

House File 2326 - Reprinted

HOUSE FILE 2326
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 603)

(As Amended and Passed by the House April 1, 2026)

A BILL FOR

1 An Act relating to debt management programs, services, fees,
2 and licensee requirements.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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
6 payments shall remain until a remittance is made to either the
7 debtor or the creditor.

8 Sec. 2. Section 533A.8, subsection 5, paragraph d, Code
9 2026, 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.8, Code 2026, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 10A. If a debtor who has contracted with
23 a licensee to settle a debt has executed a debt settlement
24 agreement with a creditor to settle such debt and has made at
25 least one payment pursuant to that agreement, and the debtor
26 subsequently fails to complete the payment terms required under
27 that debt settlement agreement, the licensee shall attempt to
28 renegotiate, resolve, reduce, or otherwise alter the terms of
29 the debt with the creditor and shall not request or receive
30 an additional fee from the debtor for any additional debt
31 management service provided by the licensee for that debt.
32 This subsection does not prohibit a licensee from requesting
33 or receiving payment of any outstanding balance of the fee
34 required by the contract between the licensee and debtor for
35 that debt.

1 Sec. 5. Section 533A.9, subsection 4, Code 2026, is amended
2 by striking the subsection and inserting in lieu thereof the
3 following:

4 4. If a debt management program is not based on a model that
5 requires the licensee or another licensee to receive money or
6 evidences thereof from the debtor to distribute to the debtor's
7 creditors, a licensee may not request or receive payment of
8 any fee or consideration for debt management services provided
9 under a debt management program unless all of the following are
10 true:

11 a. The licensee has renegotiated, resolved, reduced, or
12 otherwise altered the terms of at least one debt pursuant to a
13 resolution agreement or other contractual agreement executed
14 by the debtor and the creditor.

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

18 c. To the extent that debts enrolled in the debt management
19 program are renegotiated, resolved, reduced, or otherwise
20 altered individually, the fee or consideration for the debt
21 management service bears the same proportional relationship to
22 the total fee or consideration for renegotiating, resolving,
23 reducing, or otherwise altering the terms of the entire debt
24 balance as the individual debt amount bears to the entire debt
25 amount, not to exceed thirty percent of the total amount of
26 debt enrolled by the debtor at the time of enrollment in the
27 debt management program. The individual debt amount and the
28 entire debt amount are those owed at the time the debt was
29 enrolled in the debt management program. The percent charged
30 is the same for each individual debt enrolled in the debt
31 management program.

32 Sec. 6. Section 533A.9, subsection 5, Code 2026, is amended
33 by striking the subsection and inserting in lieu thereof the
34 following:

35 5. a. Notwithstanding any provision of this section to

1 the contrary, the total aggregate fee or consideration charged
2 by a licensee for all debt management services provided by the
3 licensee to a debtor shall not exceed thirty percent of the
4 total amount of debt enrolled by the debtor at the time of
5 enrollment in the debt management program.

6 *b.* A licensee may assess and collect the fee for debt
7 management services on a per-debt basis as a debt is
8 renegotiated, settled, reduced, or otherwise altered in a
9 manner consistent with this section and applicable federal law.

10 Sec. 7. Section 533A.9, Code 2026, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 6. If a debt settlement agreement between a
13 debtor and a creditor to settle a debt provides for the debtor
14 to make more than one payment to the creditor, the licensee
15 shall request or receive payment from the debtor of any fee for
16 debt management services provided with respect to that debt
17 incrementally over not less than one quarter of the length of
18 the debtor's period of repayment to such creditor.

19 Sec. 8. Section 538A.2, subsection 2, Code 2026, is amended
20 by adding the following new paragraph:

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