

# State of Wisconsin



2015 Assembly Bill 24

Date of enactment: **July 1, 2015**  
Date of publication\*: **July 2, 2015**

## 2015 WISCONSIN ACT 54

AN ACT *to amend* 138.056 (2) (intro.) and 138.056 (2) (b); and *to create* 138.056 (2m) of the statutes; **relating to:** variable rate loans.

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

**SECTION 1.** 138.056 (2) (intro.) of the statutes is amended to read:

138.056 (2) **REQUIRED TERMS.** (intro.) ~~A~~ Except as provided in sub. (2m), a variable rate loan contract shall:

**SECTION 2.** 138.056 (2) (b) of the statutes is amended to read:

138.056 (2) (b) Use an approved index if it provides for adjustments to the interest rate corresponding to an index. ~~The~~ Subject to sub. (2m), the initial index value shall be the most recently available value of the index prior to the date of closing of the loan. The interest rate at adjustment shall reflect the difference, in reference to the interest rate of the variable rate loan at the date of closing ~~or, if sub. (2m) is applicable, upon expiration of the initial interest rate period,~~ between the initial index value and the index value most recently available as of the date notice of the interest rate adjustment is mailed under sub. (4) except the lender may decrease the interest rate or decline to increase the interest rate at any time. The interest rate shall be decreased to reflect any downward movement of the index except to the extent the decrease offsets increases in the index not implemented as interest rate increases. An increase in the index permitting the lender

to increase the interest rate but declined by the lender for any rate adjustment interval may be carried over and applied in succeeding interest rate adjustment intervals to the extent the increase is not offset by subsequent decreases in the index. ~~The variable rate loan contract may provide for minimum interest rate change increments which shall apply to both increases and decreases. The variable rate loan contract may limit interest rate decreases only if interest rate increases are restricted at least to the same extent.~~

**SECTION 3.** 138.056 (2m) of the statutes is created to read:

138.056 (2m) **DISCOUNTED INITIAL RATE.** A variable rate loan contract may include a discounted initial interest rate that is lower than the rate established under sub. (2) (b). Upon expiration of the initial interest rate period, sub. (2) (b) shall apply. For purposes of sub. (2) (b), the initial index value shall be the most recently available value of the index immediately prior to the expiration of the initial interest rate period. This subsection applies to variable rate loan contracts entered into on or after the effective date of this subsection .... [LRB inserts date].

**SECTION 4. Initial applicability.**

(1) The treatment of section 138.056 (2) (b) of the statutes first applies to variable rate loan contracts

\* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

entered into on or after the effective date of this subsection.

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