



THOMAS J. MILLER
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Department of Justice

CONSUMER PROTECTION DIVISION

ADDRESS REPLY TO:
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515/281-5926

March 24, 1986

RE: Iowa Consumer Credit Code and Lines
of Credit Assessed by a Credit Card

Dear

I have reviewed the correspondence which you recently forwarded to this office in regard to the question of whether a line of credit arrangement offered by a credit card issuer, such as American Express, is included under the Iowa Consumer Credit Code (ICCC). In particular, you raised certain questions concerning whether the financial institution through whom the cardholder accesses his line of credit may demand payment of disputed line of credit transactions without having complied with the default provisions of the ICCC.

A line of credit arrangement is encompassed by the ICCC so long as the "amount financed" (the upper limit of the line) does not exceed \$25,000 and so long as the primary purpose for which the line is used is for personal, family or household use; therefore, so long as the credit line of this line is under \$25,000, it is covered by the ICCC. In addition, you provided the copy of the agreement in question. This agreement clearly provides that it is subject to both the federal Truth-In-Lending Act (including the credit billing provisions, 15 U.S.C. § 1666) and the Iowa Consumer Credit Code.

From your description of the recent contacts between the cardholder, the card issuer and the financial institution, it appears that there has been some effort to comply with the credit billing provision of the Truth-In-Lending Act which governs billing disputes; however, from the information which you have provided, I am not able to determine whether the billing dispute provisions have been complied with in full. The default provisions of the ICCC would not apply to the transactions in question until such time as the creditor (card issuer) has made a final

demand for payment of the disputed amounts. By the language of "Appendix B" which you provided with your letter, this would occur after the card holder receives his "next" statement, presumably April, 1986. After that point, the creditor could not accelerate the maturity of the unpaid balance without providing a notice to cure.

I hope this discussion answers your inquiry. Please understand that this letter is merely advice of the Administrator of the ICCC. It is not a ruling of the Administrator nor is it an opinion of the Attorney General.

Sincerely,

LINDA THOMAS LOWE
Assistant Attorney General

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