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Department of Justice

September 26, 1996

RE: Delinquency charges on proprietary credit cards under ICCA § 537.2502(8)

Dear

I apologize for the delay in responding to your inquiry, which came during a period of staff transition in our office.

You inquired as to whether ICCA §537.2502(8) permits proprietary credit card issuers to contract for a delinquency charge of up to \$10. The question arises, as you present it, because a proprietary card in fact does not permit consumers to purchase from any person unrelated to the card issuer.

It appears that the legislative intent in enacting §537.2502(8) was to put retailer-issued cards on the same basis as third-party card-issuers with respect to delinquency charges, as you surmised. Therefore, it would seem that the phrase "less than one hundred persons not related to the card issuer" would include proprietary cards which are not honored by any unrelated persons.

Please note that this letter is neither a ruling of the Iowa Consumer Credit Code Administrator, nor an opinion of the Attorney General.

Sincerely,

Kathleen E. Keest
Assistant Attorney General
Deputy Administrator of the
Iowa Consumer Credit Code