

1977 Senate Bill 528

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CHAPTER 444, Laws of 1977

AN ACT to renumber 138.12 (10) to (14) and 409.407 (2); to amend 138.05 (5), 138.09 (3) (e) and (7) (c) 2, (g) 1 and (j), 138.12 (1) (b) and (9) (intro.) and 409.407 (2) (title); and to create 138.09 (7) (g) 3, 138.12 (10) and (11) (b), 409.407 (2) (a) and 422.402 (2) (e) of the statutes, relating to various regulations affecting loans made by certain licensees and oral requests for information under the uniform commercial code.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 138.05 (5) of the statutes is amended to read:

138.05 (5) This section shall not apply to loans to corporations ~~except loans made by licensees under s. 138.09.~~

SECTION 2. 138.09 (3) (e) and (7) (c) 2, (g) 1 and (j) of the statutes are amended to read:

138.09 (3) (e) A licensee may conduct, and permit others to conduct, at the location specified in its license, any one or more of the following businesses: A business which is engaged in making loans under s. 138.05, a loan, finance or discount business under s. 218.01, or an insurance business, or a currency exchange under s. 218.05, or a seller of checks business under ch. 217; but merchandise shall not be sold at such location; and no other business shall be conducted at such location unless written authorization is granted the licensee by the commissioner.

(7) (c) 2. For the purpose of computing interest under this section, whether at the maximum rate or less, a day shall be considered one-thirtieth of a month when such computation is made for a fraction of a month. Loan contracts providing for instalments payable at monthly intervals may provide for a first period between the date of the contract and the first instalment due date of not more than 45 days and not less than 15 days. Where the first period is greater or lesser than one month, interest may be charged only for each day in the first period, at a rate not to exceed one-thirtieth of the interest which would be applicable to a first instalment period of one month, but such first period may be considered a monthly interval for purposes of determining rebates. Where the first period is greater than one month, any additional interest charge shall be earned and may be added to and collected at the time of the first instalment payment.

(g) 1. On a loan where the interest is precomputed and which is repayable in substantially equal successive instalments at approximately equal intervals, whether or not the precomputed loan is a consumer loan, the amount of rebate shall be computed under s. 422.209, ~~whether or not such precomputed loan is a consumer loan~~ except for any additional interest charge covered under subd. 3.

(j) No licensee may ~~divide or encourage a borrower to divide any loan or otherwise encourage any person or any husband and wife to become obligated to the licensee directly, under more than one contract of loan at the same time~~ for the purpose of obtaining a higher rate of finance charge than would otherwise be permitted under this section.

SECTION 3. 138.09 (7) (g) 3 of the statutes is created to read:

138.09 (7) (g) 3. If the first payment period is greater than one month and additional interest is charged as permitted under par. (c) 2, the additional interest charged for the extension of the first payment period is considered wholly earned on the first instalment date and is not considered in computing rebates.

SECTION 4. 138.12 (1) (b) and (9) (intro.) of the statutes are amended to read:

138.12 (1) (b) "Premium finance agreement" means an agreement by which an insured or prospective insured promises to pay to an insurance premium finance company the amount advanced or to be advanced under the agreement to an insurer or to an insurance agent or broker in payment of premiums on an insurance contract together with a service charge or interest charge as authorized and limited by this chapter.

(9) (intro.) A premium finance company shall not charge, contract for, receive or collect a service charge other than as permitted by this ~~section~~ subsection unless it is a licensed lender regulated under sub. (10).

SECTION 5. 138.12 (10) to (14) of the statutes are renumbered 138.12 (11) (a), (12), (13), (14) and (15).

SECTION 6. 138.12 (10) and (11) (b) of the statutes are created to read:

138.12 (10) CHARGES BY LICENSED LENDERS; REBATES. (a) A lender licensed under s. 138.09 may charge interest as provided in that section for a loan involving a premium finance agreement.

(b) The interest shall be computed on the balance of the premiums due (after subtracting the downpayment made by the insured in accordance with the premium

finance agreement) from the effective date of the insurance coverage, for which the premiums are being advanced, to and including the date when the final instalment of the premium finance agreement is payable.

(c) Notwithstanding the provisions of any premium finance agreement, any insured may prepay the obligation in full at any time. In such event the insured shall receive a rebate as provided under s. 138.09.

(d) Except as provided in sub. (12) to the contrary, s. 138.09 applies to a loan involving a premium finance agreement made by a licensed lender.

(11) (b) This subsection does not apply to loans by licensed lenders regulated under s. 138.09.

SECTION 7. 409.407 (2) (title) of the statutes is amended to read:

409.407 (2) (title) ORAL REQUEST FOR INFORMATION FROM REGISTER OF DEEDS; ISSUANCE OF CERTIFICATE; FEES.

SECTION 8. 409.407 (2) of the statutes is renumbered 409.407 (2) (b).

SECTION 9. 409.407 (2) (a) of the statutes is created to read:

409.407 (2) (a) Upon the oral request of any person, the office of the register of deeds shall disclose orally at the time of the request or as soon thereafter as possible any presently effective financing statement filed or continued within the preceding 6 years naming a particular debtor and any statement of assignment thereof and if there is such a statement, giving the date and hour of filing of each such statement and the names and addresses of each secured party therein. The fee for such information may not exceed \$4, plus \$1 for each financing statement and for each statement of assignment disclosed.

SECTION 10. 422.402 (2) (e) of the statutes is created to read:

422.402 (2) (e) The unequal or irregular payment is the first scheduled payment and results from the inclusion of interest charged for a first instalment period of not more than 45 days or less than 15 days as permitted under s. 138.09 (7) (c) 2.

SECTION 11. **Cross reference changes.** In the sections of the statutes listed in Column A, the cross references shown in Column B are changed to the cross references shown in Column C:

| A Statute Sections | B Old Cross References | C New Cross References |
|------------------------------|----------------------------------|----------------------------------|
| 138.12 (2)(a) | subs. (9) to (11) | subs. (9) to (12) |
| 631.36 (10) | 138.12 (11) | 138.12 (12) |
