

Senate File 2217 - Introduced

SENATE FILE 2217
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3066)

A BILL FOR

1 An Act relating to certain sales of auto club memberships and
2 vehicle warranties.

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

1 Section 1. Section 536.13, Code 2026, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 5A. After a licensee has approved a loan
4 to a borrower, the licensee may offer the borrower the option
5 to purchase an auto club membership or vehicle warranty. If
6 the licensee offers a borrower the option to purchase an auto
7 club membership or vehicle warranty, all of the following shall
8 apply:

9 a. The licensee shall inform the borrower, in a written
10 document initialed by the borrower, that the purchase of an
11 auto club membership or vehicle warranty is optional and
12 failure to purchase an auto club membership or vehicle warranty
13 will not affect the receipt of the loan by the borrower.

14 b. If the borrower chooses to purchase an auto club
15 membership or vehicle warranty the licensee shall permit the
16 borrower either to pay the cost of the auto club membership or
17 vehicle warranty with funds that are not the proceeds of the
18 loan, or to include the cost in the loan the borrower obtains
19 from the licensee.

20 c. A licensee shall permit a borrower to cancel an auto
21 club membership or vehicle warranty and to receive a full
22 refund of the purchase price at any time within thirty calendar
23 days following the date of purchase from the licensee if the
24 borrower has not used any service provided through the auto
25 club membership or vehicle warranty.

26 EXPLANATION

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

29 This bill relates to certain sales of auto club memberships
30 and vehicle warranties.

31 Under the bill, a licensed loan officer (licensee) may,
32 after approving a loan to a borrower, offer the borrower the
33 option to purchase an auto club membership (membership) or
34 vehicle warranty (warranty). If the licensee offers the option
35 to purchase a membership or warranty, the licensee shall:

1 inform the borrower, in a written document initialed by the
2 borrower, that the purchase of a membership or warranty is
3 optional and will not affect the receipt of the loan by the
4 borrower; if the borrower chooses to purchase a membership or
5 warranty, permit the borrower either to pay for the cost with
6 funds that are not the proceeds of the loan, or to include the
7 cost in the total amount financed by the loan the borrower
8 obtains from the licensee; and permit the borrower to cancel
9 the membership or warranty and receive a full refund of the
10 purchase price at any time within 30 days following the date
11 of purchase if the borrower has not used the membership or
12 warranty.