



THOMAS J. MILLER
ATTORNEY GENERAL

Department of Justice

CONSUMER PROTECTION DIVISION

ADDRESS REPLY TO:
HOOVER BLDG., SECOND FLOOR
1300 EAST WALNUT
DES MOINES, IOWA 50319
515/281-5926

June 19, 1987

RE: Licensing Requirements for Issuance for
Out-of-State Open-End Credit Cards

Dear :

You requested that the Iowa Division of Banking advise you as to whether your firm, , must be licensed under the Iowa Consumer Credit Code in order to issue open-end credit cards to Iowans. As you know, your inquiry was forwarded to the administrator of the Iowa Consumer Credit Code (ICCC).

Your letter does not describe the consumer credit arrangement in any great detail, rather you state that the "cards will be issued pursuant to open-end or revolving credit arrangements between : " () and the Iowa consumer. You also specifically questioned whether the requirements of the ICCC, Iowa Code § 537.6202 (1987) apply to credit cards. The notification and fee provisions of §§ 537.6201 through .6203 are intended to cover all consumer creditors who are not supervised or licensed lenders under the Iowa Code and those who do not make supervised loans as defined in §§ 537.2301 and 537.1309(42). Accordingly, if the card is a credit arrangement which falls under § 537.2202 (consumer credit sales pursuant to open-end credit), it would be included under the requirements of § 537.6201 through .6203.

The requirements of §§ 537.6201 through .6203 are not presently enforced by the administrator of the ICCC due to a 1974 attorney general opinion concerning the constitutionality of the section. The current administrator may in the future, however,

take action administratively or otherwise which would allow the section to be enforced. Until such time, a creditor is not required to take any action under §§ 537.6201 through .6203.

The above discussion is based on the assumption that the consumer credit arrangement referred to in your inquiry has no consumer loan features and in particular, it: (1) has no cash advance features, and (2) is not a "lender credit card." (See: §§ 537.1301(23), 537.1301(24) and 537.1301(25).) If this assumption is not correct, please provide additional information to this office as there may be an additional question of licensing to make supervised loans.

I hope this letter adequately answers your inquiry. If you would like to discuss the matter further, please contact the undersigned.

Sincerely,

LINDA THOMAS LOWE
Assistant Attorney General

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