

537.2201 Finance charge for consumer credit sales not pursuant to open-end credit.

1. With respect to a consumer credit sale, other than a sale pursuant to open-end credit, a creditor may contract for and receive a finance charge not exceeding the maximum charge permitted by the law of this state or the United States for similar creditors. In addition, with respect to a consumer credit sale of goods or services, other than a sale pursuant to open-end credit or a sale of a motor vehicle, a creditor may contract for and receive a finance charge not exceeding that permitted in [subsections 2 through 6](#). With respect to a consumer credit sale of a motor vehicle, a creditor may contract for and receive a finance charge as provided in [section 322.19](#), and a finance charge in excess of that provided in [section 322.19](#), is an excess charge in violation of [this chapter](#).

2. The finance charge, calculated according to the actuarial method, may not exceed twenty-one percent per year on the unpaid balances of the amount financed.

3. [This section](#) does not limit or restrict the manner of calculating the finance charge whether by way of add-on, discount, or otherwise, so long as the rate of the finance charge does not exceed that permitted by [this section](#). If the sale is a precomputed consumer credit transaction, the finance charge may be calculated on the assumption that all scheduled payments will be made when due, and the effect of prepayment is governed by the provisions on rebate upon prepayment contained in [section 537.2510](#).

4. For the purposes of [this section](#), the term of a sale agreement commences with the date the credit is granted or, if goods are delivered or services performed ten days or more after that date, with the date of commencement of delivery or performance. Any month may be counted as one-twelfth of a year, but a day is counted as one-three hundred sixty-fifth of a year. Subject to classifications and differentiations the seller may reasonably establish, a part of a month in excess of fifteen days may be treated as a full month if periods of fifteen days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted. The administrator may adopt rules not inconsistent with the Truth in Lending Act with respect to treating as regular other minor irregularities in amount or time.

5. Subject to classifications and differentiations the seller may reasonably establish, the seller may make the same finance charge on all amounts financed within a specified range. A finance charge so made does not violate [subsection 2](#) if both of the following are applicable:

a. When applied to the median amount within each range, it does not exceed the maximum rate permitted by [subsection 1](#).

b. When applied to the lowest amount within each range, it does not produce a rate of finance charge exceeding the rate calculated according to paragraph “a” by more than eight percent of the rate calculated according to paragraph “a” of [this subsection](#).

6. Regardless of [subsection 2](#), the seller may contract for and receive a minimum finance charge of not more than five dollars when the amount financed does not exceed seventy-five dollars, or seven dollars and fifty cents when the amount financed exceeds seventy-five dollars.

[C75, 77, 79, 81, §537.2201; 82 Acts, ch 1153, §15, 18(1)]

2018 Acts, ch 1041, §127; 2020 Acts, ch 1063, §311

Referred to in §535.11, 537.2504, 537.2505