

## Loan Fees Authorized by the Iowa Code

This chart refers solely to Iowa law and does address Reg. Z impacts.  
**For Loans Originated On or AFTER January 1, 2021**

### DEFINITIONS:

Home Acquisition Loan (HAL) – Iowa Code chapter 535.8(1) - A loan, which is wholly or in part, to be used for the purpose of purchasing real property which is a single-family or a two-family dwelling occupied or to be occupied by the borrower, including the refinancing of a contract of sale, or the refinancing of a prior loan, whether or not the borrower was the borrower under the prior loan, and the assumption of a prior loan.

Consumer Loan – Iowa Code chapter 537.1301(15)(a) & (b) - Except as detailed below, a “consumer loan” is a loan in which **all of the following** are applicable: (1) the person extending the loan is regularly engaged in the business of making loans; (2) the debtor is a person other than an organization; (3) the debt is incurred primarily for a personal, family or household purpose; (4) the debt is either payable in installments or subject to a finance charge; and (5) the amount financed does not exceed the threshold amount. (\$61,000 for 2022, adjusted annually)

A “consumer loan” does not include: a sale or lease in which the seller or lessor allows the buyer or lessee to purchase or lease pursuant to a seller credit card; a debt secured by a first lien on real property; a loan financed by the Iowa finance authority and secured by a lien on land; or a consumer rental purchase agreement as defined in section 537.3604.

- Note: Consumer-purpose loans secured by a first lien on real property that are not purchase money (or refi purchase money) are technically not considered “consumer loans” or “home acquisition loans” and are outside the scope of Iowa code 537.2501 or 535.8; thus fees are established per the agreement between the bank and borrower.

Home Equity Line of Credit – Iowa Code chapter 535.10(1) - An arrangement for which all of the following are applicable: the amounts borrowed and the interest and other charges are debited to an account; the interest is computed on the account periodically; the borrower has the right to pay in full at any time without penalty or to pay in the installments which are established by the loan agreement; the lender agrees to permit the borrower to borrow money from time to time with the maximum amount of each borrowing established by the loan agreement; and the account is secured by an interest in real estate.

Points and Fees – Iowa Code chapter 535.8(1) – The fees and charges included in the definition of “points and fees” in 12 C.F.R. §1026.32(b)(1).

Threshold amount – Iowa Code chapter 537.1301(46) – The threshold amount, as determined by 12 C.F.R. §1026.3(b) (Reg. Z threshold limit which is adjusted annually; (\$61,000 for 2022), in effect during the period the consumer credit transaction was entered into.

§1026.43(e)(3) Limits – Reference to the “points and fees” limitations applicable to Qualified Mortgages as outlined in Regulation Z and adjusted annually. For 2021, the limits, based on loan size, are:

- For a loan amount greater than or equal to \$114,847: 3 percent of the total loan amount (TLA);
- For a loan amount greater than or equal to \$68,908 but less than \$114,847: \$3,445;
- For a loan amount greater than or equal to \$22,969 but less than \$68,908: 5 percent of the TLA;
- For a loan amount greater than or equal to \$14,356 but less than \$22,969: \$1,148;
- For a loan amount less than \$14,356: 8 percent of the TLA.

	<b>HAL w/ POINTS &amp; FEES ≥ §1026.43(e)(3) LIMIT</b>	<b>HAL w/ POINT AND FEES ≤ §1026.43(e)(3) LIMIT</b>	<b>CONSUMER LOAN SECURED BY JR LIEN ON LAND, ≤ THRESHOLD AMOUNT</b>	<b>HOME EQUITY LINE OF CREDIT</b>	<b>CONSUMER LOAN (OPEN<sup>^</sup> &amp; CLOSED-END, NOT SECURED BY LAND)</b>
ABSTRACTING FEE	Permitted - 535.8(4)(b)(1)(d) <sup>2</sup>	Permitted - 535.8(2)	Permitted- 537.2501(1)(e)(1) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Not Applicable
ACCOUNT MAINTENANCE FEE	Not Permitted	Not Permitted	Not Permitted	Permitted - 535.10(3)(a) Not to exceed \$15/year	Permitted – 537.2501(1)(i) for Overdraft LOC only
APPLICATION FEE	Not Permitted	Permitted - 535.8(2)	Not Permitted	Not Permitted	Permitted - 537.2501(1)(j) <sup>3</sup>
APPRAISAL FEE	Permitted - 535.8(4)(b)(1)(b) <sup>1</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(1)(b) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>1</sup>	Not Applicable
ATTORNEY' OPINION	Permitted - 535.8(4)(b)(1)(c) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(1)(c) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Not Applicable
BROKER FEE	Permitted – 535.8(4)(a) <sup>4</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(a) <sup>4</sup>	No Permitted	Not Applicable
CLOSING FEE	Permitted - 535.8(4)(a) & (4)(b)(1)(k) <sup>1</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(a) & (4)(b)(1)(k) <sup>1</sup>	Permitted - 535.10(3)(a) <sup>1</sup>	Not expressly permitted however see footnote 6
COMMITMENT FEE	Permitted - 535.8(4)(a)	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(a)	Permitted - 535.10(3)(a)	Not expressly permitted however see footnote 6
CREDIT REPORT	Permitted - 535.8(4)(b)(1)(a) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(1)(a) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Permitted – 537.2501(k)
DEFERRAL FEE	Not Permitted	Permitted - 535.8(2)	Permitted 537.2503(1)(b) – not to exceed \$30 per deferred installment	Not Permitted	Permitted 537.2503(1)(b) – Closed-end only, not to exceed \$30 per deferred installment
DISHONORED CHECK CHARGE FOR LOAN PAYMENT	Not Permitted	Permitted - 535.8(2)	Permitted – 537.2501(1)(g) Not to exceed \$30 if check, draft, or order is returned NSF and Notice was given to consumer	Permitted – 537.2501(g) Not to exceed \$30 if check, draft, or order is returned NSF and Notice was given to consumer	Permitted – 537.2501(g) Not to exceed \$30 if check, draft, or order is returned NSF and Notice was given to consumer
DOC PREP FEE <sup>5</sup> - 3 <sup>RD</sup> PARTY FEE	Permitted - 535.8(4)(b)(3) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(3) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Not expressly permitted however see footnote 6
LENDER DOC PREP FEE <sup>5</sup>	Not Permitted	Permitted - 535.8(2)	Not expressly permitted however see footnote 6	Not Permitted	Not expressly permitted however see footnote 6
FLOOD ZONE DETERMINATION	Permitted - 535.8(4)(b)(3) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(3) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Not Applicable

	<b>HAL W/ POINTS &amp; FEES ≥ §1026.43(e)(3) LIMIT</b>	<b>HAL W/ POINT AND FEES ≤ §1026.43(e)(3) LIMIT</b>	<b>CONSUMER LOAN SECURED BY JR LIEN IN LAND, ≤ THRESHOLD AMOUNT</b>	<b>HOME EQUITY LINE OF CREDIT</b>	<b>CONSUMER LOAN (OPEN<sup>^</sup> &amp; CLOSED-END, NOT SECURED BY LAND)</b>
INSPECTION FEE	Permitted - 535.8(4)(b)(1)(f) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(1)(f) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Not Applicable
INTEREST REDUCTION FEE	Permitted - 535.8(4)(c) <sup>7</sup>	Permitted - 535.8(4)(c)	Not Permitted	Not Permitted	Not Permitted
LATE CHARGES	Permitted - 535B.12 As stated in mortgage documents	Permitted - 535B.12 As stated in mortgage documents	Permitted - 537.2502 – Must be at least 10 days past due, then 5% of unpaid payment amount, up to \$30	Permitted - 535.10(3)(b); 537.2502(4) Not to exceed \$30 on payment not paid in full when due	Permitted - 537.2502 – Closed-end: must be at least 10 days past due, then 5% of unpaid payment amount, up to \$30. Open-end: Up to \$30 if not paid in full when due
LOAN ORIGATION OR LOAN PROCESSING FEE	Permitted – 535.8(4)(a) <sup>4</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(a) <sup>4</sup>	Permitted – 535.10(3)(a) <sup>4</sup>	Not expressly permitted however see footnote 6
MISC. LENDER FEES (i.e., underwriting fee)	Not Permitted	Permitted - 535.8(2)	Not Permitted	Not Permitted	Not expressly permitted however see footnote 6
MORTGAGE GUARANTEE INSURANCE	Permitted - 535.8(4)(b)(1)(g) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(g) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Not Applicable
3 <sup>RD</sup> PARTY NOTARY FEES	Permitted - 535.8(4)(b)(3)	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(4)	Permitted - 537.2501(1)(e)(4) <sup>2</sup>	Not expressly permitted however see footnote 6
PREPAYMENT PENALTY	Not Permitted – 535.9(2)	Not Permitted – 535.9(2)	Not Permitted – 537.2509	Not Permitted – 537.2509	Not Permitted – 537.2509
RECORDING FEES	Permitted - 535.8(4)(b)(1)(e) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(1)(e) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Permitted - 537.2501(1)(a) <sup>2</sup>
REGISTRATION OR TITLE LIEN FEES	Permitted - 535.8(4)(b)(3) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(3) <sup>2</sup>	Permitted - 537.2501(1)(c)	Permitted - 537.2501(1)(c) <sup>2</sup>
SERVICE CHARGE	Not Permitted	Permitted – 535.8(2)	Permitted – 537.2501(1)(l) <sup>9</sup>	Not Permitted	Permitted – 537.2501(1)(l) <sup>9</sup>
SURVEYING	Permitted - 535.8(4)(b)(1)(h) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(1)	Permitted - 535.10(3)(a) <sup>2</sup>	Not Applicable
SETTLEMENT FEES – 3 <sup>RD</sup> PARTIES ONLY	Permitted - 535.8(4)(b)(1)(k) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(1)(k) <sup>2</sup>	Permitted – 535.10(3)(a) <sup>2</sup>	Not Applicable

	HAL W/ POINTS & FEES ≥ §1026.43(e)(3) LIMIT	HAL W/ POINT AND FEES ≤ §1026.43(e)(3) LIMIT	CONSUMER LOAN SECURED BY JR LIEN IN LAND, ≤ THRESHOLD AMOUNT	HOME EQUITY LINE OF CREDIT	CONSUMER LOAN (OPEN <sup>^</sup> & CLOSED-END, NOT SECURED BY LAND)
TERMITE INSPECTION	Permitted - 535.8(4)(b)(1)(i) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(1)(i) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Not Applicable
TITLE GUARANTY ISSUED BY IFA	Permitted - 535.8(4)(b)(1)(j) <sup>2</sup>	Permitted - 535.8(2)	Permitted - 537.2501(1)(e)(5) & 535.8(4)(b)(1)(j) <sup>2</sup>	Permitted - 535.10(3)(a) <sup>2</sup>	Not Applicable
TITLE INSURANCE <sup>8</sup>	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Not Applicable

<sup>^</sup> Not including credit cards issued by creditor

1 - Fee paid to third party *or when service is performed by lender*, a fee that is a reasonable estimate of expense incurred by lender in performing service

2 - Cost incurred by lender in connection with the loan and disclosed to the borrower.

3 - For a loan of up to \$3,000 with a term of 12 months or less, not to exceed lesser of 10% of the loan amount or \$30. HF263, signed into law in May 2019, clarified the application fee can be charged solely to applicants that are approved or all applicants. While the fee is a finance charge for Reg. Z purposes and will impact the loan's APR, it is not considered a finance charge for purposes of the state's 21% APR usury rate cap, if the following disclosure is provided in addition to the normal TILA disclosures: "This loan includes an application fee which is included in the calculation of the APR required by the Federal Truth in Lending Act. This application fee is not included the calculation of the finance charge required by the Iowa Consumer Credit Code. You have a right to request from your lender the calculation of the finance charge for this loan under the Iowa Consumer Credit Code."

4 - A lender may charge a loan origination or processing fee, a broker fee, or both, which together do not exceed 2% of the loan amount for purchase transactions or refinance from another lender; or 1% of loan amount if refinance with the same lender & borrower.

5 - 12 USC 2610 prohibits fees for preparation of TIL and RESPA statements on "federally related mortgage transactions."

6 - The Iowa Attorney General has indicated if a state bank charges a fee that is not expressly authorized by the ICCC, it would not violate of state law, per se, if: (1) The fee is disclosed as a prepaid finance charge and included in the APR calculation; and, (2) The loan's APR does not exceed 21% (the state usury rate). For loans originated on or after July 1, 2017, section 537.2510 was amended by adding subsection 8 which states the rebate upon prepayment requirement does not apply to financial institutions as defined in 537.1301.

7 - Iowa Code chapter 535.8(4)(c) requires creditors collecting an "interest rate reduction fee" (aka, "discount points") to provide the applicant with a written disclosure describing in plain language the specific terms which the loan would have both with the payment reduction fee and without it. An additional, separate TIL satisfies this requirement.

8 - Iowa law does not authorize Iowa insurance agents to sell title insurance. Iowa Administrative Code (IAC) 187-9.2(5) requires a state bank to obtain, when lending for the purpose of acquisition or for the purpose of refinance of acquisition when a new mortgage is filed, either: *a.* A written legal opinion by an attorney admitted to practice in the state in which the real estate is located showing marketable title in the mortgagor and describing any existing liens and stating that the state bank's mortgage is a lien on the real estate, or *b.* Title insurance written by an insurance company licensed to do business in the state in which the real property is located. Thus, a state bank may obtain title insurance on properties located outside the state of Iowa by a title insurance agent licensed in the state where the real property is located. If title insurance is obtained by a state bank, on a property located in the state of Iowa and the loan is held within the state bank's portfolio, the loan will be subject the IAC "basket" provision found in IAC187-9.2(9).

9 - Allowable fee as of July 1, 2019 per HF 260. A service charge fee cannot exceed the lesser of 10% of the amount financed or \$30.