

Red Tape Review Rule Report (Due: September 1, 2025)

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|-------------------------|--------------------------|--------------------------------------|--|--|--------------|
| Department Name: | Iowa Division of Banking | Date: | August 27, 2025 | Total Rule Count: | 13 |
| IAC #: | 187 | Chapter/ SubChapter/ Rule(s): | 20 | Iowa Code Section Authorizing Rule: | Chapter 533A |
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

To provide clarity and certainty about the process of applying for and renewing a debt management license.

Is the benefit being achieved? Please provide evidence.

The rule successfully enables the Division to receive and process applications and renewals for debt management licenses in an expeditious and cost-effective manner.

What are the costs incurred by the public to comply with the rule?

People interested in obtaining and maintaining a debt management license may incur costs to prepare and submit the required application materials and renewal materials. Licensees and prospective licensees must also pay fees for using the Nationwide Multistate Licensing System, a nationwide online application and licensing system operated and maintained by the states that streamlines, for licensees and for states, the process of obtaining and maintaining a license in multiple states.

What are the costs to the agency or any other agency to implement/enforce the rule?

The Division incurs staff time to review and respond to license and renewal applications and conduct examinations.

Do the costs justify the benefits achieved? Please explain.

Yes, because the rule establishes a fast and efficient system for licensing applications and renewals.

Are there less restrictive alternatives to accomplish the benefit? ☐ YES ☒ NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The Division did not identify any less restrictive means of applying for and renewing a debt management license.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

Yes, the chapter contains language that duplicates statutory language and includes other unnecessary or outdated language as noted herein:

20.1 Definitions: Includes unnecessary language.

20.3 Application for license: Includes repetitive language better addressed elsewhere in rule and unnecessary examples of expiration deadlines.

20.5 Renewal of license: Includes unnecessary language.

20.6 Changes in name, location, or control: Includes unnecessary language and repeats certain statutory language.

20.7 Notice of significant events: Includes unnecessary language.

20.8 Administrative fees: Includes unnecessary repetition of statutory language about examination or investigation fees.

20.9 Licensee records: Includes unnecessary language and repetition of certain statutory language.

20.10 Complaints and investigations: Contains unnecessary repetition of provisions covered in the statute.

20.11 Disciplinary action: Repeats statutory language and provisions and includes other unnecessary language.

20.12 Restrictions on operating a debt management business: Includes unnecessary language regarding applicability of relevant Iowa Code chapter.

RULES PROPOSED FOR REPEAL (list rule number[s]):

The Division proposes substantial revisions throughout but no complete repeal of any existing rule.

RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):

CHAPTER 20

DEBT MANAGEMENT

Chapter exempt from chapter rescission pursuant to Iowa Code section [17A.7](#)

187—20.1(17A,533A) Definitions. For the purposes of this chapter, the definitions in Iowa Code chapter 533A shall apply. In addition, unless the context otherwise requires:

“Debt management business” means a person that performs debt management as defined in Iowa Code section 533A.1(2) or debt settlement as defined in Iowa Code section 533A.1(3).

“Nationwide multistate licensing system” or *“NMLS”* means as defined in Iowa Code section 535D.3.

“Upon completion of a settlement of a debtor’s debt” means when all of the payments necessary to completely satisfy a debtor’s debt have been remitted to the creditor.

187—20.2(17A,533A) Utilization of the NMLS.

20.2(1) All application and licensing information shall be submitted through the NMLS including but not limited to the following: original application information; changes in application information; license renewal information; changes in name, location, and control; and notices of significant events.

20.2(2) The applicant or licensee shall pay any fees required by the NMLS including but not limited to the following: initial set-up fee and annual processing fee, system processing fees, background check fees, and credit background check fees.

187—20.3(17A,533A) Application for license.

20.3(1) An application for a license to operate a debt management business in Iowa shall be submitted to the superintendent, on the form provided and with the information requested, through the NMLS. The superintendent may consider an application withdrawn if it does not contain all required information and the missing information is not submitted to the superintendent within 30 days after the superintendent requests the missing information. The applicant may also request that the application be withdrawn at any time before the superintendent has decided to grant or deny the application.

20.3(2) Each officer, director, and individual who has control of an applicant must provide fingerprints, authorize a fingerprint background check through the NMLS, and pay the appropriate fees for the purpose of conducting a national criminal history background check through the Federal Bureau of Investigation.

20.3(3) The applicant shall submit the application fee and the initial license fee specified in Iowa Code section 533A.2(6). The superintendent shall refund the initial license fee if the application is denied, but the application fee is not subject to refund.

20.3(4) If any information material to the application changes after the applicant files the initial application, the applicant shall provide updated information to the superintendent within ten days of the change. When such a material change in information has occurred, the superintendent may deny an application if the applicant fails to provide updated information within the prescribed time frame.

20.3(5) An applicant for a license to operate a debt management business must file with the superintendent a bond complying with the provisions of Iowa Code section 533A.2(4).

187—20.4(17A,533A) Grounds for approval or denial.

20.4(1) The superintendent shall approve or deny a license application in accordance with the provisions of Iowa Code section 533A.3.

20.4(2) The following may be considered evidence that the business of the applicant may not be operated lawfully and honestly consistent with the purposes of Iowa Code chapter 533A and may therefore be considered grounds for denial of an application:

a. An applicant, or an officer, director, or individual who has control of an applicant, has had a mortgage loan originator license or any lending license revoked in any governmental jurisdiction.

b. An applicant, or an officer, director, or individual who has control of an applicant, has been convicted of, or pled guilty or no contest to, a felony in a domestic, foreign, or military court if such felony involved an act of fraud, dishonesty, or breach of trust, or money laundering.

187—20.5(17A,533A) Renewal of license.

20.5(1) A licensee must renew a license before the expiration date of the license to remain authorized to operate a debt management business. Licenses expire on the next December 31 after they are issued, but licenses granted on or after November 1 but before January 1 do not expire until December 31 of the following year.

20.5(2) An application to renew a license shall be submitted to the superintendent, on the form provided and with the information requested, requested, including any material change to information contained in the original application, through the NMLS by December 1 of the year of expiration.

20.5(3) The superintendent shall grant an application to renew a license if:

a. The licensee submits the application and the appropriate renewal fee by December 1 or the licensee submits the application after December 1 but before January 1 and pays the appropriate renewal fee and the appropriate late fee;

b. The application is fully completed and includes all necessary information; and

c. The application does not reveal grounds to deny a license.

20.5(4) The superintendent may reject for processing a renewal application submitted after December 31 or treat such an application as an application for a new license.

187—20.6(17A,533A) Changes in the licensee's name, location, or control.

20.6(1) A licensee wishing to change the name or location of a debt management business shall notify the superintendent at least 30 days prior to the requested change. The notice shall include proof that the licensee has either obtained a new bond or amended the existing bond to reflect the new name or location.

20.6(2) A licensee wishing to establish a branch office must submit the application to the superintendent, on the form provided and with the information requested, through the NMLS, along with the fee required by Iowa Code section 533A.2(6). Licenses issued to branch offices are treated as independent licenses and are subject to the renewal requirements, fees, and procedures specified in rule 187—20.5(17A,533A).

20.6(3) When a change in control of a licensee is proposed, the party that will assume control of the licensee shall give notice to the superintendent at least 30 days before the proposed change will take effect. The party that will assume control of the licensee shall furnish the superintendent with the same information required of initial applicants for a license, along with the fee specified in Iowa Code section 533A.5A(1). The party that will assume control may be required to provide fingerprints, authorize a fingerprint background check

through the NMLS, and pay the appropriate fees for the purpose of conducting a national criminal history background check through the Federal Bureau of Investigation. The superintendent shall approve or deny the request in accordance with the provisions of Iowa Code section [533A.3](#) and rule 187-20.5(17A,533A).

187—20.7(17A,533A) Notice of significant events. A licensee shall notify the superintendent in writing within ten days of the occurrence of any of the following events.

20.7(1) The licensee or any of the licensee’s officers, directors, principal stockholders, or affiliates file for bankruptcy protection.

20.7(2) A prosecuting authority files criminal charges against the licensee or any of the licensee’s officers, directors, principal stockholders, or affiliates.

20.7(3) Another state or jurisdiction institutes license denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action against the licensee or any of the licensee’s officers, directors, principal stockholders, or affiliates.

20.7(4) The attorney general of Iowa, the Federal Trade Commission, or the enforcer of the consumer protection laws of any other jurisdiction initiates an action to enforce any consumer protection laws against the licensee or any of the licensee’s officers, directors, principal stockholders, or affiliates.

187—20.8(17A,533A) Administrative fees.

20.8(1) *Late fees for failing to respond.* In the process of administering this chapter, the superintendent may require a person to provide responses to formal orders, examinations, or complaint inquiries. If a person fails to respond within 30 days of the request, the superintendent may assess a penalty of \$10 per day after the initial 30 days.

20.8(2) *NMLS system processing fees.* The applicant or licensee shall pay any fee required by the NMLS or attributed to the licensee’s record in the NMLS pursuant to rule 187-20.2(17A,536).

187—20.9(17A,533A) Licensee records.

20.9(1) *General record requirements.* A licensee must keep records that allow the superintendent to determine the licensee’s compliance with relevant statutes and regulations.

a. The licensee may keep the records as a hard copy or in an electronic equivalent.

b. The licensee shall maintain all books and records in good order and produce books and records for the superintendent upon request.

c. The obligation to maintain records continues even after the licensee ceases business operations in Iowa and turns in or surrenders its license. The owners and directors of the licensee are responsible for ensuring that this requirement is met.

20.9(2) *Required records.* A licensee shall keep, at its principal place of business, an index, a client log, an account file, and an account ledger.

20.9(3) *Index.* All records kept by a debt management business shall be accessible by the debtor's name, in alphabetical order, and by account number.

20.9(4) *Client log.* The client log is a chronological list of active and inactive clients. The client log shall include the name of the client, the account number, the date the account was opened, the date the account was closed, and the expiration date of the account.

20.9(5) *Account file.* The account file consists of the application, the licensee's comprehensive review of the debtor's debts and monthly budget as required by Iowa Code section [533A.8\(2\)](#), a copy of the debt management contract, and all disclosures to the debtor required by Iowa Code section [533A.8\(3\)](#).

20.9(6) *Account ledger.* A licensee whose debt management program is based on a model which requires the licensee or any licensee to receive money or evidences thereof from the debtor to distribute to the debtor's creditors shall maintain an account ledger for each debtor, which shall show:

a. The name and address of the debtor, the account number, the amount of the debtor's outstanding debts, and the total of payments the debtor has made to the licensee.

b. A transaction history that lists all transactions with the debtor and the debtor's creditors. Payments from the debtor shall be posted to the account ledger, effective the date the payments were received, and show the date payment was received and the total amount of the payment. Payments to the debtor's creditors made from the debtor's account shall be posted to the account ledger effective the date the payments were made. The

account ledger shall show the date the payment was made, the total amount of the payment, and a description of how the payment was applied to the debtor's account. Fees that the licensee deducts from the debtor's account shall be posted to the account ledger effective the date the fees were collected, and the account ledger shall show the date the fees were collected and the total amount of fees collected. Other transactions shall be fully described. Corrections to the transaction history shall be made by corrective entry and not by erasure.

20.9(7) *General business records.* A licensee must keep the following general business records for at least 36 months:

a. All checkbooks, check registers, bank statements, deposit slips, withdrawal slips, and canceled checks (or copies thereof) relating to the debt management business of the licensee.

b. Complete records (including invoices and supporting documentation) for all expenses and fees paid on behalf of each applicant for debt management or debt settlement, including a record of the date and amount of all such payments actually made by each applicant.

c. Copies of all federal tax withholding forms, reports of income for federal taxation, and evidence of payments to all employees, independent contractors, and others compensated by a licensee in connection with the conduct of the debt management business.

d. All correspondence and other records relating to the maintenance of any bond required by Iowa Code chapter [533A](#).

e. Copies of all reports of audits, examinations, inspections, reviews, investigations, or other similar functions performed by any third party, including but not limited to the superintendent or any other regulatory or supervisory authority.

f. Copies of all advertisements and solicitations concerning debt management or debt settlement directed at Iowa residents, including advertisements and solicitations on the Internet or by other electronic means, in the format in which the advertisements and solicitations were published or distributed. An advertisement shall clearly show the licensee's unique NMLS identification number.

20.9(8) *Disposal of records.* If a licensee or former licensee disposes of records at the end of the retention period, the licensee or former licensee shall dispose of the records in a reasonable manner that safeguards any identification information, as defined in Iowa Code section [715A.8\(1\)](#) “a.” The owners and directors of licensees and former licensees are responsible for ensuring that this requirement is met.

187—20.10(17A,533A) Complaints and investigations.

20.10(1) The superintendent may, at any time and as often as the superintendent deems necessary, investigate or examine a licensee pursuant to Iowa Code section 533A.10, including investigating complaints about, or alleged violations by, any licensee.

20.10(2) A complaint or alleged violation means:

a. A written complaint received from a consumer, member of the public, employee, business affiliate, or governmental agency.

b. Notice to the superintendent from any source that the licensee has been the subject of disciplinary proceedings in another jurisdiction.

c. Notice to the superintendent from any source that the licensee has been convicted of forgery, embezzlement, obtaining money under false pretenses, extortion, conspiracy to defraud, or other similar offense, in a court of competent jurisdiction in this state or in any other state, territory, or district of the United States, or in any foreign jurisdiction.

187—20.11(17A,533A) Disciplinary action.

20.11(1) Grounds for discipline. The superintendent may impose any of the disciplinary sanctions set out in Iowa Code section [533A.7\(2\)](#) when the superintendent makes any of the findings in Iowa Code section 533A.7(1) or when the superintendent finds any of the following:

a. A fact or condition exists which, had it existed at the time of the licensee’s original application for a license, would have warranted the superintendent to refuse to issue the original license.

b. The licensee is found upon investigation to be insolvent, in which case the license is subject to immediate revocation.

c. The licensee has violated an order of the superintendent.

d. The licensee fails to respond to an inquiry from the superintendent within 30 days of the date the superintendent mails a written communication directed to the licensee's last-known address on file with the superintendent.

e. The licensee operates a debt management business in the same location as another business without the superintendent's written approval.

f. The licensee has abandoned its place of business for 60 or more days.

g. Another state or jurisdiction has denied, suspended, revoked, or refused to renew the licensee's license, registration, or authorization to operate a debt management business under the other state's or jurisdiction's law.

20.11(3) The superintendent shall not refund a license fee, in whole or in part, for a license that has been suspended, revoked, or surrendered.

187—20.12(17A,533A) Restrictions on operating a debt management business. Licensees may not establish branch locations outside the United States.

These rules are intended to implement Iowa Code chapter [533A](#).

****For rules being re-promulgated with changes, you may attach a document with suggested changes.***

METRICS

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| Total number of rules repealed: | 0 |
| Proposed word count reduction after repeal and/or re-promulgation | 532 |
| Proposed number of restrictive terms eliminated after repeal and/or re-promulgation | 9 |

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

No.