

**421.7 Interest rate.**

1. Except where a different rate of interest is stated in a provision of this Title,\* the rate of interest on interest-bearing obligations arising under this Title shall be the rate of interest in effect under [this section](#).

2. The rate of interest that shall be in effect during a calendar year shall be the rate which is two percentage points greater than the numerical average, rounded to the nearest one percent, of the respective prime rates for each of the months in the twelve-month period that ends September 30 of the previous calendar year. The rate of interest established by [this subsection](#) takes effect January 1, and applies to any amount which is due or becomes payable on or after that date.

3. Notwithstanding contrary provisions of [subsection 2](#), the rate of interest that is in effect during a calendar year shall also be the rate of interest to be in effect for the following calendar year, unless the rate of interest as calculated under [subsection 2](#) is at least one percentage point higher or lower than the rate then in effect.

4. In the event interest accrues or is calculated on a monthly basis, the rate of interest for each month shall be one-twelfth, rounded to the nearest one-tenth of one percent, of the rate specified in [subsection 2](#).

5. As used in [subsection 2](#), the term “*prime rate*” means the prime rate charged by banks on short-term business loans, as determined by the board of governors of the federal reserve system and published in the federal reserve bulletin.

6. In November of each year the director shall cause an advisory notice to be published in the Iowa administrative bulletin and in a newspaper of general circulation in this state, stating the rate of interest to be in effect on or after January 1 of the following year, as established by [this section](#). The calculation and publication of the rate of interest by the director is exempt from [chapter 17A](#).

[S13, §1481-a23; C24, 27, 31, §7310, 7368; C35, §6943-f20, -f21, -f24, 7310, 7368; C39, §6943.056, 6943.057, 6943.060, 7310, 7368; C46, 50, 54, §422.24, 422.25, 422.28, 450.6, 450.63; C58, 62, §324.64, 422.24, 422.25, 422.28, 450.6, 450.63; C66, §324.64, 422.16(9)(10, b), 422.24, 422.25, 422.28, 422.58, 423.18, 450.6, 450.63; C71, 73, 75, §324.65, 422.16(9)(10, b), 422.24, 422.25, 422.28, 422.58, 423.18, 450.6, 450.63; C77, §324.65, 422.16(9)(10, b)(11, e), 422.24, 422.25, 422.28, 422.58, 423.18, 450.6, 450.63, 450.94; C79, §324.65, 422.16(9)(10, b)(11, e), 422.24, 422.25, 422.28, 422.58, 422.88, 423.18, 435.4, 435.6, 450.6, 450.63, 450.94, 450A.9; C81, §324.65, 422.16(9)(10, b)(11, e), 422.24, 422.25, 422.28, 422.58, 422.88, 422.91, 423.18, 435.4, 435.6, 450.6, 450.63, 450.94, 450A.9; [81 Acts, ch 131, §1](#)]

[86 Acts, ch 1007, §16](#); [90 Acts, ch 1172, §5](#); [94 Acts, ch 1023, §48](#); [2013 Acts, ch 70, §17](#); [2021 Acts, ch 86, §74](#)

Referred to in [§184.3](#), [421.27](#), [421.60](#), [422.16](#), [422.24](#), [422.25](#), [422.88](#), [423.4](#), [423.40](#), [423B.8](#), [425.7](#), [425A.8](#), [437A.13](#), [437B.9](#), [450.6](#), [450.63](#), [452A.65](#), [452A.74A](#), [453A.28](#), [453A.46](#), [453B.12](#), [459.402](#)

\*This provision does not include [chapters 421B](#), [427C](#), [435](#), [452A](#), and [453A](#), which were moved into this Title by the Code editor. [Chapters 421B](#), [427C](#), [435](#), [452A](#), and [453A](#) contain the applicable provisions pertaining to those chapters.

Subsection 6 amended