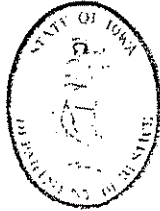


Advisory



THOMAS J. MILLER
ATTORNEY GENERAL

ADDRESS REPLY TO:
HOOVER BLDG.
DES MOINES, IOWA 50319
515/281-5926

Department of Justice

CONSUMER PROTECTION DIVISION

April 13, 1988

RE: Accounts : & Credit

Dear

You have requested that the Administrator of the Iowa Consumer Credit Code provide advice on behalf of your client. Your specific inquiry was whether the credit account offered by is subject to the Iowa Consumer Credit Code, Iowa Code chapter 537 and whether it falls under the exemptions in Iowa Code § 535.2(a).

As you describe the program, it involves real estate secured revolving lines of credit with minimum lines of credit of \$25,000. The real estate may be the borrower's residence, the borrower's second vacation home, or residential investment property.

If the line of credit is a commitment by to extend more than \$25,000, than the line of credit is not covered by the ICCC. The Administrator has adopted an ICCC rule which defines "line of Credit" such that the "amount financed" is not determined by any single advance but rather is determined by the maximum limit on the line. A copy of I.A.C. Rule 61-16.1 (537) is enclosed.

Once it is determined that a personal line of credit is not covered by the ICCC because the amount financed exceeds \$25,000, then it follows that the exemption under Iowa Code § 535.2(2)(a) (1987) which applies to "...a person borrowing money or obtaining credit in an amount which exceeds twenty-five thousand dollars

for personal, family, or household purposes" would also apply to that line of credit.

Although you did not raise the issue, the only question which remains is whether the line of credit is covered by the home equity line of credit provisions of Iowa Code §535.10 (1987). Any line of credit which meets all of the requirements of § 535.10(1) is, according to § 535.10(2) subject to the Iowa Consumer Credit Code. It is possible that the legislature intended the language of § 535.10(2) to override the restrictions of the ICCC such as the \$25,000 limit discussed herein. This advisory letter is not, however, intended to resolve the question of the legislature's intent in enacting § 535.10(2). However, I have enclosed an earlier advisory letter which addresses this issue.

Sincerely,

LINDA T. LOWE
Assistant Attorney General

/mr

enclosures