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Department of Justice

CONSUMER PROTECTION DIVISION
HOOVER BUILDING
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January 16, 1997

RE: Impermissibility of late charges in leases under I-CCC
ICCC Inf. Adv. # 80

Dear

Thank you for your inquiry concerning whether late fees are permissible in conjunction with leases under the Iowa Consumer Credit Code.

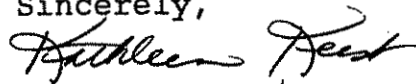
Under the ICCC, charges are prohibited except those which are explicitly authorized. Delinquency charges, or late fees, are authorized only in conjunction with precomputed credit transactions¹ (Iowa Code Sec. 537.2502(1)-(3)) and open-end credit extended pursuant to a credit card (Iowa Code Sec. 537.2502(4)-(8)). While the latter covers open-end credit card lease transactions, as well as purchase transactions, I gathered that your program does not include credit-card, open-end leases.

Consequently, no late charges are permitted in conjunction with those consumer leases which are covered by the ICCC.

¹ Consumer leases are specifically excluded from the ICCC's definition of "precomputed credit transactions." Iowa Code section 537.1301(34).

If you have any questions, please feel free to call me.

Sincerely,



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