29A.99 Maximum rate of interest.

1. An obligation or liability bearing interest at a rate in excess of six percent per year that is incurred by a service member either individually or jointly with the service member's spouse before the service member enters military service shall not bear interest at a rate in excess of six percent per year during the service member's period of military service. Interest that would otherwise be incurred but for the prohibition in this section is forgiven. The amount of any periodic payment due from a service member under the terms of the instrument that created an obligation or liability covered by this section shall be reduced by the amount of the interest forgiven under this section that is allocable to the period for which such payment is made.

2. In order for an obligation or liability of a service member to be subject to the interest rate limitation in this section, the service member shall provide to the creditor written notice and a copy of the military orders calling the service member to military service and any orders further extending military service, not later than one hundred eighty days after the date of the service member's termination or release from military service. Upon receipt of written notice and a copy of orders calling a service member to military service, the creditor shall treat the debt in accordance with this section, effective as of the date on which the service member is called to military service.

3. A court may grant a creditor relief from the limitations of this section if, in the opinion of the court, the ability of the service member to pay interest upon the obligation or liability at a rate in excess of six percent per year is not materially affected by reason of the service member's military service.

4. As used in this section, the term *"interest"* includes service charges, renewal charges, fees, or any other charges, except for bona fide insurance, with respect to an obligation or liability.

2002 Acts, ch 1117, §33, 40; 2006 Acts, ch 1143, §2

Referred to in §29A.105