

537.2502 Delinquency charges.

1. With respect to a consumer credit transaction not pursuant to an open-end credit arrangement and other than a consumer lease or consumer rental purchase agreement, the parties may contract for a delinquency charge on any installment not paid in full within ten days after its due date, as originally scheduled or as deferred, in an amount as follows:

a. For a precomputed transaction, an amount not exceeding the greater of either of the following:

(1) Five percent of the unpaid amount of the installment, or a maximum of twenty dollars.

(2) The deferral charge that would be permitted to defer the unpaid amount of the installment for the period that it is delinquent.

b. For an interest-bearing transaction, an amount not exceeding five percent of the unpaid amount of the installment, or a maximum of fifteen dollars.

2. A delinquency charge under [subsection 1](#) may be collected only once on an installment however long it remains in default. No delinquency charge may be collected with respect to a deferred installment unless the installment is not paid in full within ten days after its deferred due date. A delinquency charge may be collected at the time it accrues or at any time afterward.

3. A delinquency charge shall not be collected under [subsection 1](#), paragraph “a”, on an installment that is paid in full within ten days after its scheduled or deferred installment due date even though an earlier maturing installment or a delinquency or deferral charge on an earlier installment may not have been paid in full. For purposes of [this subsection](#), payments associated with a precomputed transaction are applied first to current installments and then to delinquent installments.

4. With respect to open-end credit, the parties may contract for a delinquency charge on any payment not paid in full when due, as originally scheduled or as deferred, in an amount up to fifteen dollars.

5. A delinquency charge under [subsection 4](#) may be collected only once on a payment however long it remains in default. A delinquency charge shall not be collected with respect to a deferred payment unless the payment is not paid in full on or before its deferred due date. A delinquency charge may be collected at the time it accrues or at any time afterward.

6. A delinquency charge shall not be collected under [subsection 4](#) on a payment associated with a precomputed transaction that is paid in full on or before its scheduled or deferred due date even though an earlier maturing payment or a delinquency or deferred charge on an earlier payment has not been paid in full. For purposes of [this subsection](#), payments are applied first to amounts due for the current billing cycle and then to delinquent payments.

[C66, 71, 73, §536.13(7), 536A.23(3); C75, 77, 79, 81, §537.2502]

89 Acts, ch 68, §4; 93 Acts, ch 124, §1; 95 Acts, ch 113, §1; 96 Acts, ch 1114, §3 – 5; 97 Acts, ch 187, §6, 7; 99 Acts, ch 15, §3; 2003 Acts, 1st Ex, ch 1, §125, 133

[2003 Acts, 1st Ex, ch 1, §125, 133, amendments to subsections 3 and 6 rescinded pursuant to *Rants v. Vilsack*, 684 N.W.2d 193]

2004 Acts, 1st Ex, ch 1001, §22, 23

Referred to in [§535.10](#), [§537.2510](#)