

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 4](#), paragraph “a” or “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; 2014 Acts, ch 1037, §7; 2015 Acts, ch 29, §84](#)

Referred to in §535.17