

Advisory



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ADDRESS REPLY TO:
CONSUMER PROTECTION DIVISION
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August 24, 1984

RE: ICCC and Lines of Credit

Dear

Please excuse the delay in responding to your inquiry concerning the applicability of the Iowa Consumer Credit Code (ICCC) to lines of credit arrangements. This letter will address the three questions which you posed in your inquiry. Please be advised that this letter is neither a formal nor informal opinion of the Attorney General, nor is it a ruling of the ICCC Administrator.

You first asked whether the December 31, 1979, opinion of the Attorney General still applies to a line of credit arrangement. As I read this opinion, only that part which addresses the fourth question raised by the opinion requestor applies to your inquiry. (See: 1980 Op.Att'y Gen. 547-548; copy enclosed.)

The ICCC definition of consumer loan includes only those transactions where the "amount financed" does not exceed \$25,000. All transactions of \$25,000 or less which meet the test of § 537.14(a) are consumer loans unless they are excluded by § 537.14(b).

As the 1979 Attorney General opinion correctly notes, "amount financed" means "in the case of a loan the net amount paid to, received by, or paid or payable for the account of the debtor...." (See: § 537.1301[4][b]). So long as there is an express commitment to lend an amount in excess of \$25,000, then the "amount financed" does exceed \$25,000. This is true regardless of the amount of any advances made at any particular point in time.

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In response to your second question concerning whether any other U.C.C.C. jurisdictions have ruled that lines of credit which exceed \$25,000 but which are otherwise consumer credit transactions are not excluded from the U.C.C.C., I am not aware of any which have.

You also inquired whether H.F. 2415, which was enacted by the 1984 General Assembly and which provides for restrictions on a "home equity line of credit," alters the position of this office on "lines of credit." To the extent that H.F. 2415 explicitly overrides the ICCC, as in the case of the rate of interest, obviously those provisions of the ICCC do not apply so long as the program in question meets the requirements for a "home equity line" of credit set out in § 535.10(1)(a) - (e). If the "amount financed" under the home equity line of credit exceeds \$25,000, then the ICCC would not apply.

I hope this letter answers your inquiry. Please feel free to contact the undersigned if you wish to discuss the matter further.

Sincerely,

LINDA THOMAS LOWE
Assistant Attorney General

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Enclosure: 1980 Atty Gen'l Opinion
Pages 546-549