3-3

MAR 02 1998

RE Rutkowski's bill

8505 W. Forest Home Avenue, Greenfield, WI 53228 Telephone: (414) 529-0500

SOLD
FIRST REALTY SOUTHWEST
Better Homes and Gardens®

FAX COVER SHEET

DATE: 3/2/98 TIME: 1:05 PM

PLEASE DELIVER TO: Rep. Carol Owens - Chairperson of Housing

SENT FROM: Chris Kraszh

NUMBER OF PAGES (Including cover sheet) 13

PHONE #529-0500 FAX #529-9606

MEMO: Re: AB 620

Since our meeting 1/8/98, following is some of the information collected to be looked over. Sure hope it will help.

Also talked to atty. Peter F. Geracia's office about foreclosures etc that this firm has on television. But, I'm only a realtor so no info can be given out. They advised they can talk to you. If interested the phone # is 414-321-5500. Thank you.

Chris

FOR REALTORS, HOMEOWNERS & PROFESSIONALS FEBRUARY 1998

Real Estate Trends

How The Year Is Shaping Up

Don't think that things could get any better than 1997? Think again. This year is really starting out with some great news (except if you live in Asia):

⇒ The unemployment rate averaged 4.9% in 1997. The job growth machine did not slow down in December—370,000 new jobs were created.

⇒ New home sales were at the highest level in 11 years for November. This was before rates went even lower. Resales were also poised to stay strong with the smallest inventory of unsold homes since 1971.

⇒ The year closed out with no price pressures. Wholesale prices fell 1.2% last year, the biggest decrease since 1986. The year ended with a significant .2% drop in December.

⇒ The Federal Government has declared that the budget may actually be balanced this year rather than five years from now.

⇒ The 30 year bond hit a record low in mid-January—5.69%. Mortgage rates are at a point seen only once in the past 25 years.

⇒ The Fed is now talking about deflation in response to the Asian crisis and admitting there is very little chance of interest rate increases despite a strong economy.

⇒ Consumer confidence finished the year at a 28-year high.

Only the stock market seems to be losing its luster in the early stages of 1998. No matter, because if stocks slump more money will go into bonds and interest rates could go lower!..☐

FHA Guidelines Change

Just a few days after the good news from FHA was released, FHA followed with bad news for consumers. On December 31, FHA confirmed that the base loan amount was increasing to $86,317 and high cost areas will be increasing to $170,362.

The first Mortgagee Letter of 1998 was released on January 2nd. This letter included several rule changes, the most important of which affected FHA adjustable rate mortgages. Beginning with loan applications taken in March, FHA adjustables must be underwritten at the start rate plus 1%. Also, temporary buydowns are forbidden on ARMs and are limited to 2% below the note rate on fixed rate mortgages...☐

Mortgage Rates Spur Refis

The month of January of 1998 is going to be known as the start of a refinance boom. In mid-January 30-year rates dipped below 6.9%—a rate not seen since October 1993 and before then not seen for 25 years! In October of 1993, rates bottomed at 6.75%, but were up 1.0% within two months—ending a refinance craze.

Refinance Craze...

Refinances were approaching 50% of total loan applications in January, affirming the trend. Normally, refinances average 25% or less of total mortgage applications.

Rates on short term adjustables did not drop as precipitously as fixed rates because the Fed has continued to threaten to raise short term rates. Even this trend ended in January as the Fed made several positive comments and the One-Year Treasury responded with an instant decrease of 0.5%.

Even so, the refinance market is lending toward fixed rates—which are currently accounting for almost 80% of total applications. No wonder, since most can get a fixed rate for under 7.0% with few points. Don't hesitate!..☐

Value Increases Uneven

Home values have been up throughout the United States during the past few years. Even so, the rates of increase have varied significantly from region to region.

The State of Utah has led the way with an increase of almost 75 percent for resales during the past 60 months. During the past 12 months, Michigan has been the hottest—up 7.2%. Oregon, Colorado, Georgia, Louisiana, Massachusetts, Washington (State), Minnesota, Nebraska, Indiana and South Carolina were up over 5.0%. California came in just under 5.0% (4.7%)—a significant turnaround.

On the other end of the scale, Hawaii led the way with a 4.2% decrease last year. Alaska was down 1.9% and Wyoming increased only 0.7%.

The Northeast and the Mid-Atlantic States continued to lag in price appreciation with most states averaging a 2.0% to 3.0% gain. However, since 1980 these regions have had total gains which are above average...☐

Did You Know......

☐ *The Internal Revenue Service is warning that deducting mortgage interest on loans which exceed the value of the home is prohibited. This is in response to the increasingly popular "125% loan-to-value" mortgage programs. This determination is not expected to decrease the popularity of the mortgages which are utilized to consolidate debts.*

☐ *A survey of ten stock analysts published by Investor's Business Daily predicts that the Dow Jones Average will go up in 1998 (7 out of ten). The final average predictions range from 5578 to 16220. The Dow finished the year near 8000.*

©1998, All rights reserved
The Hershman Group
1-800/581-5678

FIRSTAR
HOME MORTGAGE

Ralph "Butch" Schlicht
Mortgage Loan Officer

Free Pre-Approvals
2 Day Mortgage Approvals - Purchase or Refinance
Conventional Fixed - New Construction Loans
Portfolio ARM's - Federal VA-FHA-State VA

Milwaukee/Mayfair
2600 N. Mayfair Road
Wauwatosa, WI 53226
414/256-3040 Office
414/256-3050 Fax
Toll Free 1-800-236-3111

414/256-3010 Milw/Waukesha
414/427-3000 Franklin Office
414/679-7000 Muskego Office
414/520-0573 Residence

4F REAL ESTATE SUNDAY, FEBRUARY 15, 1998 MILWAUKEE JOURNAL SENTINEL

Texas lenders see flood of applications

Bloomberg News

Dallas — Home-equity lenders in Texas say they have been deluged with loan applications since the state lifted a prohibition on second mortgages Jan. 1.

Most, however, say it's too early to tell how big the market will be or whether the current flood of business will last. And many smaller institutions say the state's restrictions on the loans are so onerous that it isn't worth the risk of making them.

"Demand's been strong," said Ron Clamage, Texas regional vice president for Household Financial Corp., a unit of Chicago-based Household International. "I think it will continue at least for '98."

Lenders such as Household are stepping up operations to meet demand. Household received between 500 and 600 applications, for an estimated $24 million in loans, at its eight Texas branches in one week, Clamage said.

Similarly, Beneficial Corp. of Wilmington, Del., brought in 50 employees from other states to handle the crush of loan applications, and has asked them to stay for another month.

"They've been very busy — more than our expectations at this point," said Beneficial spokesman Robert Wade.

Voters approved a constitutional amendment Nov. 4 allowing Texans to borrow against the equity in their homes. Texas had been the only state that didn't allow ~~second mortgages~~.

Unlike many other states, Texas lawmakers imposed a series of restrictions on second mortgages. Home-equity loans can't exceed 80% of the property's value, and loan fees are capped at 3%.

Although the new law took effect Jan. 1, no loans were made until Jan. 14 because lenders are required to give borrowers a "cooling off" period between the loan application and the closing.

All the safeguards, however, have made Texas home-equity loans unattractive to many smaller lenders.

"There are a lot of community banks that have just determined they're not going to be doing home-equity loans," said Chris Williston, president of the Independent Bankers Association of Texas. "Those that are, are going to be very diligent and careful before funding takes place."

While larger finance companies are funding loans, Williston said many consumers are left wondering why their local banks aren't offering them.

No official loan data is expected until next year.

State officials estimate the market for home-equity loans in Texas at as much as $127 billion. Last year, the loan volume for the entire country was $268 billion, according to the National Home Equity Mortgage Association.

Dallas-based FirstPlus Financial Group Inc. had amassed between $45 million and $50 million worth of loans before they began processing them Jan. 14, Chairman Daniel Phillips said.

Government is investigating questionable equity loan deals

By John Stamper
Knight-Ridder News Service

Washington — Geraldine Daniels, a 62-year-old school crossing guard, has refinanced the mortgage on her burgundy and cream split-level in northeast Washington five times since 1988.

When she started, Daniels was making payments of a few hundred dollars a month on a $37,000 loan. After the fourth deal was cut in 1994, she owed $112,000 and faced impossible monthly payments of $1,225 — an amount about $100 larger than her monthly income.

Along the way she paid $39,960.31 in finance fees, credit insurance and settlement fees.

Daniels can't explain just how this financial disaster unfolded. Her husband died. She had four sons, one brain-damaged. The bill collectors were hammering on her door.

"All I wanted to do was get the loan and pay my bills," Daniels said. "I said, 'Give me the money.' I wasn't thinking about anything else."

What really happened, consumer advocates and regulators say, is that Daniels became a victim of a fast-growing trend — lending money at very high interest rates to people who can't qualify for normal credit.

The profits that can be extracted from borrowers such as Daniels are so large that lending to them more than justifies the financial risks involved. And, the customers — called "subprime borrowers" in the industry — are so unsophisticated that they make attractive targets for unscrupulous lenders.

The bad boys of the subprime business do something called "equity skimming," which basically means tricking low-income people with valuable homes — elderly black women are frequent victims — into accepting more credit than they can ever repay.

The end game: Grandmas across America are losing their homes.

"It is a major national problem," said Patricia Sturdevant, general counsel for the National Association of Consumer Advocates. "It leads to abuses of trust, poverty, foreclosure and homelessness."

Subprime loans represent only about 10% of America's $1.2 trillion in consumer loans but an array of large financial institutions has focused increasingly on the attractive market.

Alarmed at the growth, regulators at the Federal Trade Commission are investigating subprime lending practices and Justice Department investigators have reportedly launched a probe of at least one subprime lender.

Subprime lending provides those with blemished or even obliterated credit ratings a home-equity loan at an interest rate of 12% to 24%, instead of the 7% or 8% most Americans pay. The loan is frequently based on the value of a home, not on the borrower's ability to repay.

Some lenders tapping this market brag about bringing credit access to the poor. But critics say lending money at 20% interest to people who can barely live on their earnings is hardly generous.

Like Daniels, most people turn to subprime lenders in desperate times — when no one else is willing to pony up money needed to keep the roof overhead.

"I didn't know what to do, where to go or where to turn," said Daniels in a recent interview. "They were getting ready to foreclose. . . . I was so upset, because I knew I had done this to myself."

Daniels said trying to save her home brought major hardship.

"I couldn't buy anything. We could hardly eat at times," she recalled. "I have a son that's handicapped and I couldn't really buy him clothes like I should."

Consumer advocates and federal agencies are working to cut the odds so that lenders don't take advantage of frantic borrowers such as Daniels.

Sen. Chuck Grassley (R-Iowa), chairman of the Senate's Special Committee on Aging, is planning hearings in mid-March to "expose these predatory lending practices that target the elderly community."

The FTC has filed suit against one Washington, D.C., company and is investigating others across the nation.

Federal officials who asked not to be identified said the Justice Department is looking into the activities of one of the largest home-equity lenders in the nation.

Justice spokesman Myron Marlin would not confirm such a probe but said the department had notified industry officials that they could investigate the "underwriting, pricing and marketing of loans."

Here's how you can protect yourself

Knight-Ridder News Service

Washington — Experts say you can avoid being ripped off by predatory lenders by following these tips:

- Never do business with a mortgage company that calls you. Reputable companies wait for you to come to them.
- Always read every word of every document you sign and always have someone else read it before you sign it.
- If you don't understand what you're being asked to sign, take it home and show it to someone who is knowledgeable in financial matters.
- Go to established lenders and see if you can get a loan there before using a subprime lender.
- If your credit is poor, wait to try to improve it before borrowing.
- Use credit only when it is absolutely essential.
- Remember that federal law gives you three days to change your mind after signing a loan document.

LOS ANGELES TIMES

SUNDAY, DECEMBER 28, 1997

YOUR MORTGAGE

'High-LTV' Lending Is on the Rise

KENNETH R. HARNEY
SPECIAL TO THE TIMES

WASHINGTON – When Joseph Yu and his wife, Nadia, took out a new loan on their townhouse earlier this year, they had no idea they were tapping into the hottest new trend in the American home mortgage market.

"All we wanted to do was get out from under our monthly credit card debts," Yu, a 29-year-old businessman from Germantown MD., said he and his wife had accumulated $30,000 in credit card, auto loan and other debts over the past several years.

Their minimum monthly payments totaled about $2,200. That was on top a $900 monthly payment for mortgage principal, interest, property taxes and condo fees on the house.

The solution for the Yu family: To mortgage their town house for more than its market value, and use the bulk of the proceeds to pay off all their consumer debts.

After closing on their new loan, according to Yu, their total monthly payments dropped from $3,100 to $1,424-a 54% decrease. The $2,200 credit card outlay was replaced by a $524 monthly second-mortgage payment.

Joseph Yu's new mortgage financing package is part of the rapidly growing move to what's called "high-LTV" lending. LTV stands for loan-to-value ratio. If you own a house with an existing $90,000 first mortgage and you take out a second mortgage for $35,000, you've got an LTV of 125%.

Joseph Yu's $115,000 town house now has a mortgage LTV of 114%; an existing $91,000 first deed of trust and a new $40,000 second deed of trust funded by American Lending Group Inc., a Gaithersburg, MD.-based mortgage banking company that specializes in high-LTV financing.

Volume Rises

Nationwide, according to Wall Street mortgage analysts, more than $10 billion worth of 100% or higher LTV loans will be financed in 1997-up from just $3 billion in 1996 and virtually nothing in 1995. Volume in 1998 is projected to top $20 billion. The LTV's generally range from 100% to 135%.

"It's a type of financing that sounds bizarre when you first hear 'the term,' said Gordon Monsen, a managing director at PaineWebber, the Wall Street securities firm. "It goes against the very core principle of traditional mortgage underwriting, which is that the borrower should have at least some equity in the property-like a down payment."

But Monsen says home loan-to-value ratios of 100% to 135% "are prudent for lenders and investors"-provided the borrowers have good to excellent credit profiles.

Monsen's firm, along with other Wall Street giants, pools high-LTV loans from across the country into mortgage bonds and sells them to institutional investors. The credit requirements for borrowers to qualify usually are stringent-higher, for instance, that the minimum standards set by Fannie Mae or Freddie Mac for the mortgages they purchase.

Whereas both Fannie and Freddie insist on credit scores of 620 or higher, typical high-LTV borrowers have scores of 650 to 700 or higher, measured by the popular FICO electronic credit-scoring system developed by Fair, Isaac & Co. and used by lenders nationwide.

Like Joseph and Nadia Yu, most high-LTV borrowers have good incomes, solid jobs and good debt repayment histories. They also have a weakness for credit cards and are stretched to the limit month after month. Through a second mortgage industry exists to help debt-burdened consumers with "consolidation" loans, until recently most lenders wouldn't even consider extending credit where the combined debt loan of the existing first mortgage and a new second exceeded 90% or 95% of home value.

Is high-LTV borrowing for you? Here are some thoughts: A 125% LTV loan isn't for you if you've run up big credit card balances and have been seriously late on repayments. Delinquencies can knock your credit score below the minimums for high LTV.

High-LTV second mortgages aren't cheap, either. Typical rates run from about 13%-for the best credit-to 16%. But they're almost always lower than the 18% to 22% charged by credit card issuers.

Plan Carefully

Don't plan on moving real soon if you take out a high-LTV mortgage. If you have combined first and second liens of, say, $200,000 on your $175,000 house, you're going to need to bring money to settlement-not collect it-when you sell. To help on that score, a few lenders are now offering "portable" seconds that you can transfer to a new home, rather that pay off.

A caution: You can't write off home mortgage interest on debt that's above the market value of your home. Many high-LTV borrowers appear to be winking at that rule, exposing themselves to possible penalties in the event of an IRS audit.

Distributed by the Washington Post Writers Group.

American Liberty Funding
1-800-908-LOAN

INFLATED REAL ESTATE CLOSING COSTS

If you recently obtained a home mortgage you may have been ***overcharged.*** Your mortgage may have an inflated interest rate due to "hidden" mortgage brokers' fees (commonly called "yield spread premiums"), causing you to pay thousands of dollars in additional, unnecessary interest over the life of your loan. You may also have paid excessive closing costs. If so, you may be entitled to a ***substantial*** refund.

We will obtain and review your mortgage documents in confidence and at no charge to you, and advise you how to obtain a refund:

For a free analysis of your loan papers call:

1-800-254-2394

(Toll Free)

ZIMMERMAN REED, P.L.L.P.

Suite 5200, 90 S. Seventh St., Minneapolis, MN 55402-4123

With attorneys admitted in MN, AZ, CO and WI

Offices in Minneapolis, MN and Phoenix, AZ

We charge no fee unless you recover.

Visit our Website: http://pages.prodigy.com/zimmerman.reed

E-mail us: sjl@zimmreed.com

PLEASE SEND ME MORE INFORMATION:

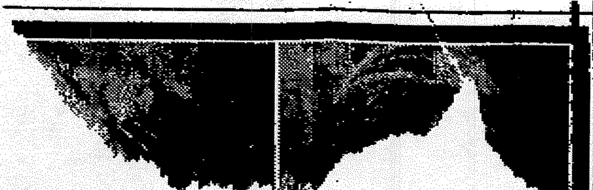
Name: ______________________

Address: ______________________

____

Telephone No. ______________________

Mortgage Company/Broker: ______________________



AKT MORTGAGE GROUP, INC.
130 S. CHAPARRAL CT., STE. 150
ANAHEIM, CA 92808

AKT NOW

178-258
13264

February 20th 1998

The Sum Of **FORTY FOUR THOUSAND EIGHT HUNDRED DOLLARS** ℞ **$44,800** ℞

To the order of
************ECRLOT**C-023 (615/136) #

APN
WI1134208

NON-NEGOTIABLE COUPON

MEMO

⑆1255681146⑆ 0287 ⑈ 056⑈0015891⑈

NON-NEGOTIABLE COUPON

NO EQUITY REQUIRED!
WILL LOAN UP TO 125% OF YOUR PROPERTY VALUE!

Loans available up to amount shown ℞	Department	Telephone
$44,800	**Debt Consolidation**	**800-816-3644, Ext. 700**

☺ Payoff Credit Cards ☺ Home Improvement ☺ Buy New Car or Payoff Car ☺ Cash to You

CURRENT DEBT AMOUNT	YOUR TYPICAL CREDIT CARD PAYMENT	YOUR PAYMENT COULD BE ☒
$40,000	**$1200**	**$421** ❖
$25,000	**$750**	**$264** ❖
$15,000	**$450**	**$158** ❖
Tax Deductible?	**NO** ☹	**YES** ☺

☒ CALL FOR YOUR FREE CREDIT RATING AND PAYMENT.

❖ BASED ON 11.99% / 13.22 APR / 25 YEAR TERM

(800) 816-3644 Ext. 700

☺ Apply By Phone ☺ Same Day Pre-Approval ☺ Some Credit Problems O.K.

MONDAY-THURSDAY 7:30 AM – 8:00 PM FRIDAYS 7:30 AM – 6:00 PM SATURDAYS 9:00 AM – 2:00 PM
PACIFIC STANDARD TIME

℞ **The loan amount shown hereby will depend upon verification of your credit, debts, income, and value of your property.**

Licensed under the following. **California** Dept. of Real Estate. Real Estate Broker **Nebraska** Department of Banking & Finance. **Utah** Department of Financial Institutions. **Oregon** Department of Consumer and Business Services **Indiana** Department of Financial Institutions. **Nevada** Department of Financial Institutions. **Colorado** Secretary of State. **Connecticut** Department of Banking. **Iowa** Division of Banking. **Minnesota** Department of Commerce. **Idaho** Department of Finance. **Wisconsin** Department of Financial Institutions. **Florida** Department of Banking & Finance. **Montana** Department of Commerce. **South Dakota** Division of Banking

MS

Priority Code:A8B-KE01MM-1SC

Home
Loan and Investment Bank, F.S.B.
"A Federal Savings Bank"

0452-0014****** AUTOCR ** C017

Loans up to
125%
of your
Home Equity
Call: 1-800-223-1700

START 1998 WITH A CLEAN SLATE

If you are like most of us, you probably spent too much money during the holiday season. Now is the perfect time to gather up all your 1997 bills and start the new year with a clean slate.

At Home Loan And Investment Bank F.S.B., we have over <u>60 loan programs to offer</u>. Our rates are low because, as a Bank, we have access to the <u>lowest rates</u> and want to pass those rates onto you. If you like, we can give you some extra cash, $5,000, $25,000, $100,000 or more.

Low Bank Rates:	Easy to qualify even if your credit is not so perfect.
Simple Process:	Apply by phone, Free Pre-Qualification and NO Application Fee.
Convenient:	Our Closing offices are located near your home.
Personalized Service:	Experienced Loan Representatives to answer all your questions.
Free Gift:	Get a Free Sears Gift Certificate with every closed loan.

DON'T DELAY CALL RIGHT NOW

Sincerely,

James L. Clark

James L. Clark, Manager

P.S. Start 1998 with a clean slate, pay off all your bills, and have one low monthly payment.

1-800-223-1700

Property Review Section

Mortgage Network USA, Inc.
IL Residential Licensee #958 Since 1988
100 Tower Drive, Hinsdale, IL 60521

Non-Negotiable Coupon
This is not a check

102562
325
02

DOLLARS	CENTS
**** 25,000	00

PAY: TWENTY FIVE THOUSAND AND 00/100 ********* DOLLARS.

S104 P1 **AUTO*********3-DIGIT 534

APPROVED AND CERTIFIED

"000182 " :12 0231 554

Robert Allen

Non-negotiable, non-transferable • One coupon per purchase • We are not a governmental agency.

DATE	DESCRIPTION	AMOUNT	CHECK#
1/30/98	33304341170200012914	25,000	102562

Dear:

CONFIDENTIAL

We are pleased to inform you that your home is eligible for a low interest second mortgage. We offer two unique programs that may be of great benefit to you.

HOME IMPROVEMENT PROGRAM

All Disbursements Funded Directly To You Within Ten Days.
Owner Occupants require NO Equity or Appraisal
NO Formal Plans or Bids and NO Pre-Inspection Required.

THE "NO EQUITY" CONSOLIDATOR
DEBT CONSOLIDATION RELIEF EXAMPLE

Current Situation (Example)		No Equity Consolidator	
Credit Cards	$345/mo		
Auto Loan 1	$450/mo	$25,000 loan	Under $325/mo
Auto Loan 2	$300/mo		
Total Payments	$1095/mo		

Your eligibility expires soon. No representative will contact you. It is important that you call the Equity Department immediately.
Due to the large call volume we are currently receiving, we have expanded our hours of operation to 24 hours a day, 7 days a week.

Apply Toll-Free
1-888-507-LOAN
(5626)
Se Habla Español

EQUAL HOUSING LENDER

See other side.

NO EQUITY LOAN DEPARTMENT
TERRA FUNDING-CORPORATE HEADQUARTERS
1515 ARAPAHOE STREET
TOWER 1, SUITE 600
DENVER, CO 80202

PRESORTED
FIRST-CLASS
MAIL
U.S. POSTAGE
PAID
DENVER, CO
PERMIT #2769

IMPORTANT NOTICE TO WISCONSIN PROPERTY OWNERS!

OUR RECORDS INDICATE THAT YOU MAY BE ELIGIBLE TO PARTICIPATE IN OUR NEW **HOME IMPROVEMENT AND/OR DEBT CONSOLIDATION LOAN PROGRAMS.** OWNER OCCUPIED PROPERTIES QUALIFY FOR THE LOAN AMOUNTS LISTED BELOW WITH ***LITTLE OR NO EQUITY REQUIRED.*** CALL OUR OFFICE FOR COMPLETE INFORMATION.

LOAN AMOUNT	TAX ASSESSMENT NO.	YEAR BUILT	SQUARE FEET
$50,000	032306120002	19	

****************************AUTO SORT**

- LOW PAYMENTS
- FIXED INTEREST RATE
- FULLY AMORTIZED
- POSSIBLE TAX DEDUCTION

IMMEDIATE RESPONSE REQUIRED

OWNER(S) OF RECORD AND PROPERTY ADDRESS

YOU MAY NOT RECEIVE A SECOND NOTICE

PLEASE READ ENTIRE DOCUMENT CAREFULLY, TWO PROGRAMS AVAILABLE

Our financial documentation indicates that you are among a select group of homeowners who may be eligible to take part in one of two exclusive equity loan programs. *See Rate examples below. Program 1 is a 125% LTV Equity Loan, from $10,000 to $100,000. Program 2 is a 125% LTV Combination Home Improvement and Debt Consolidation loan up to $100,000, 50% of this loan must be used for home improvement.

NO DOWN-PAYMENT ● ● NO UP-FRONT FEES ● ● NO EQUITY REQUIRED

WHEN YOUR PROPERTY WAS FUNDED, YOU BECAME ELIGIBLE TO APPLY FOR A LOAN UP TO 125% OF THE VALUE OF YOUR PROPERTY.

Program 1 Example	Program 2 Example
LOAN AMOUNT	LOAN AMOUNT
$25,000	$50,000
INTEREST RATE / APR	INTEREST RATE / APR
11.99%/13.550%	11.99%/12.891%
MONTHLY PAYMENT	MONTHLY PAYMENT
$263.12	$526.24

Program 1

Cash for any reason such as: 125% LTV Loan amounts from $10,000 to $100,000 can be used for New car or RV, Debt Consolidation, taxes, vacation, or tuition.

- No out-of-pocket closing costs
- Excellent, good, or fair credit
- Single Family, Condo, 1-4 Units
- No Equity Required

Program 2

125% LTV Combination Loan amounts from $10,000 to $100,000 can be used for Home Improvement and Debt Consolidation
- 50% for Home Improvement
- No out-of-pocket closing costs
- Excellent, good, or fair credit
- Single Family, Condo, 1-4 Units
- No Equity Required

PROGRAM PROVIDER

SMC LENDING, INC.
"The Mortgage Problem Solvers"

EQUAL HOUSING LENDER

Please call this number for further details:
TOLL FREE:
(800) 788-3848

We can process and fund in as little as 14 days.

Rates, terms and loan amounts are estimates only and may vary on each loan and are subject to change. Program provider is an equal housing lender. This is not a pre-approval or commitment to lend money. Loan is subject to qualification and approval in accordance with lenders standard underwriting guidelines. (**Based on 300 Mo. Term)

E 512-S2 P11
******* *****ECRLOT

Western Capital Funding
(800) 211-5314 ofc
(800) 311-9906 fax

This is not a check

PAY: ******THIRTY FIVE THOUSAND AND 00/100

TO THE ORDER OF:

******************5-DIGIT 53405
10-22

THIS IS NOT A CHECK THIS IS NOT A CHECK THIS IS NOT A CHE

NON-NEGOTIABLE, ON APPROVED CREDIT, WESTERN CAPITAL FUNDING IS NOT A GOVERNMENT AGENCY.

CONSOLIDATE YOUR DEBTS NO Equity Required!

Available public records indicate you may be eligible* to receive a loan of ***$15,000 to $100,000*** for debt consolidation, home improvement or even cash to you.

We can start your application right over the phone, approve your loan in as little as 24 hours and start saving you money now. There is no cost or obligation to apply!

EVEN WITH NO EQUITY IN YOUR HOME!

Don't delay... call now and simply let us know how much money you need. Your payments could be reduced up to **50% OR MORE.**

Here's an example...

Bills	Balance	Payments
Auto Loan	$8,562	$359
Mastercharge	$7,687	$220
Visa	$7,237	$196
Sears	$3,119	$98
Home Depot	$3,895	$116
Bank Loan	$4,500	$210
Total:	**$35,000**	**$1,199**

Payments based on a $35,000 loan amount over 25 years at a rate of 11.99% APR 13.54. Rates subject to change

CALL NOW: (800) 211-5314

MUST BE A HOMEOWNER TO QUALIFY!

Due to the large call volume we are currently receiving we have expanded our hours of operation to 7:00am to 6:00pm Monday - Friday and 8:00am to 2:00pm Saturday, pacific standard time.

*Eligibility subject to buyer qualification, occupancy and acceptable title.
Real Estate Broker, California Department of Real Estate

UNITED LENDING GROUP

19-678
12222

Coupon # 216919

December 22, 1997

THE SUM OF **Forty-Nine Thousand Six-Hundred Eighty Dollars* $49,680.00**

Void

NON-NEGOTIABLE COUPON
Actual Amount May Be More or Less

Pay to the order of
Award #: 53405-1531021-549-ZF
AUTOCR******************C-073
[illegible]

⑆1220 247⑆ 0737 9308⑈

NON-NEGOTIABLE NON-TRANSFERABLE

DATE	DESCRIPTION	AMOUNT	COUPON NO.
12/22/97	[illegible]	$49,680.00*	216919

Apply Now, Give Us Your Award Number and After Loan Closing
We'll Give You a $50 U.S. Savings Bond*

Dear Michael,

We are pleased to inform you that your home at 2302 Rivershore Dr may allow you to **receive in cash, a loan for up to 125% of the value of your home.*** As a government approved lender, United Lending Group is able to offer you loan programs with great benefits, including:

- Pay Off Bills
- No Appraisal Needed
- Funded Directly to You
- Tax Advantages*
- Home Improvements
- No Equity Needed
- 24-Hour Approval
- 7-10 Day Fundings

Here's an example of how we may be able to help:

Current Monthly Payments:	
Credit Cards	**$400**
Car Loan	**$350**
Retail Stores	**$150**
TOTAL	**$900**

...with **UNITED LENDING GROUP**
Significantly Reduce Your Monthly Payments by as much as
1/2 (plus tax advantages)*

United Lending Group is an established national mortgage lender who has helped thousands of people across America obtain cash to fulfill their financial needs. Our friendly and knowledgeable loan officers are ready to assist you by phone, quickly and conveniently. **Call today.**

1-800-600-1166

*Loan minimum $10,000. Loan maximum for 125% product is $75,000; other loan programs up to $300,000.
Consult your tax advisor for applicable tax advantages United Lending Group is a wholly-owned subsidiary of ContiFinancial Corporation (NYSE listed:CFN).
Savings Bond Offer not valid with any other offer. Loan must close and fund through United Lending Group on or before 3/31/98
United Lending Group is not affiliated in any way with the United States Government

EQUAL HOUSING OPPORTUNITY

MBA Mortgage Bankers Association of America
The National Association of Real Estate Finance

69244

Lower Your Monthly Payments!

Consolidate Your Bills and Pay off Debts

With one phone call and a few minutes of your time, our experienced loan consultants may help you reduce your monthly payments by hundreds of dollars or more.

Consider the Benefits of a Home Equity Loan through United Lending Group:

- ✔ No Equity Needed*
- ✔ Fast Approvals
- ✔ Apply by Phone
- ✔ No Appraisal Needed*
- ✔ Fast Fundings
- ✔ Tax Advantages*

No Equity Loans up to $100,000*

Loans up to 125% of the value of your home*

Call Today, Toll Free **1-888-562-6505**

UNITED LENDING GROUP

*Available with some programs. Loan amount: minimum $10,000-maximum $500,000. Maximum percentage of home value available for loan based on credit history. Consult your tax advisor for availability of applicable tax advantages. United Lending Group is a wholly-owned subsidiary of ContiFinancial Corporation (NYSE listed: CFN). AZ State Banking License #BK18130. CA Dept. of Real Estate Broker #01076938. Illinois Residential Mortgage Licensee. Illinois Office: 2-Mid-America Plaza, Suite 800, Oakbrook Terrace, IL 60181. Licensed Mortgage Banker-New Jersey Department of Banking.

Tear off, fold and seal to return this postage paid response by mail.

Could your family use

$25,000 *or more?*

for only **$275.00** per month

(Please see example on reverse side.)

Apply now and at loan closing

Receive a $50 U.S. Savings Bond

Apply now, give us your award number and at loan closing we'll give you a free $50 U.S. Savings Bond.

(Award number is shown in address window on reverse side.)

*Savings Bond offer not valid with any other offer. Loan must close and fund through United Lending Group on or before 2/28/98. United Lending Group is not affiliated with the United States Government.

☑ YES! Call me, I'd like to learn how United Lending Group could save me money.

Borrower Name ____________ Co-Borrower Name ____________ Today's Date ____________

Street Address ____________ City ____________ State ____________ Zip ____________

(____)____________ Home Phone

(____)____________ Work Phone

Best Time to Call ____________

Year of Home Purchase ____________

$____________ Current Home Value

$____________ 1st Mortgage Existing Balance

$____________ 2nd Mortgage Existing Balance

Purpose of Loan: ☐ Bill Consolidation ☐ Lower Monthly Payments ☐ Home Improvement ☐ Extra Cash

Call Now **1-888-562-6505**

or fax this form to **1-888-562-6620**

Moisten here, fold and seal to mail.

Vote Record

Assembly Committee on Housing

Date: 2/4/98
Moved by: Foti
Seconded by: Morris-Tatum
AB: 620
Clearinghouse Rule:
AB:
SB:
Appointment:
AJR:
SJR:
Other:
A:
SR:

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:

Be recommended for:

- [x] Passage
- [ ] Introduction
- [ ] Adoption
- [ ] Rejection
- [ ] Indefinite Postponement
- [ ] Tabling
- [ ] Concurrence
- [ ] Nonconcurrence
- [ ] Confirmation

Committee Member	Aye	No	Absent	Not Voting
Rep. Carol Owens, Chair	✓			
Rep. Neal Kedzie	✓			
Rep. Steven Foti	✓			
Rep. Daniel Vrakas	✓			
Rep. Steve Wieckert	✓			
Rep. Johnnie Morris-Tatum	✓			
Rep. John La Fave	✓			
Rep. Leon Young	✓			
Rep. Tammy Baldwin	✓			
Totals:	9	0	0	0

2/4

Foti will check with Bock about taking over as lead author when this gets scheduled for March floor action.

- [x] Motion Carried
- [ ] Motion Failed

Zibrowski, Jacque

From:	Matthias, Mary
Sent:	Tuesday, February 03, 1998 1:09 PM
To:	Zibrowski, Jacque
Subject:	FW: AB 620

Jacque-I thought you might like to see this.

Mary Matthias
Senior Staff Attorney
Wisconsin Legislative Council Staff
Ph.608-266-0932
Fax:608-266-3830
e-mail:mary.matthias@legis.state.wi.us

-----Original Message-----

From:	Jenny Boese (SMTP:jboese@wisbar.org)
Sent:	Thursday, January 15, 1998 3:11 PM
To:	Matthias, Mary
Subject:	AB 620

Mary,

Matt Bromley forwarded your e-mail to me as I deal primarily with bankruptcy/insolvency type legislation for the State Bar.
First off, we do not have a legislative position on this bill so anything contained in this e-mail is not a formal position by the State Bar or any of its Sections. It is simply an attempt to provide you with information as requested.
Regarding AB 620:
I have not received a great deal of comment from attorneys regarding this legislation, and I do not have a specific answer to Rep. Wieckert's question. But I will try to solicit additional comments from attorneys on this bill.
Comments I received indicate concern over AB 620 for the following reasons: 1) it is an unnecessary change; 2) the "adverse change in financial condition" is too vague and will require some type of interpretation from the courts; 3) the bill also doesn't address instances when the "financial condition" of the mortgager subsequently improves; 4) accordingly, who makes this type of interpretation and to what standard?
I will try to get back to you as soon as possible with comments. If you need anything in the interim, please contact me at 250-6045 or jboese@wisbar.org. Thanks for seeking our input on this bill.
Jenny Boese
State Bar of Wisconsin

JAN 15 1998

We thought you might be interested in the attached material.

Jacque —

Here are the materials on AB670 I received from Rutkowski's office.

I also have calls in to or have talked to:

DOJ, DFI, Mortgage Bankers Assn & Mortgage Brokers Assn. →

Wisconsin Legislative Council
One East Main Street Suite 401
P.O. Box 2536
Madison, WI 53701-2536
(608) 266-1304
Fax No. (608) 266-3830

I'll call when I
get any useful
info.
Thanks
Mary

P.S. Please let me know
if you have a date in
mind for the next
Exec.
Thanks

Residence:
4550 S. 117th Street
Greenfield, WI 53228-2451
(414) 425-4227

Madison Office:
Room 216 North, State Capitol
Post Office Box 8953
Madison, Wisconsin 53708
(608) 266-8590

82nd Assembly District
Cities of Greenfield,
Franklin and Milwaukee
Village of Greendale and
Town of Raymond

Legislative Hotline:
(Toll-free) 1-800-362-9472 (WISC)
FAX: (608) 266-7038

JAMES A. RUTKOWSKI
State Representative

Memorandum

To: Mary Matthias, Legislative Council

From: John Wagnitz, 82nd Assembly district

Date: January 15, 1998

Re: AB 620, relating to prohibiting the use of the real estate foreclosure process for certain types of defaults.

Per your request, I have enclosed copies of correspondence relating to the practice by some consumer loan companies to write home mortgages into contracts as collateral on consumer loans. If you have further questions oor need additional information, please contact me. You can also reach Rex Loehe, at 266-1707 or Commissioner Jim Rutkowski at 266-7599.

Mortgage Money Specialists, Inc.

131 W. Layton Ave.
Norwest Bank Center I • Suite 206
Milwaukee, WI 53207

Telephone (414) 489-1250
Fax (414) 489-1252

January 6,1997

To Whom It May Concern:

This letter is regarding Mr. and Mrs. Gerald Morrison .

On Thursday January 3, 1997, I met Mr. and Mrs. Morrison at TCF Financial for a noon appointment with the manager, Mr. Nick Meindl. Unfortunately, the manager forgot to mark the meeting time on his calendar. We rescheduled the appointment with the manager for 9:00AM, Friday, January 4,1997.

The purpose of this meeting was to reestablish a meaningful relationship with all the parties and access the current financial arrangement. **The Morrisons' were looking for a release of their Washington St. property and have the net proceeds applied to their account.** The property was sold for $16K. Comparable sales were presented with a value range of $ 9.5 K to $ 14.5 K. The sale would result in a net $11.3K reduction in their account balance. The current estimated fair market value of their home is $176.9K With a loan balance of $153K, a reduction of $ 11.3K would create a new balance of $141.7K, or, approximately 80% of the value of their homestead property.

In addition, the Morrisons' were going to make a cash payment of $ 1,300.00!

They also promised to make all future payments timely!

After the Friday AM meeting, the Morrisons' were promised by TCF Financial to have a response by noon. I spoke with Mr. Morrison at 4:30PM on Friday and no one had gotten back to them.

The Morrisons' previously stated that TCF Financial was unapproachable and uncooperative... I guess they were right!!!!!

Sincerely yours,

Michael Thomas
President
Mortgage Money Specialists

ADDITIONAL TERMS OF YOUR LOAN

OWNERSHIP OF THE COLLATERAL: You promise that you have full ownership of all the collateral. You promise that no one else has an interest in the collateral. You agree not to sell any of the collateral or give anybody else an interest in it without written permission from us. You will keep the collateral free from others' claims (such as taxes and liens).

CARE OF THE COLLATERAL: You will:

1. Keep all the collateral in good repair and working order;
2. Replace broken and worn parts;
3. Allow us to inspect the collateral as we wish; and
4. Notify us in writing immediately of any loss or damage to the collateral.

OTHER PROMISES: You will:

1. Provide us with financing statements at our request;
2. Assist us and do whatever is necessary to perfect any security interest or mortgage in the collateral or other property securing this loan;
3. Make sure our security interest is properly shown on the certificate of title, if the collateral includes a motor vehicle or other certificated property;
4. Notify us immediately if you change your address; and
5. Not use the collateral for any unlawful purposes.

CHANGES, WAIVER & DELAY IN ENFORCEMENT: This agreement cannot be changed unless we agree in writing. We may give up (or "waive") or delay enforcement of our rights under this agreement without losing them. For example, we may accept late payments from you without waiving our right to require that future payments be made on time. If we release any of you from this agreement, the rest of you will not be released. If we exchange or release any collateral or other property that secures this loan, you will not be released. We do not have to use our legal remedies against one of you before we use our legal remedies against the rest of you. You agree to any renewals of this agreement and any extensions we give to any of you.

INSURANCE: You will keep the collateral or other property securing this loan insured against:

1. Fire (including extended coverage);
2. Theft and collision (for motor vehicles); and
3. Any other risks we name.

You may buy the insurance from anyone you want, but the insurance company and the amount of the insurance must be acceptable to us. You will have the insurance company name us in the policy as a secured party, and you will give us a copy of the policy. You will instruct each issuer of an insurance policy to pay any claims directly to us and to notify us in writing at least 10 days before ending coverage.
You assign any insurance payments to us as additional security. This paragraph applies only if the original principal amount of your obligations to us, described on the preceding pages of this form, is $800.00 or more and the value of the collateral or other property securing this loan is $800.00 or more.

APPLICATION OF PAYMENTS: Any payment you make will first be applied to any accrued finance charges, then to principal, then to any other charges you owe us.

LOCATION OF PROPERTY: You will not keep the collateral in any county or state that requires you to file a financing statement to protect our security interest unless you have filed a financing statement there showing us as the secured party. You will not remove the collateral from the state where you currently live without our written permission.

OUR RIGHT TO TAKE ACTION: If you do not:

1. Take care of the collateral;
2. Keep the collateral insured as we ask;
3. Make sure that necessary financing statements are filed; or
4. Fulfill any other promise you have made in this agreement; then we may (if we choose) take the necessary steps to protect our interest in the collateral. For example, we may pay taxes, insure the collateral, file financing statements, or make repairs. If we advance any money, you agree to pay us back with interest at the rate you pay on this loan, but not more than the maximum rate allowed by law.

SPECIAL RULES FOR SECURITIES: If any of the collateral consists of stock, bonds or other types of securities:

1. You will endorse those securities at our request so that we can transfer them. If we ask you to, you will also deliver to us anything that you receive from the issuer of those securities. For example, you will deliver any money, notices or additional securities that you receive from the issuer because you own the securities. Whatever you deliver to us will be subject to this agreement; and
2. We may notify the issuers of those securities of our security interest. We may require the issuers to make any payments to us directly, and we may sue the issuers if they do not pay as required.

DEFAULT AND FULL PAYMENT: If the principal of your loan is $25,000 or less and your loan is secured by other than a first mortgage, or it is unsecured, you agree that you will be in default if any of the following events occur: (1)(a) If the interval between scheduled payments is two months or less: you have outstanding an amount exceeding one full payment which has remained unpaid for more than ten days after the scheduled or deferred due date, or you fail to pay the first payment or the last payment within forty days of its scheduled or deferred due date; (b) If the interval between scheduled payments is more than two months: you have all or any part of one scheduled payment unpaid for more than sixty days after its scheduled or deferred due date; (c) If this loan is scheduled to be repaid in a single payment: you have all or any part of the payment unpaid for more than forty days after its scheduled or deferred due date, or (d) If this loan is for an agricultural purpose: you fail to pay the first or the only payment when due or to pay any other payment within forty days of its original or deferred due date. For purposes of this paragraph, the amount outstanding shall not include any delinquency or deferral charges and shall be computed by applying each payment first to the installment most delinquent and then to subsequent installments in the order they come due. (2) You fail to observe any other provision or covenant of the agreement, the breach of which materially impairs the condition, value or protection of or our right in any collateral securing the agreement, or materially impairs your ability to pay amounts due under this agreement. If you are in default, we may (1) declare your entire unpaid balance due and payable, following notice of your right to cure any default and an opportunity to cure, if required by Wisconsin statute section 425.105; and (2) exercise any rights provided by this agreement, any security agreement provided in connection with this agreement, or applicable law.

If the principal of your loan is more than $25,000 or is secured by a first mortgage, you agree that you will be in default if any of the following events occur: (1) you fail to make a payment when due or fail to comply with any other terms of this agreement, (2) you fail to pay any other amount your owe us when due, (3) you die or any guarantor of your agreement dies, (4) you do not pay your debts when due, (5) you give us false or misleading information or statements in connection with this extension of credit to you, (6) you file a petition under the United States Bankruptcy Code, or someone files a petition against you, (7) you default under the terms of any security agreement you have given us, (8) someone tries to take any property or collateral that secures this agreement by legal proceeding, or (9) we determine that there has been a significant adverse change in your financial condition or the value of any property or collateral you have given us for security has gone down substantially. If there is a default, we may demand immediate payment of, and you agree to pay, the entire amount you owe us under this agreement. If we do demand immediate payment in full, the finance charge will be figured by using the Annual Percentage Rate that is in effect on the day we demand immediate repayment. If there is a default we may also exercise our rights under any separate security agreement that secures this agreement.

COLLECTION FEES: If the note is governed by the Wisconsin Consumer Act, you agree to pay "statutory costs" and "statutory attorneys fees". Otherwise, you agree to pay reasonable attorney fees and costs we incur to collect or foreclose this loan, to the extent permitted by law.

AGREEMENT BINDING: You understand that this agreement is binding on your heirs and your legal representatives.

MORE THAN ONE SIGNER: Whether you sign this agreement as an individual or as one of a group, you are each fully responsible for all the obligations owed to us.

WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701–2536
Telephone (608) 266–1304
Fax (608) 266–3830

DATE: February 25, 1997

TO: REPRESENTATIVE JAMES RUTKOWSKI

FROM: Ronald Sklansky, Senior Staff Attorney

SUBJECT: Mortgage Regulation

This memorandum, prepared at your request, responds to a concern you have raised regarding mortgage regulation. Specifically, you have been alerted by a constituent to conditions requiring a default in a mortgage and you have asked whether the Legislature can react to this situation.

You have forwarded a portion of a contract containing language that has led to your concern. The contract between the lender and the borrower states in part that:

> If the principal of your loan is more than $25,000 or is secured by a first mortgage, you agree that you will be in default if any of the following events occur . . .
>
> (3) you die or any guarantor of your agreement dies . . .
>
> (6) you file a petition under the United States Bankruptcy Code, or someone files a petition against you . . . or
>
> (9) we determine that there has been significant adverse change in your financial condition where the value of any property or collateral you have given us for security has gone down substantially. If there is a default, we may demand immediate payment of, and you agree to pay, the entire amount you owe us under this agreement . . . .

It appears that the Legislature may react to the conditions contained in notes or contracts accompanying mortgages in at least two ways. First, the Legislature could enact a law prohibiting, and making void, specified onerous conditions in the contractual relationship between a mortgagor and mortgagee. Whether such a law could apply to out-of-state lenders through an extension of Wisconsin's long-arm jurisdiction is speculative and may depend on the facts of a given situation. Also, whether such a law could apply to nationally chartered financial institutions would involve an investigation of federal law to determine whether federal preemption might be an issue. For example, see *Wisconsin League of Financial Institutions v. Galecki*, 707 F. Supp. 401 (W.D. Wis. 1989).

Second, even if Wisconsin law may not extend to particular lenders, a law could be enacted that applies to property located in Wisconsin. That is, ch. 846, Stats., relating to real estate foreclosure, could be amended to prohibit the judicial process of foreclosure on real estate located in Wisconsin when the alleged default is based on specified onerous conditions contained in the contractual relationship, or note, accompanying a mortgage. Again, the state may not be able to regulate certain lenders, but it can regulate the disposition of real estate in Wisconsin, at least with respect to contracts entered into in the future.

If I can be of any further assistance in this matter, please feel free to contact me.

RS:wu;ksm

Residence:
4550 S. 117th Street
Greenfield, WI 53228-2451
(414) 425-4227

Madison Office:
Room 216 North, State Capitol
Post Office Box 8953
Madison, Wisconsin 53708
(608) 266-8590

82nd Assembly District
Cities of Greenfield,
Franklin and Milwaukee
Village of Greendale and
Town of Raymond

Legislative Hotline:
(Toll-free) 1-800-362-9472 (WISC)
FAX: (608) 266-7038

JAMES A. RUTKOWSKI
State Representative

Facsimile Cover Sheet
Fax Number: (608)266-7038

To: Paul Egide, Financial Institutions Division

Fax #: 264-7968

From: Rex Loehe, Representative Jim Rutkowski's office

Number of pages attached, including cover page ____3____

If pages are not all received or illegible, please call: (608)266-8590

Comments: This is regarding a matter recently brought to my attention by one our constituents. The issue relates to the practice by some consumer loan companies to write home mortgages into contracts as collateral on consumer loans. Depending on the way the mortgage clause is written into the contract, individuals may find that their property is in default based upon circumstances beyond their control. Examples of property foreclosures resulting from such outrageous contractual clauses include the death of a spouse or a reduction in the value of collateral property several years following the signing of the contract (perhaps due to increased instances of crime in the neighborhood). I have attached for your perusal a copy of one of these contracts as well as a letter addressed to one of these consumer loan companies by a mortgage holding company that is trying to mitigate the foreclosure on a property as result of one of these contracts. The constituent who sent me these materials is a Realtor, and she believes that the elderly and poor are being targeted by these companies since these individuals often can not obtain credit and are less likely to have access to legal representation when signing a loan contract.

Thank you for your time and consideration on this important matter. If you have any additional questions or need additional information, please let me know.

Residence:
4550 S. 117th Street
Greenfield, WI 53228-2451
(414) 425-4227

Madison Office:
Room 216 North, State Capitol
Post Office Box 8953
Madison, Wisconsin 53708
(608) 266-8590

82nd Assembly District
Cities of Greenfield,
Franklin and Milwaukee
Village of Greendale and
Town of Raymond

Legislative Hotline:
(Toll-free) 1-800-362-9472 (WISC)
FAX: (608) 266-7038

JAMES A. RUTKOWSKI
State Representative

Facsimile Cover Sheet
Fax Number: (608)266-7038

To: Fran Tryon, Bureau of Consumer Protection (re: conversation with Gracie)

Fax #: 224-4939

From: Rex Loehe, Representative Jim Rutkowski's office

Number of pages attached, including cover page ____3____

If pages are not all received or illegible, please call: (608)266-8590

Comments: This is regarding a matter recently brought to my attention by one our constituents. The issue relates to the practice by some consumer loan companies to write home mortgages into contracts as collateral on consumer loans. Depending on the way the mortgage clause is written into the contract, individuals may find that their property is in default based upon circumstances beyond their control. Examples of property foreclosures resulting from such outrageous contractual clauses include the death of a spouse or a reduction in the value of collateral property several years following the signing of the contract (perhaps due to increased instances of crime in the neighborhood). I have attached for your perusal a copy of one of these contracts as well as a letter addressed to one of these consumer loan companies by a mortgage holding company that is trying to mitigate the foreclosure on a property as result of one of these contracts. The constituent who sent me these materials is a Realtor, and she believes that the elderly and poor are being targeted by these companies since these individuals often can not obtain credit and are less likely to have access to legal representation when signing a loan contract.

Thank you for your time and consideration on this important matter. If you have any additional questions or need additional information, please let me know.

Residence:
4550 S. 117th Street
Greenfield, WI 53228-2451
(414) 425-4227

Madison Office:
Room 216 North, State Capitol
Post Office Box 8953
Madison, Wisconsin 53708
(608) 266-8590

82nd Assembly District
Cities of Greenfield,
Franklin and Milwaukee
Village of Greendale and
Town of Raymond

Legislative Hotline:
(Toll-free) 1-800-362-9472 (WISC)
FAX: (608) 266-7038

JAMES A. RUTKOWSKI
State Representative

Facsimile Cover Sheet
Fax Number: (608)266-7038

To: Lisa Nettekoven, Financial Institutions Division

Fax #: 267-6889

From: Rex Loehe, Representative Jim Rutkowski's office

Number of pages attached, including cover page ____5____

If pages are not all received or illegible, please call: (608)266-8590

Comments: This is regarding a matter recently brought to my attention by one our constituents (Chris Kraczek). The issue relates to the practice by some consumer loan companies to write home mortgages into contracts as collateral on consumer loans. Depending on the way the mortgage clause is written into the contract, individuals may find that their property is in default based upon circumstances beyond their control. Examples of property foreclosures resulting from such outrageous contractual clauses include the death of a spouse or a reduction in the value of collateral property several years following the signing of the contract (perhaps due to increased instances of crime in the neighborhood). I have attached for your perusal a copy of one of these contracts as well as a letter addressed to one of these consumer loan companies by a mortgage holding company that is trying to mitigate the foreclosure on a property as result of one of these contracts. The constituent who sent me these materials is a Realtor, and she believes that the elderly and poor are being targeted by these companies since these individuals often can not obtain credit and are less likely to have access to legal representation when signing a loan contract.

Thank you for your time and consideration on this important matter. If you have any additional questions or need additional information, please let me know.

Residence:
4550 S. 117th Street
Greenfield, WI 53228-2451
(414) 425-4227

Madison Office:
Room 216 North, State Capitol
Post Office Box 8953
Madison, Wisconsin 53708
(608) 266-8590

82nd Assembly District
Cities of Greenfield,
Franklin and Milwaukee
Village of Greendale and
Town of Raymond

Legislative Hotline:
(Toll-free) 1-800-362-9472 (WISC)
FAX: (608) 266-7038

JAMES A. RUTKOWSKI
State Representative

March 4, 1997

Chris Kraczek
7271 Hyacinth Court
Greendale, WI 53129

Dear Chris:

I was able to reach a Lisa Nettekoven at the Wisconsin Department of Financial Institutions regarding the practice by some consumer loan companies to include home mortgages as collateral on consumer loans. I faxed Lisa a copy of the materials that you sent me and she will review the Department's files to determine the extent of this problem in Wisconsin. I have also enclosed for your perusal, a copy of the brief on mortgage regulation prepared by Legislative Council Senior Staff Attorney, Ron Sklansky. This is the same document I recently discussed with you over the phone.

Again, thank you for bringing this matter to my attention. If you have any additional information that may be beneficial, please feel free to contact me through the toll-free Legislative Hotline at 1-800-362-9472 (WISC) or through my Madison office at (608)266-8590 and I will call you back to save you the long distance charges. You can also reach me at home in Greenfield at (414)425-4227.

Sincerely,

JAMES A. RUTKOWSKI
State Representative

P.S. Best wishes! Keep in touch!

JAR:rl
Enclosure

State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, **Governor** Richard L. Dean, **Secretary**

March 7, 1997

Representative James Rutkowski
State Capitol, Room 216 North
P.O. Box 8953
Madison, WI 53708

Dear Representative Rutkowski:

We received information from Rex Loehe regarding the language of some mortgage notes used by loan companies. Your constituent, Chris Kraczek, had brought this matter to your attention.

At issue is the default language in the note. You had discussed this matter with Paul Egide of our Department on February 7, 1997. As Paul indicated to you at that time, the language in the default provision of the mortgage note we received is not illegal.

To determine if this matter has been brought to our attention in the past, we searched our records for other similar complaints or inquiries. We found no other complaints or inquiries regarding the default language of mortgage notes.

We regret we can not be of further assistance to you.

Sincerely,

Lisa Nettekoven

Lisa Nettekoven
Senior Examiner

Division of Banking 101 East Wilson Street 5th Floor PO Box 7876 Madison WI 53707-7876 (608) 261-9555 Fax: (608) 267-6889

AB 620

→ out-of-state lenders are ripping off WI consumers
  └ see Leg. Council memo.

→ several ways that consumers can end up in default!
(2nd pg., last parag.) → bill will stop the enforcement
  └ might be in contract, but not enforceable!!

6 mo. period of time over 200 / Milw. & Wauk. counties
<Baldwin>
< Sec. 2 14-16 → add more >

NOTE

...., 19.........   ...., ...
[City]   [State]

....
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. $... (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is .... I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of ....%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making payments every month.

I will make my monthly payments on the .... day of each month beginning on ...., 19......... I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If, on ...., ..., I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date."

I will make my monthly payments at .... or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. $...

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of .... calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be ....% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

1992 SAF Systems and Forms, Inc. • Chicago, IL • 1-800-323-3000

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

> **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.
>
> If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

....(Seal)
-Borrower

....(Seal)
-Borrower

....(Seal)
-Borrower

[Sign Original Only]

CAROL OWENS

WISCONSIN STATE REPRESENTATIVE

JACQUE,

This came in on Tuesday. Ms. Kracek said she is going to testify on Thursday unless the weather is bad. She wanted the Committee Chair to have this info. incase she could not make it

B

Office:
Room 105 West, State Capitol
Post Office Box 8953
Madison, Wisconsin 53708
(608) 267-7990

District:
144 County Road C
Oshkosh, Wisconsin 54904
(414) 589-4262

Toll-Free: (800) 362-9472

8505 W. Forest Home Avenue, Greenfield, WI 53228 Telephone: (414) 529-0500

SOLD
1 FIRST REALTY SOUTHWEST
Better Homes and Gardens

FAX COVER SHEET

DATE: 12/30/97 TIME: 2.35 pM

PLEASE DELIVER TO: Rep. Carol Owens

SENT FROM: Chris Kraczek

NUMBER OF PAGES (Including cover sheet) 6

PHONE #529-0500 FAX #529-9606

MEMO: Re Assembly bill 620

REPRESENTATIVE CAROL OWENS
CHAIRPERSON OF HOUSING
P. O. BOX 8953
MADISON, WI 53708

IN REGARDS TO ASSEMBLY BILL 620 OUT OF STATE LENDERS PROCEDURES ON FORECLOSURES. PLEASE SEE ATTACHED LETTERS. IT WOULD BE GREATLY APPRECIATED IF THE ASSEMBLY COULD PASS THIS BILL. MANY PEOPLE THINK THIS ADVERTISING ON TELEVISION IS LEGIMINATE AND ARE BEING TAKEN IN UNDER FALSE CIRCUMSTANCES. CONSUMERS USING THESE AGENCIES ARE USUALLY AT A FINANCIAL DISADVANTAGE IN THE FIRST PLACE, AND THESE PROVISIONS ARE TAKING ADVANTAGE OF THEIR SITUATION. THESE PEOPLE USUALLY FEEL THEY HAVE NO OTHER OPTIONS. PASSING OF THIS BILL WOULD GREATLY HELP YOUR CONSTITUANTS.

CHRIS KRACZEK
7271 HYACINTH COURT
GREENDALE, WI 53129
HOME PH: (414) 529-2576
OFFICE PH: (414) 529-0500

Residence:
4550 S. 117th Street
Greenfield, WI 53228-2451
(414) 425-4227

Madison Office:
Room 216 North, State Capitol
Post Office Box 8953
Madison, Wisconsin 53708
(608) 266-8590

82nd Assembly District
Cities of Greenfield,
Franklin and Milwaukee
Village of Greendale and
Town of Raymond

Legislative Hotline:
(Toll-free) 1-800-362-9472 (WISC)
FAX: (608) 266-7038

JAMES A. RUTKOWSKI
State Representative

March 4, 1997

Chris Kraczek
7271 Hyacinth Court
Greendale, WI 53129

Dear Chris:

I was able to reach a Lisa Nettekoven at the Wisconsin Department of Financial Institutions regarding the practice by some consumer loan companies to include home mortgages as collateral on consumer loans. I faxed Lisa a copy of the materials that you sent me and she will review the Department's files to determine the extent of this problem in Wisconsin. I have also enclosed for your perusal, a copy of the brief on mortgage regulation prepared by Legislative Council Senior Staff Attorney, Ron Sklansky. This is the same document I recently discussed with you over the phone.

Again, thank you for bringing this matter to my attention. If you have any additional information that may be beneficial, please feel free to contact me through the toll-free Legislative Hotline at 1-800-362-9472 (WISC) or through my Madison office at (608)266-8590 and I will call you back to save you the long distance charges. You can also reach me at home in Greenfield at (414)425-4227.

Sincerely,

JAMES A. RUTKOWSKI
State Representative

P.S. Best wishes! Keep in touch!

JAR:rl
Enclosure

WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536
Telephone (608) 266-1304
Fax (608) 266-3830

DATE: February 25, 1997

TO: REPRESENTATIVE JAMES RUTKOWSKI

FROM: Ronald Sklansky, Senior Staff Attorney

SUBJECT: Mortgage Regulation

This memorandum, prepared at your request, responds to a concern you have raised regarding mortgage regulation. Specifically, you have been alerted by a constituent to conditions requiring a default in a mortgage and you have asked whether the Legislature can react to this situation.

You have forwarded a portion of a contract containing language that has led to your concern. The contract between the lender and the borrower states in part that:

> If the principal of your loan is more than $25,000 or is secured by a first mortgage, you agree that you will be in default if any of the following events occur . . .
>
> (3) you die or any guarantor of your agreement dies . . .
>
> (6) you file a petition under the United States Bankruptcy Code, or someone files a petition against you . . . or
>
> (9) we determine that there has been significant adverse change in your financial condition where the value of any property or collateral you have given us for security has gone down substantially. If there is a default, we may demand immediate payment of, and you agree to pay, the entire amount you owe us under this agreement . . . .

It appears that the Legislature may react to the conditions contained in notes or contracts accompanying mortgages in at least two ways. First, the Legislature could enact a law prohibiting, and making void, specified onerous conditions in the contractual relationship between a mortgagor and mortgagee. Whether such a law could apply to out-of-state lenders through an extension of Wisconsin's long-arm jurisdiction is speculative and may depend on the facts of a given situation. Also, whether such a law could apply to nationally chartered financial institutions would involve an investigation of federal law to determine whether federal preemption might be an issue. For example, see *Wisconsin League of Financial Institutions v. Galecki*, 707 F. Supp. 401 (W.D. Wis. 1989).

Second, even if Wisconsin law may not extend to particular lenders, a law could be enacted that applies to property located in Wisconsin. That is, ch. 846, Stats., relating to real estate foreclosure, could be amended to prohibit the judicial process of foreclosure on real estate located in Wisconsin when the alleged default is based on specified onerous conditions contained in the contractual relationship, or note, accompanying a mortgage. Again, the state may not be able to regulate certain lenders, but it can regulate the disposition of real estate in Wisconsin, at least with respect to contracts entered into in the future.

If I can be of any further assistance in this matter, please feel free to contact me.

RS:wu;ksm