

**CHAPTER 1217****COLLECTION OF DISHONORED NEGOTIABLE INSTRUMENTS***S.F. 420*

**AN ACT** relating to the collection of dishonored checks, drafts, or other negotiable instruments.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 554.3507, Code 1983, is amended by adding the following new subsection:

**NEW SUBSECTION. 5.** The holder of a dishonored instrument may assess against the maker of that instrument a surcharge of not more than ten dollars for each dishonored instrument. The surcharge authorized by this section shall not be assessed unless the holder clearly and conspicuously posts a notice at the usual place of payment, or in the billing statement of the holder, stating that a surcharge will be assessed and the amount of the surcharge. However, such a surcharge shall not be assessed against the maker if the reason for the dishonor of the instrument is that the maker has stopped payment pursuant to section 554.4403.

Sec. 2. Section 625.22, unnumbered paragraph 2, Code 1983, is amended to read as follows:

In an action against the maker to recover payment on a dishonored check, or draft, or written instrument written in violation of chapter 714 as defined in section 554.3104, the plaintiff, if successful, may recover, in addition to all other costs or surcharges provided by law, all court costs incurred, including a reasonable attorney's fee, or an individual's cost of processing a small claims recovery such as lost time and transportation costs from the maker of the check, or draft, or written instrument. Any such additional charges shall be determined by the court. If the defendant is successful in the action and the court determines the action was frivolous, the court may award the defendant reasonable attorney's fees.

Approved May 7, 1984