

Protecting Iowans in Tough Economic Times

With many families facing financial hardship due to the global recession, legislators will consider a plan limiting exploitive lending schemes that prey on Iowans struggling to make ends meet.

A key House committee will continue work begun last session to protect borrowers from exploitive payday lenders. Proposed legislation will limit the number of loans that can be made to one person to six 14-day loans per year.

In order to enforce the loan limit, all payday lenders will be required to report to an electronic database tracking service selected by the Superintendent of Banking.

Payday lenders will also be required to offer borrowers an opportunity to repay debt, before collection procedures begin, by offering an extended repayment program.

The bill also requires certain disclosures so borrowers are aware of their rights.