

CHAPTER 27

LOANS — PERMISSIBLE INTEREST RATES AND CHARGES

H.F. 260

AN ACT relating to permissible interest rates and charges for certain loans.

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

Section 1. [Section 536.13, subsection 7](#), paragraph a, Code 2019, is amended to read as follows:

a. The superintendent may establish the maximum rate of interest or charges as permitted under [this chapter](#) for those loans with an unpaid principal balance of ~~ten~~ thirty thousand dollars or less. For those loans with an unpaid principal balance of over ~~ten~~ thirty thousand dollars, the maximum rate of interest or charges which a licensee may charge shall be the greater of the rate permitted by [chapter 535](#) or the rate authorized for supervised financial organizations by [chapter 537](#).

Sec. 2. [Section 537.2501, subsection 1](#), Code 2019, is amended by adding the following new paragraph:

NEW PARAGRAPH. l. For an interest-bearing consumer credit transaction, a service charge in an amount not to exceed the lesser of ten percent of the amount financed or thirty dollars.

Sec. 3. [Section 537.2510, subsection 3](#), paragraph a, Code 2019, is amended to read as follows:

a. If the prepayment is in full, the creditor may collect or retain a minimum charge not exceeding five dollars in a transaction which had an amount financed of seventy-five dollars or less, or not exceeding seven dollars and fifty cents in a transaction which had an amount financed of more than seventy-five dollars, if the minimum charge was contracted for, and the finance charge earned at the time of prepayment is less than the minimum charge contracted for. If, however, a creditor has collected a service charge in association with an interest-bearing consumer credit transaction pursuant to [section 537.2501, subsection 1](#), paragraph "l", the creditor shall not collect or retain a minimum charge upon prepayment pursuant to [this subsection](#).

Sec. 4. [Section 537.2510](#), Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 9. [This section](#) does not apply to a service charge collected pursuant to [section 537.2501, subsection 1](#), paragraph "l".

Approved April 15, 2019