

CHAPTER 1114
CREDIT CARDS – MISCELLANEOUS PROVISIONS
H.F. 511

AN ACT relating to open-end credit pursuant to a credit card, including the permissible over-limit or delinquency charges, the offering of credit unemployment insurance, and the time requirements for making certain payments.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 537.2501, subsection 1, paragraph f, unnumbered paragraph 1, Code 1995, is amended to read as follows:

With respect to open-end credit pursuant to a credit card issued by the creditor which entitles the cardholder to purchase or lease goods or services from at least one hundred persons not related to the card issuer, the parties may contract for an over-limit charge ~~not to exceed ten up to fifteen~~ dollars if the balance of the account exceeds the credit limit established pursuant to the agreement. The over-limit charge under this paragraph shall not be assessed again in a subsequent billing cycle unless in a subsequent billing cycle the account balance has been reduced below the credit limit.

Sec. 2. Section 537.2501, subsection 2, paragraph b, subparagraph (2), Code 1995, is amended to read as follows:

(2) The insurance shall be sold separately and shall be separately priced from any other insurance offered or sold at the same time. The credit unemployment insurance need not be sold separately or separately priced from other insurance offered if it is included as part of a ~~mailed~~ an insurance offering by a credit card issuer to its credit cardholders. ~~However, credit unemployment insurance shall not be sold in conjunction with an application for a credit card or for the renewal of a credit card.~~

Sec. 3. Section 537.2502, subsection 4, Code 1995, is amended to read as follows:

4. With respect to open-end credit obtained pursuant to a credit card issued by the creditor which entitles the cardholder to purchase or lease goods or services from at least one hundred persons not related to the card issuer, the parties may contract for a delinquency charge on any payment not paid in full ~~within ten days after its~~ when due date, as originally scheduled or as deferred, in an amount ~~not to exceed ten up to fifteen~~ dollars.

Sec. 4. Section 537.2502, subsection 5, Code 1995, is amended to read as follows:

5. A delinquency charge under subsection 4 may be collected only once on a payment however long it remains in default. ~~No~~ A delinquency charge ~~may~~ shall not be collected with respect to a deferred payment unless the payment is not paid in full ~~within ten days after~~ on or before its deferred due date. A delinquency charge may be collected at the time it accrues or at any time afterward.

Sec. 5. Section 537.2502, subsection 6, Code 1995, is amended to read as follows:

6. ~~No~~ A delinquency charge ~~may~~ shall not be collected under subsection 4 on a payment which is paid in full ~~within ten days after~~ 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.

Approved April 16, 1996