one hundred dollars.

34

EXPLANATION

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The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill relates to interest rates and charges on regulated
3 loans, and consumer credit transaction service charges.

4 The bill eliminates provisions under current law relating to
5 the superintendent of banking's investigations of the conditions
6 of regulated loans, and authority to redetermine and refix the
7 maximum rate of interest or charges on regulated loans.

8 The bill eliminates provisions under current law establishing
9 the rate of interest or charges upon the class or classes of
10 regulated loans, and instead sets the rate of interest or charges
11 for all regulated loans at 3 percent per month.

12 Under current law, for a consumer credit transaction, in
13 addition to finance charges, a creditor may contract for and
14 receive a service charge in an amount not to exceed the lesser
15 of 10 percent of the amount financed or \$30. Under the bill,
16 such service charge shall not exceed the lesser of 10 percent of
17 the amount financed or \$100.