

State of Wisconsin



1995 Assembly Bill 834

Date of enactment: **April 22, 1996**

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1995 WISCONSIN ACT 272

AN ACT *to amend* 422.209 (1); and *to create* 138.09 (7) (jm) and 422.209 (1m) of the statutes; **relating to:** loan administration fees charged by licensed lenders and loan administration fees under the Wisconsin consumer act.

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

SECTION 1. 138.09 (7) (jm) of the statutes is created to read:

138.09 (7) (jm) 1. Subject to subd. 2., a licensee may charge, in addition to interest, a loan administration fee on a consumer loan, including a refinancing or loan consolidation, if all of the following conditions are met:

a. The loan administration fee does not exceed 2% of the principal in the consumer loan, refinancing or consolidation.

b. The loan administration fee is charged for a consumer loan that is secured primarily by an interest in real property or in a mobile home, as defined in s. 218.10 (2).

2. Notwithstanding subd. 1., if a licensee charges a loan administration fee on a consumer loan that is prepaid from the proceeds of a new loan made by the same licensee within 6 months after the prior loan, then the licensee shall reduce any loan administration fee on the new loan by the amount of the loan administration fee on the prior loan.

3. A loan administration fee charged under this paragraph may be included in the amount financed in the consumer loan. The loan administration fee is earned by the licensee when charged and need not be refunded under par. (gm) 3. or 4. A licensee who charges a loan administration fee under this paragraph may not also retain a loan

administration fee under s. 422.209 (1m) in connection with the same consumer loan transaction.

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

422.209 (1) ~~Upon~~ **Except as provided in sub. (1m), upon** prepayment in full of the unpaid balance of a precomputed consumer credit transaction, refinancing or consolidation, an amount not less than the unearned portion of the finance charge calculated according to this section shall be rebated to the customer. If the total of all rebates, refunds and credits to be paid to the customer under chs. 421 to 427 is less than \$1, no rebate need be made.

SECTION 3. 422.209 (1m) of the statutes is created to read:

422.209 (1m) (a) In the event of prepayment under sub. (1), a merchant may retain a loan administration fee that meets all of the following conditions:

1. The loan administration fee does not exceed 2% of the amount financed in the precomputed consumer credit transaction, refinancing or consolidation.

2. The loan administration fee is for a consumer loan that is secured primarily by an interest in real property or in a mobile home, as defined in s. 218.10 (2).

(b) Notwithstanding par. (a), if a merchant retains any portion of a loan administration fee charged on a loan that is prepaid from the proceeds of a new loan made by the same merchant within 6 months after the prior loan,

* Section 991.11, WISCONSIN STATUTES 1993-94: 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 as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

then the merchant shall reduce any loan administration fee on the new loan by the amount of the loan administra-

tion fee on the prior loan that was retained by the merchant.
