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CONSUMER PROTECTION DIVISION

Department of Justice

March 5, 2007

Re: *Additional Charges*

Dear ..:

I am in receipt of your September 25, 2006 correspondence requesting that ..) be allowed to offer an identity theft assistance product to consumers and to have the charge for that product be a permissible additional charge under the Iowa Code § 537.2501(1)(h). For the reasons set out below, our office declines to expand the list of permissible charges to include .. ; identity theft product.

First and foremost, our office cannot expand the list of authorized additional charges simply through a written opinion. Pursuant to Iowa Code § 537.2501(1)(h) the list of authorized additional charges may only be expanded through a rule-making process under the Iowa Administrative Procedures Act, Iowa Code Chapter 17A. The rule-making process as mandated by Iowa law is not a fast procedure and must be done through an established process. The Iowa Consumer Credit Codes sets forth the standard under which a proposed rule would be evaluated in that process, which includes an examination of whether the charges are reasonable in relation to the benefits. Our office has not instituted a rule-making process to expand the list and currently has no plans to do so.

Second, even if we were to establish a rule-making process, an initial analysis of the product does not reveal a necessity for expanding the list of additional charges to allow this add-on product. An identity theft assistance product is not directly related to the extension of credit involved in a consumer credit transaction. All permissible additional charges under Iowa Code § 537.2501 are directly related to the extension of credit involved in the transaction. For example, permissible additional charges include official fees and taxes, insurance related to the extension of credit, closing costs for transactions involving land, etc. The product .. wishes to offer is simply outside the realm of permissible additional charges.

Ms. Cheryl Hough
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Third, because the product is not directly related to the extension of credit, consumers are able to procure products like the on offers through a variety of sources. By not allowing to have the charge for its identity theft assistance product be a permissible additional charges, consumers are not harmed in anyway. Consumers may currently purchase similar, if not identical identity theft assistance products from many vendors, including , outside the bounds of the transaction

Finally, is not necessarily precluded from offering the product and charging for it in a consumer credit transaction. Rather, is simply precluded from having the charge be a permissible additional charge under Iowa Code § 537.2501(1)(h) and thus automatically excludable from the finance charge.

Thank you for your inquiry.

Please feel free to contact me if you have further questions.

Sincerely,



Jessica Dvorak
Assistant Attorney General

JD/hka