

WISCONSIN STATE
LEGISLATURE
COMMITTEE HEARING
RECORDS

2007-08

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on
Corrections and
Courts
(AC-CC)

(Form Updated: 07/24/2009)

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** **07hr_ab0721_AC-CC_pt01**

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Assembly Committee on Corrections and the Courts

DATE _____
 Moved by LeM Seconded by W
 AB 721 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____
 A _____ SR _____ Other _____
 A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

AB 721

- Be recommended for:
- Passage
 - Introduction
 - Adoption
 - Rejection
 - Indefinite Postponement
 - Tabling
 - Concurrence
 - Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Garey Bies, chair	1			
2.	Rep. Phil Montgomery, vice-chair	2			
3.	Rep. Dean Kaufert	3			
4.	Rep. Carol Owens				
5.	Rep. Steve Kestell	4			
6.	Rep. Daniel LeMahieu	5			
7.	Rep. Joe Parisi	6			
8.	Rep. Mark Pocan	7			
9.	Rep. Sheldon Wasserman	8			
10.	Rep. Sondy Pope-Roberts				
11.	Rep. Donna Seidel	9			
Totals					

MOTION CARRIED
MOTION FAILED



Richard Parins

From: Jim Krautkramer
Sent: Monday, February 11, 2008 11:06 AM
To: Richard Parins
Subject: IN SUPPORT OF JUDGMENT SATISFACTION BILL PENDING

Richard,

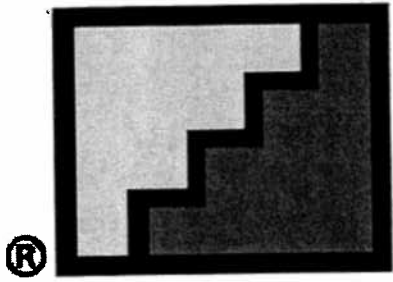
I have a perfect example. At the present time, I have a client who wants to build a new home on land that was given to them by the parents. The parents have a judgment on this land and have paid the judgment to the party they owed it to. However that party refuses to release the judgment since they claim they did not put it on in the first place. That should be beside the point. They were paid and agree they were paid and they should be obligated to remove the judgment. In conclusion, in my opinion, whomever is paid on a judgment, needs to be obligated to record the satisfaction of judgment or be penalized. Thank you for your consideration on passing this important bill.

Sincerely,

James J. Krautkramer
SR. Loan Officer
Central States Mortgage
119 N. McCarthy Road, suite F
Appleton, WI 54913

AB 721
File





Central States

M O R T G A G E

2822 Ramada Way Green Bay, WI 54304 920-497-7661 Fax 920-497-7991

TO: Whom it may concern
FROM: Seth Blackman @ Central States Mortgage, Inc.
RE: Credit Report Legislation
DATE: 2/11/08

I strongly support credit report legislation as requested in bill AB 721 to require creditors to correctly report any satisfaction of paid judgments and collections.

As a mortgage loan officer, I have a unique opportunity to see how current credit reporting practices are unfair to the consumer. I've worked with numerous individuals who have been put through great difficulty mending the damages to their credit resulting from debts which they have already satisfied yet continue to have reporting against them.

The creditor has every right to pursue the repayment of their debts by placing a judgment or collection against a debtor, then to report that debt to the person's credit report. Our legal system and consumer credit reporting practices have sided very strongly with the creditor in these situations. However, our current system falls far short when it comes to the consumer's right to have debts removed immediately from their credit report when they have in fact paid that debt. There is no incentive or legal requirement for creditors to incur even the small cost to pay an employee to change the reporting of that debt. The burden lies on the consumer to continually request that to be removed, or to file disputes with the credit reporting companies to have that information corrected.

It seems to me that the consumer has very few personal rights concerning their credit report. Only recently have we progressed as far as even giving them the right to view their own credit report without cost to them. It's time we realize how immensely important a person's credit scoring and reporting are to their lives. With inaccurate and unfair credit reporting, many people in our country are either denied or charged much higher rates on loans and insurance.

Please help us take a very important step forward in protecting the rights on the consumer by supporting AB 721 which calls for the creditor to be required to immediately and correctly report paid debts to the affected consumer's credit reporting. It's time to require accuracy in credit reporting!

Seth Blackman
Loan Officer
Central States Mortgage Corp.
920-497-7661 x142



AB 721
File

To Whom it May Concern,

In 2003 I believe, my husband and I meant to close out a credit card account, which for whatever reason between the 2 of us did not get closed out and accrued interest and penalties etc. Needless to say, a few months later we received a notice from a collection agency that there was a balance owed. I immediately arranged settlement with the collector, received in writing the settlement agreement from them stating the terms and conditions, at which point I got a cashiers check and over nighted it to the creditor. I kept copies of all this information including the UPS tracking to show it was delivered.

For months after I tried to get in writing verification the account was paid from the creditor, no such luck. They refuse to provide the information, stating they don't keep records on such matters etc. I fought for a year to get this removed from our credit after I paid it, when all of a sudden other companies started reporting this collection and started trying to collect the debt again! Each claiming a different amount was owed.

I have gone as far as to hire an attorney over this silly little account that has long since paid and still to this date, it is not removed from our credit, the harassment phone calls and letters have not stopped. It has proven to be an impossible task, it has caused me far more stress and frustration then it is worth. I simply refuse to pay this collection AGAIN to get it removed from our credit.



Leslie Henman
5607 Christie
Kentwood, MI 49508



920-497-7991
FEB-11-2008 16:07



AB 721
File

2/12/2008

To Whom It May Concern:

I have found sincere frustration recently when my husband and I went to refinance our mortgage. I learned that my credit number showed less than 700. I was perplexed by this, as I have always paid my bills on time.

After inquiring with my lender what this lowered score was about, I quickly learned that it was a medical bill where there was conflict between billing and my health insurance. I was assured by Aurora (medical bill) that this would not be referred to a collection agency since we were in communication regarding the bill and billing the insurance. After several weeks of communication with Aurora, I received a call from a collection agency. The irony of this was that I had already sent the check into Aurora. The collection company informed me that they would verify this with Aurora. I received a call from the collection agency a few days later where they informed me that the bill had been paid and that they would mark it paid. I inquired if this would "clear" my name from the collection agency. I was assured that it would. Obviously, it was not removed.

We have worked so hard to get to where we are. To have a mix up in billing become a paperwork nightmare for us is not only unfair and unreasonable but is unacceptable.

Sincerely,

Debra D. Hakari
Luxemburg, WI





Wisconsin Clerks of Circuit Court

— Serving Wisconsin Courts —

February 27, 2008

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Dear Representative Bies:

RE: Assembly Bill 721

The Wisconsin Clerks of Circuit Court Association has concerns about Assembly Bill 721 as drafted. As it applies to Chapter 806, this bill seeks to solve problems already covered by existing law. It also creates procedures leading to increased court hearings.

For example, the bill creates §806.19(5) which requires the Clerk of Circuit Court to enter a satisfaction of judgment in the docket on request of the debtor if the debtor provides proof of payment to the creditor. Clerical staff in the Clerk's office cannot make this kind of quasi-judicial determination. Therefore, the courts will have to develop a procedure to provide notice to the creditor. This could lead to a court hearing to determine the sufficiency of the proof and the amount of payment.

In addition, the bill creates §806.19(6)(a) which establishes a 30-day time limit for a creditor to file an acknowledgement of satisfaction after the judgment amount has been paid. It also creates a duty to "Notify the consumer reporting agencies, as defined in 15USC1681a(f), that the amount of the judgment has been satisfied." The statute creates significant sanctions which may encourage debtors to aggressively pursue relief in the courts for any kind of technical violation.

The situations addressed by both of the above sections are already addressed by §806.20.

Sincerely,

John Barrett, Co-Chair
Wisconsin Clerks of Circuit Court Association
Legislative Committee



Ray and Cheri Dana
February 2008

AB 721
File

Basically, too sum up our story. It started when we filed bankruptcy in 2003. We got a lawyer who was not very bright and all of the judgments/bills were not included. When we started our house search we came across judgments that were not included in the bankruptcy. In return, we ended up losing a couple houses because we then had to amend the bankruptcy to include those judgments. As we started our search again we came across another snag. The judgments had to go through the courts and get signed off after you have proof from the bankruptcy that they were taken care of. We ended up doing that and got confirmation back from the courts. Now, a couple of years have past and a couple of houses lost, we had finally found another house in 2007. Yet another snag had appeared, again no communication to us that after you have filed bankruptcy and gone to the courts you must then go to all 3 credit bureaus and submit to them copies of the bankruptcy papers to show those judgments or issues have been taken care of. Too many years lost and too many chances to already have a nice house. The good news is, after 3 long years of fighting, we finally have a house to call HOME.

1379 Western Ave.
Green Bay, WI
54303

Sincerely,

Ray and Cheri
Dana



AB 721
File

No Date

To Whom It May Concern:

I have been a Licensed Loan Originator in the State of Wisconsin for 4 ½ years. I chose this occupation because I wanted to help hard-working people buy a home for their family. About 75% of my clientele have been First-time homebuyers.

Buying a home is a process. It takes patience and a lot of hardwork on the part of the buyer. During my very first meeting with prospective buyers, I review their Tri-Merge Credit Bureau line-by-line with them. We discuss their current scores from each of the three credit repositories, EquiFax, Experian and TransUnion, as well as the reasons listed by each for scoring the client as they did.

Countless times the credit reports show Judgments, Collections and even Tax Liens as UNPAID, when my clients have documentation showing these items have, in fact, been paid in FULL. Because of the heavy negative weight Judgments, Collections and Tax Liens bear on a person's credit score, it is imperative that the creditors report timely to all three credit repositories when these items have been paid. However, as I've seen time and time again, creditors are only too happy to get paid in full, then do not follow-through with reporting this information to Equifax, Experian and TransUnion.

I have personally called collection agencies on behalf of my clients who have tried unsuccessfully to have their information updated when they have paid a debt. Not once, but several times I have been told "Yes, that account has been paid in full, but we do not have the time to update their information. That is not our responsibility. Have your client call the credit bureaus to dispute the information."

Fannie Mae has recently put in place a pricing hit for any FICO score that is below 680. This means that any client whose middle credit score falls below the 680 will be assessed a higher rate. This makes it all the more imperative that credit information be correctly and timely reported, else it is the consumer that pays the ultimate price of having a higher rate.

I urge you to please consider the legislation before you to hold creditors responsible for the accurate and timely reporting of information to the three credit repositories. Too many consumers are paying the high price for the creditors' lack of action and responsibility.

Respectfully,

Lisa R. Barta
Wisconsin Loan Originator License #36286



No
Date

Good morning Chairman Bies and honorable members of the Committee. My name is Stephanie Kundert, Legislative Assistant to State Representative Karl Van Roy of the 90th Assembly District. With me is Mr. Richard Parins, who is a mortgage broker from the district. On behalf of my Representative Van Roy, I'd like to thank you all for scheduling a public hearing on AB 721, which addresses the satisfaction of a court judgment or debt, and notification of it to a consumer reporting agency. As you all know, Representative Van Roy is the Chair of the Committee on State Affairs, which is holding a hearing as we speak on a bill that he has authored. Thus, I was asked to testify on AB 721 in his place.

Mr. Parins recently brought to our attention a serious consumer protection issue regarding debts that we felt deserved our immediate attention. The problem is that creditors will typically notify credit reporting agencies when an individual owes financial debt, but rarely do they conduct a follow-up when the individual has satisfied, or fully paid off, that debt. This is a serious consumer problem that occurs on a daily basis, leaving individuals who no longer carry debt without proof of such on their credit reports until it is too late.

To address this problem, AB 721 would require creditors who initially report an unpaid debt to a credit reporting agency to notify that same agency that the debt has been paid within 30 days after the fact. It would also require creditors who receive a court judgment to notify the court and the credit reporting agencies that the debt has been satisfied within the same 30-day period. Finally, it allows consumers with satisfied debts to provide documentary proof to the court that their debts are paid. By documentary proof, I mean a canceled check or money order.

As many of you know, when someone applies for a loan, the lender will conduct a credit check. This routine credit check shows whether or not the applicant has any outstanding debt. In some cases, however, the credit check will reveal an unpaid debt that had actually been paid off several years earlier, yet it prevents the applicant from being approved for the loan. Understandably, the applicant becomes shocked and upset, and must then spend a lot of time and money in trying to prove that the debt had been paid. This could then entail having to sort through boxes of papers to find the proof they need.

Even worse, working with creditors to clear their debt history can be aggravating for the applicant because the creditors really have no incentive to help past debtors with closed accounts. Thus, it could take several months and a lot of hassle before the applicant will finally be able to get the new loan they need.

Essentially, resolving the issues surrounding debt satisfaction quickly is imperative to the mortgage industry because it can affect someone's ability to close on a house they want, and it could determine a favorable or unfavorable interest rate on a loan or credit card. Failure by the creditors to demonstrate that past debts have been satisfied can also affect someone's credit score in the long run.

Consumers can and should routinely check their credit reports to verify their accuracy, but few people are aware if it, and only recently has checking credit reports become free. Regardless of this, however, creditors should have an obligation to the public to provide accurate information. If they are going to take the time to report that an individual has an unpaid debt, then they should also take the time to conduct a follow-up once that debt has been satisfied. This is the intent of Assembly Bill 721.

I will now turn it over to Richard Parins, a mortgage broker in the Green Bay area who deals with this consumer problem on a daily basis.

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Questions – Who is responsible for the costs associated with filing the satisfaction or other paperwork?

Answer: The bill does not address this, however, we have no problem with an amendment specifically stating the creditor can charge the debtor a nominal fee to do this.

Question: What does satisfaction mean?

Answer: A debt is satisfied if paid in full, or the creditor says no further payment is required.