

535.11 Finance charge on accounts receivable.

1. Except where the parties have agreed in writing for the payment of a different finance charge or rate of interest, a creditor may charge a finance charge on the unpaid balances of an account receivable at a rate not exceeding that permitted by [subsection 3 or 4 of this section](#) if the creditor gives notice as required by [subsection 2 of this section](#).

2. As a condition of imposing a finance charge under [this section](#), the creditor shall give notice to the debtor as follows:

a. In a transaction that is subject to the Truth in Lending Act, the creditor shall give all disclosures as required by that Act and at the time or times required by that Act.

b. In a transaction that is not subject to the Truth in Lending Act, the creditor shall give written notice to the debtor at the time the debt arises. The notice shall be contained on the invoice or bill of sale evidencing the credit transaction, and shall disclose the rate of the finance charge and the date or day of the month before which payment must be received if the finance charge is to be avoided. With respect to open accounts, this notice shall be given at the time credit is initially extended; provided that additional advance notice in writing shall be given to the debtor not less than ninety days prior to any change in the terms of the agreement or of rate of the finance charge or date payment is due. For purposes of this paragraph, notice is given if the invoice or bill of sale is delivered with the goods, whether or not the debtor is present at the time of delivery.

c. As used in [this subsection](#), “*Truth in Lending Act*” means as defined in [section 537.1302](#).

3. With respect to an account other than an open account, the creditor may impose a finance charge not exceeding that permitted by [section 537.2201, subsections 2 through 5](#).

4. With respect to an open account, the creditor may impose a finance charge not exceeding that permitted by [section 537.2202, subsection 2](#).

5. As used in [this section](#), “*finance charge*” means as defined in [section 537.1301](#); and “*account receivable*” means a debt arising from the retail sale of goods or services or both on credit; and “*open account*” means an account receivable consisting of debt arising from the extension of open-end credit, as defined in [section 537.1301](#).

6. [This section](#) does not supersede any of the provisions of [chapter 537](#), except that [section 537.3212](#) does not apply to a consumer credit transaction in which a finance charge is imposed under [this section](#). [This section](#) does not authorize the compounding of a finance charge.

7. The finance charge authorized by [this section](#) is in lieu of interest or a finance charge authorized under [section 535.2, subsection 1](#), or any other provision of law. The rate of a finance charge imposed pursuant to [this section](#) is applicable to a judgment in an action on the account, notwithstanding [section 535.3](#).

8. If a creditor imposes a finance charge in violation of [this section](#), the debtor shall have the right to recover all amounts unlawfully received by the creditor as finance charges, plus attorney’s fees and court costs incurred in any action to effect recovery. [This subsection](#) does not limit remedies which may be available under [chapter 537](#).

[C81, §535.11; 82 Acts, ch 1153, §6, 18(1)]

98 Acts, ch 1100, §72; 2021 Acts, ch 80, §340