

535.10 Home equity line of credit.

1. As used in this chapter, the term "*home equity line of credit*" means an arrangement pursuant to which all of the following are applicable:

- a.* The amounts borrowed and the interest and other charges are debited to an account.
- b.* The interest is computed on the account periodically.
- c.* The borrower has the right to pay in full at any time without penalty or to pay in the installments which are established by the loan agreement.
- d.* The lender agrees to permit the borrower to borrow money from time to time with the maximum amount of each borrowing established by the loan agreement.
- e.* The account is secured by an interest in real estate. The priority of the secured interest in the real estate shall be determined by section 654.12A.

2. Except as provided in this section, a home equity line of credit is subject to chapter 537. However, sections 537.2307, 537.2402, and 537.2510 do not apply.

3. *a.* A lender may collect in connection with establishing or renewing a home equity line of credit the costs listed in section 535.8, subsection 2, paragraph "*b*", charges for insurance as described in section 537.2501, subsection 2, and a loan processing fee as agreed between the borrower and the lender, and annually may collect an account maintenance fee of not more than fifteen dollars. Fees collected under this subsection shall be disregarded for purposes of determining the maximum charge permitted by subsection 4.

b. The parties to a home equity line of credit which is not a consumer credit transaction, as defined in section 537.1301, may contract for a delinquency charge under terms no more favorable than those permitted for open-end credit under section 537.2502.

4. The interest rate on a home equity line of credit shall not exceed one and three-quarters percent per month.

5. Real estate which is the consumer's principal dwelling shall not be subject to foreclosure when the balance secured is two thousand dollars or less.

84 Acts, ch 1272, § 1; 95 Acts, ch 35, §1; 99 Acts, ch 15, §1