

HSB 14

COMMERCE AND REGULATION
JUC

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON COMMERCE
AND REGULATION BILL BY
CHAIRPERSON HANSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to delinquency charges on certain precomputed
2 consumer credit transactions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 537.2502, subsections 3 and 6, Code
2 2001, are amended to read as follows:

3 3. A delinquency charge shall not be collected under
4 subsection 1, paragraph "a", on an installment which that is
5 paid in full within ten days after its scheduled or deferred
6 installment due date even though an earlier maturing
7 installment or a delinquency or deferral charge on an earlier
8 installment may not have been paid in full. For purposes of
9 this subsection, payments associated with a precomputed are
10 applied first to current installments and then to delinquent
11 installments.

12 6. A delinquency charge shall not be collected under
13 subsection 4 on a payment which associated with a precomputed
14 transaction that is paid in full on or before its scheduled or
15 deferred due date even though an earlier maturing payment or a
16 delinquency or deferred charge on an earlier payment has not
17 been paid in full. For purposes of this subsection, payments
18 associated with a precomputed transaction are applied first to
19 amounts due for the current billing cycle and then to
20 delinquent payments.

21 EXPLANATION

22 This bill provides that, with respect to a consumer credit
23 transaction that is not pursuant to an open-end credit
24 arrangement, and other than a consumer lease or consumer
25 rental agreement, a delinquency charge on a current paid-in-
26 full installment associated with a precomputed transaction
27 shall not be collected, even if a delinquency on an earlier
28 installment exists. By limiting the provision's applicability
29 to precomputed transactions, the bill allows a delinquency
30 charge to be collected on an installment not part of a
31 precomputed transaction, where the current installment due is
32 paid in full within 10 days after its scheduled or deferred
33 installment due date but an earlier maturing installment or a
34 delinquency or deferral charge on an earlier installment has
35 not been paid in full. The bill, with respect to such

608

1 transactions, eliminates the requirement that payments be
2 applied first to a current installment and then to delinquent
3 amounts.

4 The bill likewise provides that with respect to delinquency
5 charges related to an open-end credit transaction, a
6 delinquency charge may be collected on a payment associated
7 with a transaction other than a precomputed transaction where
8 the current payment due is paid in full on or before its
9 scheduled or deferred due date but where an earlier maturing
10 payment or a delinquency or deferred charge on an earlier
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MAR 14 2001

Place On Calendar

3/21/02

UNFINISHED BUSINESS CALENDAR

3/21/01 Commerce
S. 3/13/02 Do Pass

HOUSE FILE 608
BY COMMITTEE ON COMMERCE
AND REGULATION

(SUCCESSOR TO HSB 14)

(P. 835)
Passed House, Date 3/22/01 Passed Senate, Date (P. 871) 4-1-02
Vote: Ayes 65 Nays 31 Vote: Ayes 43 Nays 1
Approved April 11, 2002
~~Vetoed~~

A BILL FOR

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HF 608

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THOMAS J. VILSACK
GOVERNOR

OFFICE OF THE GOVERNOR

SALLY J. PEDERSON
LT. GOVERNOR

April 11, 2002

RECEIVED
APR 12 2002
LEGISLATIVE SERVICE
BUREAU

Brent Siegrist
Speaker of the House
State Capitol Building
LOCAL

Dear Speaker Siegrist:

I hereby transmit House File 608, an Act relating to the delinquency charges on certain pre-computed consumer credit transactions.

At a time when predatory lending is on the rise, this legislation would be a benefit to such lenders. It represents a risk to Iowa consumers and a loss to the Iowa economy. The added costs are born by the citizens of Iowa then realized by out-of-state high-cost lenders.

The Attorney General's Office supports the rejection of this bill as poor consumer practice that would ultimately represent no benefit to the citizens and economy of our state. In fact, he indicates that Iowans participating in these loan programs may find repayment to be a strain and in the end, only compound their financial problems.

For the above reasons, I hereby respectfully disapprove House File 608.

Sincerely,

Thomas J. Vilsack
Governor

TJV:jmc

cc: Secretary of the Senate
Chief Clerk of the House



Vetoed

House File 608, p. 2

amounts due for the current billing cycle and then to delinquent payments.

HOUSE FILE 608

AN ACT
RELATING TO DELINQUENCY CHARGES ON CERTAIN PRECOMPUTED
CONSUMER CREDIT TRANSACTIONS.

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

Section 1. Section 537.2502, subsections 3 and 6, Code 2001, are amended to read as follows:

3. A delinquency charge shall not be collected under subsection 1, paragraph "a", on an installment which that is paid in full within ten days after its scheduled or deferred installment due date even though an earlier maturing installment or a delinquency or deferral charge on an earlier installment may not have been paid in full. For purposes of this subsection, payments associated with a precomputed transaction are applied first to current installments and then to delinquent installments.

6. A delinquency charge shall not be collected under subsection 4 on a payment which associated with a precomputed transaction that is paid in full on or before its scheduled or deferred due date even though an earlier maturing payment or a delinquency or deferred charge on an earlier payment has not been paid in full. For purposes of this subsection, payments associated with a precomputed transaction are applied first to

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 608, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Vetoed 4/11
~~Approved~~ _____, 2002

THOMAS J. VILSACK
Governor

H.F. 608