CHAPTER 54

CLOSING COSTS, DISCOUNT POINTS, AND FEES FOR DEBTS SECURED BY AN INTEREST IN LAND

S.F. 398

AN ACT relating to closing costs for a debt secured by an interest in land.

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

Section 1. Section 537.2501, subsection 1, paragraph e, Code 2025, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (6) Discount points for the purpose of reducing, and that result in a bona fide reduction of, the interest rate applicable to the debt, or points, agreed upon by the creditor and the consumer to secure a given interest rate, provided the points and fees the consumer is charged by all lenders in connection with the consumer loan do not exceed the amounts specified in 12 C.F.R. §1026.43(e)(3).

Sec. 2. Section 537.2501, Code 2025, is amended by adding the following new subsection:

NEW SUBSECTION. 4. For a consumer loan secured by an interest in land, if a creditor that is a mortgage banker licensed under section 535B.5 or registered under section 535B.3 originates such consumer loan in which the annual percentage rate, points, and fees the consumer is charged by all lenders in connection with the consumer loan do not exceed the amounts specified in 12 C.F.R. §1026.43(e)(2)(vi) and 12 C.F.R. §1026.43(e)(3), the consumer loan shall not be subject to the limitations on fees specified in section 535.8, subsection 4, paragraph *"a"*, or section 535.8, subsection 5.

Approved May 6, 2025