

THE FOLLOWING DRAFTS WHERE  
INCLUDED IN THE COMPILE FOR  
**2001 LRB-4560**

**LRB-0279**

**LRB-0281**

**LRB-0298**

**LRB-1492**

**LRB-2693**

**LRB-2704**

**LRB-3508**



**2001 DRAFTING REQUEST**

**Bill**

Received: 03/01/2001

Received By: **rmarchan**

Wanted: **As time permits**

Identical to LRB:

For: **Brian Burke (608) 266-8535**

By/Representing: **himself**

This file may be shown to any legislator: **NO**

Drafter: **rmarchan**

May Contact:

Addl. Drafters:

Subject: **Agriculture - miscellaneous  
Fin. Inst. - WCA**

Extra Copies: **David Lovell (LCS)  
RCT**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Include agricultural credit transactions in the consumer act

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**Instructions:**

See Attached. Undo 1997 Act 302. Redraft LRB-0297/P1.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 03/02/2001	csicilia 03/02/2001		_____			State
/1			martykr 03/02/2001	_____	lrb docadmin 03/02/2001		

FE Sent For:

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1?	rmarchan	1 cjs 3/2 01	Jm 3/2	PE 3/2 Jm 1/2			

FE Sent For:

<END>

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2693/1

2001 - 2002 LEGISLATURE

LRB-029721

RJM:cjs:km

IN 3-2-01

PMNR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

LPS: fix request sheet as indicated

1 AN ACT to repeal 421.202 (10) and 422.210; to renumber and amend 424.208  
 2 (1); to amend 421.301 (17), 422.203 (4) (c), 422.207 (1), 422.209 (2) (b) 1.,  
 3 422.209 (2) (b) 2., 422.411 (1), 422.412, 422.413 (1), 422.417 (1) (c), 422.417 (1)  
 4 (d), 422.417 (2), 422.418 (2), 422.501 (3), 423.201 (1) (intro.), 425.103 (2) (a),  
 5 425.206 (1) (b), 425.206 (1) (c), 425.207 (2), 425.208 (1) (intro.), 425.208 (1) (cm),  
 6 427.102, 427.103 (1) and 427.104 (1) (intro.); and to create 422.201 (12),  
 7 422.413 (2), 422.417 (1) (e), 424.208 (1) (b), 424.301 (1) (b) 4., 425.114 and  
 8 425.206 (1) (d) of the statutes; relating to: including agricultural consumer  
 9 transactions within the general scope of the Wisconsin Consumer Act.

**Analysis by the Legislative Reference Bureau**

Under current law, a transaction in which a consumer is granted credit in an amount of \$25,000 or less and which is entered into for personal, family, or household purposes (consumer credit transaction) is generally subject to the Wisconsin Consumer Act (consumer act). The consumer act provides obligations, remedies, and penalties that current law generally does not require for other transactions. With certain limited exceptions, the consumer act currently does not apply to a transaction that is entered into primarily for an agricultural purpose.

This bill expands the coverage of the consumer act to generally include any transaction which is entered into for agricultural purposes and in which a consumer is granted credit in an amount of \$25,000 or less. The bill also creates provisions that apply specifically to certain transactions that are entered into for agricultural purposes and that relate to the calculation of unearned finance charges that must be rebated upon prepayment of the transaction; charges for taking and holding collateral and preparing collateral for sale; limits on security interests granted under the transaction; permissible amounts of credit life insurance and insurance against loss or damage to collateral or leased goods; the determination of whether a customer is in default; repossession of certain farm products that are used as collateral; the customer's right to redeem after default; and prohibiting any part of the transaction from requiring the consumer to pay attorney fees.

In addition, under this bill, certain transactions that are entered into for agricultural purposes continue to be excluded from provisions of the consumer act relating to methods of calculating finance charges; limits on delinquency charges; required notices regarding preservation of collateral; limits on a customer's liability upon expiration of a consumer lease; determination of security interests in consolidated transactions; the right to cancel certain transactions that are entered into following mail, telephone, or other specified solicitations; and repossession of collateral.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1           **SECTION 1.** 421.202 (10) of the statutes is repealed.

2           **SECTION 2.** 421.301 (17) of the statutes is amended to read:

3           421.301 (17) "Customer" means a person other than an organization (s.  
4           421.301 (28)) who seeks or acquires real or personal property, services, money, or  
5           credit for personal, family or household purposes, or, for purposes of ch. 427 only, for  
6           agricultural purposes. A person other than a customer may agree to be governed by  
7           chs. 421 to 427 with respect to all aspects of a transaction and in such event such  
8           person shall be deemed a customer for all purposes of chs. 421 to 427 with respect  
9           to such transaction.

10           **SECTION 3.** 422.201 (12) of the statutes is created to read:

1           422.201 (12) Except for sub. (8), this section does not apply to a consumer credit  
2 transaction that is entered into primarily for an agricultural purpose.

3           SECTION 4. 422.203 (4) (c) of the statutes is amended to read:

4           422.203 (4) (c) With respect to a consumer credit transaction other than a  
5 transaction that is entered into primarily for an agricultural purpose, interest after  
6 the final scheduled maturity date shall not exceed the greater of either 12% per year  
7 or the annual rate of finance charge assessed on that transaction if the transaction  
8 is entered into on or after November 1, 1981, but if interest is charged no delinquency  
9 charge may be taken on the final scheduled instalment.

10          SECTION 5. 422.207 (1) of the statutes is amended to read:

11          422.207 (1) With respect to a consumer credit transaction the parties may, to  
12 the extent not prohibited by chs. 421 to 427 and 429, agree that the customer will  
13 perform certain duties with respect to preserving or insuring collateral or goods  
14 subject to a motor vehicle consumer lease, if such duties are reasonable in relation  
15 to the risk of loss of or damage to the collateral or goods. If the customer fails to so  
16 perform the creditor may, if authorized by the agreement, pay for the performance  
17 of such duties on behalf of the customer. The amount paid may be added to the  
18 unpaid balance of the customer's obligation, if, in the absence of performance, the  
19 merchant has made all expenditures on behalf of the customer in good faith and in  
20 a commercially reasonable manner and, except in the case of a transaction that was  
21 entered into for an agricultural purpose where the collateral is perishable and  
22 threatens to decline speedily in value, the merchant has given the customer written  
23 notice of the nonperformance and reasonable opportunity after such notice to so  
24 perform.

25          SECTION 6. 422.209 (2) (b) 1. of the statutes is amended to read:

1           422.209 (2) (b) 1. The portion of the finance charge which is allocable to all  
2 unexpired payment periods as scheduled or deferred. A payment period is unexpired  
3 if prepayment is made within 15 days after the payment's due date. The unearned  
4 finance charge is the finance charge which, assuming all payments are made as  
5 scheduled or deferred, would be earned for each unexpired payment period by  
6 applying to unpaid balances of principal, according to the actuarial method, the  
7 annual percentage rate disclosed to the customer under subch. III or, in the case of  
8 a transaction that was entered into for an agricultural purpose, the annual  
9 percentage rate based on the finance charge. The creditor may decrease the annual  
10 interest rate to the next multiple of 0.25%.

11           SECTION 7. 422.209 (2) (b) 2. of the statutes is amended to read:

12           422.209 (2) (b) 2. The finance charge less the amount determined by applying  
13 to the unpaid balances of principal, according to the actuarial method, for the time  
14 those balances were unpaid up to the date of prepayment, the annual percentage rate  
15 disclosed to the customer under subch. III, according to the actuarial method, to the  
16 unpaid balances for the actual time those balances were unpaid up to the date of  
17 prepayment or, in the case of a transaction that was entered into for an agricultural  
18 purpose, the annual percentage rate based on the finance charge.

19           SECTION 8. 422.210 of the statutes is repealed.

20           SECTION 9. 422.411 (1) of the statutes is amended to read:

21           422.411 (1) Except as provided in subs. (2) and (2m), with respect to a consumer  
22 credit transaction no term of a writing may provide for the payment by the customer  
23 of attorney fees. Notwithstanding subs. (2) and (2m), a consumer credit transaction  
24 that is entered into for an agricultural purpose may not provide for the payment by  
25 the customer of attorney fees.

1           **SECTION 10. 422.412 of the statutes is amended to read:**

2           **422.412 Restriction on liability in consumer lease.** In a consumer lease  
3           other than a lease that is entered into for an agricultural purpose, the obligation of  
4           a customer upon expiration of the lease may not exceed the average payment  
5           allocable to a monthly period under the lease. This limitation does not apply to  
6           charges for damages to the leased property occasioned by other than normal use or  
7           for other default.

8           **SECTION 11. 422.413 (1) of the statutes is amended to read:**

9           **422.413 (1) Except as provided in ~~sub.~~ subs. (2) and (2g)**, no term of a writing  
10          evidencing a consumer credit transaction may provide for any charges as a result of  
11          default by the customer other than reasonable expenses incurred in the disposition  
12          of collateral or goods subject to a motor vehicle consumer lease and such other  
13          charges as are specifically authorized by chs. 421 to 427 and 429.

14          **SECTION 12. 422.413 (2) of the statutes is created to read:**

15          **422.413 (2) In the case of a consumer credit transaction that is entered into for**  
16          **an agricultural purpose, a writing evidencing the transaction may provide for the**  
17          **creditor's recovery of expenses of taking and holding collateral and in the case of**  
18          **collateral other than automobiles, as defined in s. 340.01 (4), and trucks other than**  
19          **farm trucks, as defined in s. 340.01 (18), for the expenses of preparing the collateral**  
20          **for sale.**

21          **SECTION 13. 422.417 (1) (c) of the statutes is amended to read:**

22          **422.417 (1) (c) Real property to which the property sold is affixed, or which is**  
23          **maintained, repaired or improved as a result of the sale of the property or services,**  
24          **if the obligation secured is \$1,000 or more; and**

25          **SECTION 14. 422.417 (1) (d) of the statutes is amended to read:**

1           422.417 (1) (d) Goods of the consumer which were the subject of a prior  
2 transaction with the seller which is consolidated (s. 422.206) with the consumer  
3 credit sale, or if the consumer credit sale is made pursuant to an open-end credit  
4 plan, goods previously purchased by the consumer pursuant to the plan, subject  
5 however to s. 422.418; and

6           **SECTION 15.** 422.417 (1) (e) of the statutes is created to read:

7           422.417 (1) (e) Agricultural products or agricultural equipment then owned by  
8 the customer or acquired or to be acquired in the future.

9           **SECTION 16.** 422.417 (2) of the statutes is amended to read:

10           422.417 (2) With respect to a consumer lease, except as otherwise provided in  
11 s. 429.205 with respect to a motor vehicle consumer lease, a lessor may not take a  
12 security interest in any property owned or leased by the customer other than the  
13 leased goods to secure the lessor's obligations under the lease. This subsection does  
14 not prohibit a security interest in a cash security deposit for a consumer lease of  
15 motor vehicles or agricultural equipment.

16           **SECTION 17.** 422.418 (2) of the statutes is amended to read:

17           422.418 (2) For the purpose of determining the extent to which a consolidated  
18 obligation is secured after a consolidation of consumer sales other than sales that are  
19 primarily for an agricultural purpose, and after a consolidation of consumer loans in  
20 which one or more of the loans consolidated is secured by a purchase money security  
21 interest in property of the type described in s. 422.417 (3) (a), payments received by  
22 the creditor after a consolidation agreement are deemed to have been first applied  
23 to the payment of obligations arising from the transactions first made. To the extent  
24 that obligations are paid pursuant to this section, security interests in items of

1 property terminate as the obligation originally incurred with respect to each item is  
2 paid.

3 SECTION 18. 422.501 (3) of the statutes is amended to read:

4 422.501 (3) "Extension of credit" means the right to defer payment of debt or  
5 to incur debt and defer its payment, that is offered or granted for debt that is incurred  
6 primarily for personal, family or household, or agricultural purposes.

7 SECTION 19. 423.201 (1) (intro.) of the statutes is amended to read:

8 423.201 (1) (intro.) "Consumer approval transaction" means a consumer  
9 transaction, other than a sale or lease or listing for sale of real property or, a sale of  
10 goods at auction, a sale or lease of goods for an agricultural purpose, or a loan made  
11 to finance a sale of goods at auction for an agricultural purpose, that:

12 SECTION 20. 424.208 (1) of the statutes is renumbered 424.208 (1) (intro.) and  
13 amended to read:

14 424.208 (1) (intro.) The initial amount of credit life insurance shall not exceed  
15 the total amount repayable under the contract of indebtedness however the  
16 indebtedness may be repayable, ~~but in~~ except as follows:

17 (a) In cases where an indebtedness is repayable in substantially equal  
18 instalments, the amount of insurance shall at no time exceed the scheduled or actual  
19 amount of unpaid indebtedness, whichever is greater.

20 SECTION 21. 424.208 (1) (b) of the statutes is created to read:

21 424.208 (1) (b) In cases where credit life insurance is provided on a consumer  
22 credit transaction that is entered into for an agricultural purpose, the insurance may  
23 be written up to the amount of the loan commitment on a nondecreasing or  
24 level-term plan.

25 SECTION 22. 424.301 (1) (b) 4. of the statutes is created to read:

1           424.301 (1) (b) 4. The amount of the creditor's commitment to lend to the  
2 customer in transactions that are entered into for an agricultural purpose.

3           **SECTION 23.** 425.103 (2) (a) of the statutes is amended to read:

4           425.103 (2) (a) With respect to a transaction other than one pursuant to an  
5 open-end plan; if the interval between scheduled payments is 2 months or less, to  
6 have outstanding an amount exceeding one full payment which has remained unpaid  
7 for more than 10 days after the scheduled or deferred due dates, or the failure to pay  
8 the first payment or the last payment, within 40 days of its scheduled or deferred due  
9 date; if the interval between scheduled payments is more than 2 months, to have all  
10 or any part of one scheduled payment unpaid for more than 60 days after its  
11 scheduled or deferred due date; ~~or, if the transaction is scheduled to be repaid in a~~  
12 ~~single payment, to have all or any part of the payment unpaid for more than 40 days~~  
13 ~~after its scheduled or deferred due date; or, in the case of a transaction that is entered~~  
14 ~~into for an agricultural purpose, the failure to pay the first or the only installment~~  
15 ~~when due or to pay any other installment within 40 days after its original or deferred~~  
16 ~~due date.~~ For purposes of this paragraph the amount outstanding shall not include  
17 any delinquency or deferral charges and shall be computed by applying each  
18 payment first to the instalment most delinquent and then to subsequent instalments  
19 in the order they come due;

20           **SECTION 24.** 425.114 of the statutes is created to read:

21           ~~425.114 Repossession of farm products.~~ Sections 425.103, 425.104, and  
22 425.105 do not apply to the recovery of farm products, as defined in s. 409.109 (3),  
23 that are collateral in a transaction that is entered into for an agricultural purpose,  
24 if the merchant reasonably believes the customer to be in default because of the  
25 ~~customer's failure, without justification under any law, to observe a covenant of the~~

1 transaction, breach of which covenant materially impairs the condition, value, or  
2 protection of, or the merchant's right in, the collateral. The rights and obligations  
3 of the merchant and the customer with respect to collateral described in this section  
4 are governed by ss. 409.501 to 409.507, except that the customer's right to redeem  
5 is governed by s. 425.208 and the restrictions on deficiency judgments contained in  
6 s. 425.209 apply to transactions described in that section.

7 SECTION 25. 425.206 (1) (b) of the statutes is amended to read:

8 425.206 (1) (b) Judgment for the merchant has been entered in a proceeding  
9 for recovery of collateral or leased goods under s. 425.205, or for possession of the  
10 collateral or leased goods under s. 425.203 (2); or

11 SECTION 26. 425.206 (1) (c) of the statutes is amended to read:

12 425.206 (1) (c) The merchant has taken possession of collateral or leased goods  
13 pursuant to s. 425.207 (2); or

14 SECTION 27. 425.206 (1) (d) of the statutes is created to read:

15 425.206 (1) (d) The merchant has taken possession of collateral in accordance  
16 with s. 425.114.

17 SECTION 28. 425.207 (2) of the statutes is amended to read:

18 425.207 (2) A merchant who reasonably believes that a customer has  
19 abandoned collateral or goods subject to a consumer lease may take possession of  
20 such collateral or leased goods and preserve it. However, the customer may recover  
21 such collateral or leased goods upon request unless at the time of request the  
22 customer has surrendered the collateral or leased goods, or judgment for the  
23 merchant has been entered in a proceeding for recovery of collateral or leased goods  
24 under s. 425.205 or in a judgment described in s. 425.203 (2). A merchant taking  
25 possession of collateral or leased goods pursuant to this section shall promptly send

1 notification to the customer's last-known address of such action and of the  
2 customer's right to recover such collateral or leased goods under this section. If the  
3 collateral or leased goods are recovered by the customer pursuant to this section, it  
4 shall be returned to the customer at the location where the merchant took possession  
5 of such collateral or leased goods pursuant to this section or, at the option of the  
6 merchant, at such other location designated by the customer; and any expense  
7 incurred by the merchant in taking possession of, holding and returning the  
8 collateral or leased goods to the customer shall be borne by the merchant. If after  
9 taking possession of collateral or leased goods pursuant to this subsection, the  
10 merchant perfects the right to possession through a surrender by the customer or a  
11 judgment under s. 425.203 (2) or 425.205, the customer is liable for the expenses set  
12 forth in s. 409.504 (1). In determining such expenses, leased goods shall be  
13 considered collateral under s. 409.504 (1). However, a customer is not liable for  
14 expenses of holding the collateral or leased goods from the time the merchant takes  
15 possession until the merchant perfects the right to possession in the manner  
16 provided in this subsection. This subsection does not apply to collateral recovered  
17 in accordance with s. 425.114.

18 SECTION 29. 425.208 (1) (intro.) of the statutes is amended to read:

19 425.208 (1) (intro.) ~~For~~ Except when the parties to a transaction that is entered  
20 into for an agricultural purpose agree otherwise in writing after default, for a period  
21 of 15 days following exercise by the a creditor of nonjudicial enforcement rights (s.  
22 425.206) or issuance of process (s. 425.205) with regard to the collateral, the customer  
23 shall be entitled to redeem the goods by tendering:

24 ~~SECTION 30. 425.208 (1) (cm) of the statutes is amended to read:~~

1       425.208 (1) (cm) If a writing evidencing the consumer credit transaction so  
2 provides, expenses the creditor is entitled to recover under s. 422.413 (2) and (2g) (a)  
3 and (b); plus

4       **SECTION 31.** 427.102 of the statutes is amended to read:

5       **427.102 Scope.** This chapter applies to conduct and practices in connection  
6 with the collection of obligations arising from consumer transactions, ~~including~~  
7 ~~transactions that are primarily for an agricultural purpose.~~

8       **SECTION 32.** 427.103 (1) of the statutes is amended to read:

9       427.103 (1) "Claim" means any obligation or alleged obligation arising from a  
10 consumer transaction, ~~including a transaction that is primarily for an agricultural~~  
11 ~~purpose.~~

12       **SECTION 33.** 427.104 (1) (intro.) of the statutes is amended to read:

13       427.104 (1) (intro.) In attempting to collect an alleged debt arising from a  
14 consumer credit transaction or other consumer transaction, ~~including a transaction~~  
15 ~~primarily for an agricultural purpose,~~ where there is an agreement to defer payment,  
16 a debt collector may not:

17       **SECTION 34. Initial applicability.**

18       (1) This act first applies to transactions entered into on the effective date of this  
19 subsection.

20       **SECTION 35. Effective date.**

21       (1) This act takes effect on the first day of the 6th month beginning after  
22 publication.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-2693/1  
RJM:cjs:km

**2001 BILL**

1     **AN ACT** *to repeal* 421.202 (10) and 422.210; *to renumber and amend* 424.208  
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4           (d), 422.417 (2), 422.418 (2), 422.501 (3), 423.201 (1) (intro.), 425.103 (2) (a),  
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**BILL**

This bill expands the coverage of the consumer act to generally include any transaction which is entered into for agricultural purposes and in which a consumer is granted credit in an amount of \$25,000 or less. The bill also creates provisions that apply specifically to certain transactions that are entered into for agricultural purposes and that relate to the calculation of unearned finance charges that must be rebated upon prepayment of the transaction; charges for taking and holding collateral and preparing collateral for sale; limits on security interests granted under the transaction; permissible amounts of credit life insurance and insurance against loss or damage to collateral or leased goods; the determination of whether a customer is in default; repossession of certain farm products that are used as collateral; the customer's right to redeem after default; and prohibiting any part of the transaction from requiring the consumer to pay attorney fees.

In addition, under this bill, certain transactions that are entered into for agricultural purposes continue to be excluded from provisions of the consumer act relating to methods of calculating finance charges; limits on delinquency charges; required notices regarding preservation of collateral; limits on a customer's liability upon expiration of a consumer lease; determination of security interests in consolidated transactions; the right to cancel certain transactions that are entered into following mail, telephone, or other specified solicitations; and repossession of collateral.

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**BILL**

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**BILL**

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4 finance charge is the finance charge which, assuming all payments are made as  
5 scheduled or deferred, would be earned for each unexpired payment period by  
6 applying to unpaid balances of principal, according to the actuarial method, the  
7 annual percentage rate disclosed to the customer under subch. III or, in the case of  
8 a transaction that was entered into for an agricultural purpose, the annual  
9 percentage rate based on the finance charge. The creditor may decrease the annual  
10 interest rate to the next multiple of 0.25%.

11           **SECTION 7.** 422.209 (2) (b) 2. of the statutes is amended to read:

12           422.209 (2) (b) 2. The finance charge less the amount determined by applying  
13 to the unpaid balances of principal, according to the actuarial method, for the time  
14 those balances were unpaid up to the date of prepayment, the annual percentage rate  
15 disclosed to the customer under subch. III, ~~according to the actuarial method, to the~~  
16 ~~unpaid balances for the actual time those balances were unpaid up to the date of~~  
17 prepayment or, in the case of a transaction that was entered into for an agricultural  
18 purpose, the annual percentage rate based on the finance charge.

19           **SECTION 8.** 422.210 of the statutes is repealed.

20           **SECTION 9.** 422.411 (1) of the statutes is amended to read:

21           422.411 (1) Except as provided in subs. (2) and (2m), with respect to a consumer  
22 credit transaction no term of a writing may provide for the payment by the customer  
23 of attorney fees. Notwithstanding subs. (2) and (2m), a consumer credit transaction  
24 that is entered into for an agricultural purpose may not provide for the payment by  
25 the customer of attorney fees.

**BILL**

1           **SECTION 10.** 422.412 of the statutes is amended to read:

2           **422.412 Restriction on liability in consumer lease.** In a consumer lease  
3           other than a lease that is entered into for an agricultural purpose, the obligation of  
4           a customer upon expiration of the lease may not exceed the average payment  
5           allocable to a monthly period under the lease. This limitation does not apply to  
6           charges for damages to the leased property occasioned by other than normal use or  
7           for other default.

8           **SECTION 11.** 422.413 (1) of the statutes is amended to read:

9           422.413 (1) Except as provided in ~~sub.~~ subs. (2) and (2g), no term of a writing  
10          evidencing a consumer credit transaction may provide for any charges as a result of  
11          default by the customer other than reasonable expenses incurred in the disposition  
12          of collateral or goods subject to a motor vehicle consumer lease and such other  
13          charges as are specifically authorized by chs. 421 to 427 and 429.

14          **SECTION 12.** 422.413 (2) of the statutes is created to read:

15          422.413 (2) In the case of a consumer credit transaction that is entered into for  
16          an agricultural purpose, a writing evidencing the transaction may provide for the  
17          creditor's recovery of expenses of taking and holding collateral and in the case of  
18          collateral other than automobiles, as defined in s. 340.01 (4), and trucks other than  
19          farm trucks, as defined in s. 340.01 (18), for the expenses of preparing the collateral  
20          for sale.

21          **SECTION 13.** 422.417 (1) (c) of the statutes is amended to read:

22          422.417 (1) (c) Real property to which the property sold is affixed, or which is  
23          maintained, repaired or improved as a result of the sale of the property or services,  
24          if the obligation secured is \$1,000 or more; and

25          **SECTION 14.** 422.417 (1) (d) of the statutes is amended to read:

**BILL**

1           422.417 (1) (d) Goods of the consumer which were the subject of a prior  
2 transaction with the seller which is consolidated (s. 422.206) with the consumer  
3 credit sale, or if the consumer credit sale is made pursuant to an open-end credit  
4 plan, goods previously purchased by the consumer pursuant to the plan, subject  
5 however to s. 422.418; and

6           **SECTION 15.** 422.417 (1) (e) of the statutes is created to read:

7           422.417 (1) (e) Agricultural products or agricultural equipment then owned by  
8 the customer or acquired or to be acquired in the future.

9           **SECTION 16.** 422.417 (2) of the statutes is amended to read:

10           422.417 (2) With respect to a consumer lease, except as otherwise provided in  
11 s. 429.205 with respect to a motor vehicle consumer lease, a lessor may not take a  
12 security interest in any property owned or leased by the customer other than the  
13 leased goods to secure the lessor's obligations under the lease. This subsection does  
14 not prohibit a security interest in a cash security deposit for a consumer lease of  
15 motor vehicles or agricultural equipment.

16           **SECTION 17.** 422.418 (2) of the statutes is amended to read:

17           422.418 (2) For the purpose of determining the extent to which a consolidated  
18 obligation is secured after a consolidation of consumer sales other than sales that are  
19 primarily for an agricultural purpose, and after a consolidation of consumer loans in  
20 which one or more of the loans consolidated is secured by a purchase money security  
21 interest in property of the type described in s. 422.417 (3) (a), payments received by  
22 the creditor after a consolidation agreement are deemed to have been first applied  
23 to the payment of obligations arising from the transactions first made. To the extent  
24 that obligations are paid pursuant to this section, security interests in items of

**BILL**

1 property terminate as the obligation originally incurred with respect to each item is  
2 paid.

3 **SECTION 18.** 422.501 (3) of the statutes is amended to read:

4 422.501 (3) "Extension of credit" means the right to defer payment of debt or  
5 to incur debt and defer its payment, that is offered or granted for debt that is incurred  
6 primarily for personal, family ~~or~~, household, or agricultural purposes.

7 **SECTION 19.** 423.201 (1)(intro.) of the statutes is amended to read:

8 **423.201 (1)** (intro.) "Consumer approval transaction" means a consumer  
9 transaction, other than a sale or lease or listing for sale of real property ~~or~~, a sale of  
10 goods at auction, a sale or lease of goods for an agricultural purpose, or a loan made  
11 to finance a sale of goods at auction for an agricultural purpose, that:

12 **SECTION 20.** 424.208 (1) of the statutes is renumbered 424.208 (1) (intro.) and  
13 amended to read:

14 424.208 (1) (intro.) The initial amount of credit life insurance shall not exceed  
15 the total amount repayable under the contract of indebtedness however the  
16 indebtedness may be repayable, ~~but in~~ except as follows:

17 (a) In cases where an indebtedness is repayable in substantially equal  
18 instalments, the amount of insurance shall at no time exceed the scheduled or actual  
19 amount of unpaid indebtedness, whichever is greater.

20 **SECTION 21.** 424.208 (1) (b) of the statutes is created to read:

21 424.208 (1) (b) In cases where credit life insurance is provided on a consumer  
22 credit transaction that is entered into for an agricultural purpose, the insurance may  
23 be written up to the amount of the loan commitment on a nondecreasing or  
24 level-term plan.

25 **SECTION 22.** 424.301 (1) (b) 4. of the statutes is created to read:

**BILL**

1           424.301 (1) (b) 4. The amount of the creditor's commitment to lend to the  
2 customer in transactions that are entered into for an agricultural purpose.

3           **SECTION 23.** 425.103 (2) (a) of the statutes is amended to read:

4           425.103 (2) (a) With respect to a transaction other than one pursuant to an  
5 open-end plan; if the interval between scheduled payments is 2 months or less, to  
6 have outstanding an amount exceeding one full payment which has remained unpaid  
7 for more than 10 days after the scheduled or deferred due dates, or the failure to pay  
8 the first payment or the last payment, within 40 days of its scheduled or deferred due  
9 date; if the interval between scheduled payments is more than 2 months, to have all  
10 or any part of one scheduled payment unpaid for more than 60 days after its  
11 scheduled or deferred due date; ~~or~~, if the transaction is scheduled to be repaid in a  
12 single payment, to have all or any part of the payment unpaid for more than 40 days  
13 after its scheduled or deferred due date; or, in the case of a transaction that is entered  
14 into for an agricultural purpose, the failure to pay the first or the only installment  
15 when due or to pay any other installment within 40 days after its original or deferred  
16 due date. For purposes of this paragraph the amount outstanding shall not include  
17 any delinquency or deferral charges and shall be computed by applying each  
18 payment first to the instalment most delinquent and then to subsequent instalments  
19 in the order they come due;

20           **SECTION 24.** 425.114 of the statutes is created to read:

21           **425.114 Repossession of farm products.** Sections 425.103, 425.104, and  
22 425.105 do not apply to the recovery of farm products, as defined in s. 409.109 (3),  
23 that are collateral in a transaction that is entered into for an agricultural purpose,  
24 if the merchant reasonably believes the customer to be in default because of the  
25 customer's failure, without justification under any law, to observe a covenant of the

**BILL**

1 transaction, breach of which covenant materially impairs the condition, value, or  
2 protection of, or the merchant's right in, the collateral. The rights and obligations  
3 of the merchant and the customer with respect to collateral described in this section  
4 are governed by ss. 409.501 to 409.507, except that the customer's right to redeem  
5 is governed by s. 425.208 and the restrictions on deficiency judgments contained in  
6 s. 425.209 apply to transactions described in that section.

7 **SECTION 25.** 425.206 (1) (b) of the statutes is amended to read:

8 425.206 (1) (b) Judgment for the merchant has been entered in a proceeding  
9 for recovery of collateral or leased goods under s. 425.205, or for possession of the  
10 collateral or leased goods under s. 425.203 (2); or

11 **SECTION 26.** 425.206 (1) (c) of the statutes is amended to read:

12 425.206 (1) (c) The merchant has taken possession of collateral or leased goods  
13 pursuant to s. 425.207 (2); or

14 **SECTION 27.** 425.206 (1) (d) of the statutes is created to read:

15 425.206 (1) (d) The merchant has taken possession of collateral in accordance  
16 with s. 425.114.

17 **SECTION 28.** 425.207 (2) of the statutes is amended to read:

18 425.207 (2) A merchant who reasonably believes that a customer has  
19 abandoned collateral or goods subject to a consumer lease may take possession of  
20 such collateral or leased goods and preserve it. However, the customer may recover  
21 such collateral or leased goods upon request unless at the time of request the  
22 customer has surrendered the collateral or leased goods, or judgment for the  
23 merchant has been entered in a proceeding for recovery of collateral or leased goods  
24 under s. 425.205 or in a judgment described in s. 425.203 (2). A merchant taking  
25 possession of collateral or leased goods pursuant to this section shall promptly send

**BILL**

1 notification to the customer's last-known address of such action and of the  
2 customer's right to recover such collateral or leased goods under this section. If the  
3 collateral or leased goods are recovered by the customer pursuant to this section, it  
4 shall be returned to the customer at the location where the merchant took possession  
5 of such collateral or leased goods pursuant to this section or, at the option of the  
6 merchant, at such other location designated by the customer; and any expense  
7 incurred by the merchant in taking possession of, holding and returning the  
8 collateral or leased goods to the customer shall be borne by the merchant. If after  
9 taking possession of collateral or leased goods pursuant to this subsection, the  
10 merchant perfects the right to possession through a surrender by the customer or a  
11 judgment under s. 425.203 (2) or 425.205, the customer is liable for the expenses set  
12 forth in s. 409.504 (1). In determining such expenses, leased goods shall be  
13 considered collateral under s. 409.504 (1). However, a customer is not liable for  
14 expenses of holding the collateral or leased goods from the time the merchant takes  
15 possession until the merchant perfects the right to possession in the manner  
16 provided in this subsection. This subsection does not apply to collateral recovered  
17 in accordance with s. 425.114.

18 **SECTION 29.** 425.208 (1) (intro.) of the statutes is amended to read:

19 425.208 (1) (intro.) ~~For~~ Except when the parties to a transaction that is entered  
20 into for an agricultural purpose agree otherwise in writing after default, for a period  
21 of 15 days following exercise by the a creditor of nonjudicial enforcement rights (s.  
22 425.206) or issuance of process (s. 425.205) with regard to the collateral, the customer  
23 shall be entitled to redeem the goods by tendering:

24 **SECTION 30.** 425.208 (1) (cm) of the statutes is amended to read:

**BILL**

1           425.208 (1) (cm) If a writing evidencing the consumer credit transaction so  
2 provides, expenses the creditor is entitled to recover under s. 422.413 (2) and (2g) (a)  
3 and (b); plus

4           **SECTION 31.** 427.102 of the statutes is amended to read:

5           **427.102 Scope.** This chapter applies to conduct and practices in connection  
6 with the collection of obligations arising from consumer transactions, ~~including~~  
7 ~~transactions that are primarily for an agricultural purpose.~~

8           **SECTION 32.** 427.103 (1) of the statutes is amended to read:

9           427.103 (1) “Claim” means any obligation or alleged obligation arising from a  
10 consumer transaction, ~~including a transaction that is primarily for an agricultural~~  
11 ~~purpose.~~

12           **SECTION 33.** 427.104 (1) (intro.) of the statutes is amended to read:

13           427.104 (1) (intro.) In attempting to collect an alleged debt arising from a  
14 consumer credit transaction or other consumer transaction, ~~including a transaction~~  
15 ~~primarily for an agricultural purpose~~, where there is an agreement to defer payment,  
16 a debt collector may not:

17           **SECTION 34. Initial applicability.**

18           (1) This act first applies to transactions entered into on the effective date of this  
19 subsection.

20           **SECTION 35. Effective date.**

21           (1) This act takes effect on the first day of the 6th month beginning after  
22 publication.

23

(END)