

~~Monday AM 20-00~~

cmh

LRBs0404/2
RJM/kmg:jf&km

RMUP
DATE

**ASSEMBLY SUBSTITUTE AMENDMENT,
TO 1999 ASSEMBLY BILL 849**

By 4p.m.
Today

Sen. Cat.

1 **AN ACT** *to amend* chapter 218 (title), 220.02 (2) (b) and 220.02 (3); and to create
2 subchapter XI of chapter 218 [precedes 218.611, 409.104 (12m) and 421.202
3 (7m) of the statutes; **relating to:** regulating rental-purchase companies,
4 providing an exemption from emergency rule procedures, granting
5 rule-making authority and providing a penalty.

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

6 **SECTION 1.** Chapter 218 (title) of the statutes is amended to read:

7 **CHAPTER 218**
8 **FINANCE COMPANIES, AUTO**
9 **DEALERS, ADJUSTMENT COMPANIES**
10 **AND, COLLECTION AGENCIES,**
11 **RENTAGPURCHASE COMPANIES AND**
12 **RENT-TO-OWN AGREEMENTS**

1 **218.614 Obligation of good faith.** Every agreement or duty under this
2 subchapter imposes an obligation of good faith in its performance or enforcement.
3 In this section, “good faith” means honesty in fact in the conduct or transaction
4 concerned and the observance of reasonable commercial standards of fair dealing.

5 **218.616 Definitions.** In this subchapter:

6 (1) “Division” means the division of banking in the department of financial
7 institutions.

8 (2) “Lessee” means an individual who rents personal property under a
9 rent-to-own agreement.

10 (3) “Licensee” means a rental-purchase company holding a license issued by
11 the division under this subchapter.

12 (4) “Rental property” means personal property rented under a rent-to-own
13 agreement.

14 (5) “Rental-purchase company” means a person engaged in the business of
15 entering into rent-to-own agreements in this state or acquiring or servicing
16 rent-to-own agreements that are entered into in this state.

17 (6) “Rent-to-own agreement” means an agreement between a
18 rental-purchase company and a lessee for the use of personal property if all of the
19 following conditions are met:

20 (a) The personal property that is rented under the agreement is to be used
21 primarily for personal, family or household purposes.

22 (b) The agreement has an initial term of 4 months or less and is automatically
23 renewable with each payment after the initial term.

24 (c) The agreement does not obligate or require the lessee to renew the
25 agreement beyond the initial term.

1 (d) The agreement permits, but does not obligate, the lessee to acquire
2 ownership of the personal property.

3 **218.617 License required.** No person may operate as a rental-purchase
4 company ~~in this state~~ without a valid license issued by the division under this
5 subchapter.

6 **218.618 Application for license; fees; bond. (1) APPLICATION.** (a) An
7 application for a license under this subchapter shall be made to the division, in
8 writing, in the form prescribed by the division. An application for a license under this
9 subchapter shall include all of the following:

- 10 1. If the applicant is an individual, the applicant's social security number.
- 11 2. If the applicant is not an individual, the applicant's federal employer
- 12 identification number.

13 (b) The division may not disclose any information received under par. (a) 1. or
14 2. to any person except as follows:

15 1. The division may disclose information received under par. (a) 1. or 2. to the
16 department of revenue for the sole purpose of requesting certifications under s.
17 73.0301.

18 2. The division may disclose information received under par. (a) 1. to the
19 department of workforce development in accordance with a memorandum of
20 understanding entered into under s. 49.857. [insert space]

21 (2) APPLICATION FEES. At the time of applying to the division for a license under
22 this subchapter, the applicant shall pay any applicable fee specified in the rules
23 promulgated under s. 218.63 (3).

1 (3) BOND. The division may require any applicant or licensee to file with the
2 division and maintain in force a bond, in a form prescribed by and acceptable to the
3 division, and in an amount determined by the division.

4 **218.62 Issuance or denial of license. (1) INVESTIGATION.** Upon the filing

5 of an application under s. 218.618 (1) and the payment of any applicable fee, the

6 ~~division shall investigate the character, general fitness and financial responsibility~~ *perform an investigation* ~~of the applicant; the members of the applicant, if the applicant is a partnership,~~ *Except as provided in sub. (3), if the division finds that the*

7 ~~limited liability company or association; and the officers and directors of the~~ *or semicolon*

8 ~~applicant, if the applicant is a corporation;~~ *;* ~~Except as provided in sub. (3), if the~~

9 ~~results of the investigation~~ warrant the belief that the business will be operated in

10 compliance with this subchapter, the division shall issue a license to the applicant.

11 (2) DENIAL, ; NOTICE; HEARING. Except as provided in sub. (3), the division may
12 deny an application under s. 218.618 (1) by providing written notice to the applicant
13 stating the grounds for the denial. Except as provided in sub. (3), a person whose
14 application has been denied may request a hearing under s. 227.44 within 30 days
15 after the date of denial. The division may appoint a hearing examiner under s. 227.46
16 to conduct the hearing.

17

18 8 (3) DENIAL; CHILD OR FAMILY SUPPORT OR TAX DELINQUENCY. The division may not
19 issue a license under this subchapter if any of the following applies:

20 (a) The applicant fails to provide the information required under s. 218.618 (1)

21 (a).

22 (b) The department of revenue certifies under s. 73.0301 that the applicant is
23 liable for delinquent taxes. An applicant for whom a license is not issued under this
24 paragraph for delinquent taxes is entitled to a notice under s. 73.0301 (2) (b) 1. b. and

1 a hearing under s. 73.0301 (5) (a) but is not entitled to any other notice or hearing
2 under this section.

3 (c) The applicant fails to comply, after appropriate notice, with a subpoena or
4 warrant issued by the department of workforce development or a county child
5 support agency under s. 59.53 (5) and related to paternity or child support
6 proceedings or is delinquent in making court-ordered payments of child or family
7 support, maintenance, birth expenses, medical expenses or other expenses related
8 to the support of a child or former spouse, as provided in a memorandum of
9 understanding entered into under s. 49.857. An applicant whose application is
10 denied under this paragraph for delinquent payments is entitled to a notice and
11 hearing under s. 49.857 but is not entitled to any other notice or hearing under this
12 section.

Handwritten notes:
A licensee may not consummate rent to own agreements at the location specified in the license.
only

13 **218.622 License; other business.** (1) LICENSED LOCATIONS. A license issued
14 under this subchapter shall specify the location at which the licensee is permitted
15 to conduct business. ~~consummate rent to own agreements.~~ A license issued under this subchapter
16 ~~permits operation only at or from the location specified in the license.~~ A separate
17 license shall be required for each place of business maintained by the licensee.

18 (2) ASSIGNMENT. A license issued under this subchapter is not assignable.

19 (3) POSTING. A licensee shall post its license in a conspicuous place at the
20 location specified in the license.

21 (4) TERM OF LICENSE; FEE. Every license shall remain in force until suspended
22 or revoked in accordance with this subchapter or surrendered by the licensee. Every
23 licensee shall, on or before June 1 of each year, pay to the division the annual license
24 fee specified in rules promulgated under s. 218.63 (3) and, if required by the division,

1 provide a rider or endorsement to increase the amount of any bond required under
2 s. 218.618 (3).

3 (5) **OTHER BUSINESS PROHIBITED.** No licensee may conduct business as a
4 rental-purchase company within any office, room or place of business in which any
5 other business is solicited or engaged in, unless the licensee is authorized to do so,
6 in writing, by the division.

7 **218.624 Revocation, suspension and restriction of license. (1)**

8 **DISCRETIONARY SUSPENSION OR REVOCATION.** The division may issue an order
9 suspending or revoking any license issued under this subchapter if the division finds
10 that any of the following applies:

11 (a) The licensee has violated any of the provisions of this ^{sub}chapter, any rules
12 promulgated under s. 218.63 (3) or any lawful order of the division under s. 218.63
13 (1).

14 (b) A fact or condition exists that, if it had existed at the time of the original
15 application for the license, would have warranted the division in refusing to issue the
16 license.

17 (c) The licensee has made a material misstatement in an application for a
18 license or in information furnished to the division.

19 (d) The licensee has failed to pay the annual license fee required under s.
20 218.622 (4) or has failed to maintain in effect any bond required under s. 218.618 (3).

21 (e) The licensee has failed to provide any additional information, data and
22 records required by the division, within the time period prescribed under s. 218.626
23 (2).

24 (f) The licensee has failed to pay any penalties due under s. 218.682 (1) or (2)
25 within 30 days after receiving notice, by certified mail, that the penalties are due.

1 (2) **MANDATORY RESTRICTION OR SUSPENSION; CHILD OR FAMILY SUPPORT** The
2 division shall restrict or suspend a license issued under this subchapter if the
3 division finds that the licensee is an individual who fails to comply, after appropriate
4 notice, with a subpoena or warrant issued by the department of workforce
5 development or a county child support agency under s. 59.53 (5) and related to
6 paternity or child support proceedings or who is delinquent in making court-ordered
7 payments of child or family support, maintenance, birth expenses, medical expenses
8 or other expenses related to the support of a child or former spouse, as provided in
9 a memorandum of understanding entered into under s. 49.857. A licensee whose
10 license is restricted or suspended under this subsection is entitled to a notice and
11 hearing only as provided in a memorandum of understanding entered into under s.
12 49.857 and is not entitled to any other notice or hearing under this section.

13 (3) **MANDATORY REVOCATION; DELINQUENT TAXES.** The division shall revoke a
14 license issued under this subchapter if the department of revenue certifies under s.
15 73.0301 that the licensee is liable for delinquent taxes. A licensee whose license is
16 revoked under this subsection for delinquent taxes is entitled to a notice under s.
17 73.0301 (2) (b) 1. b. and a hearing under s. 73.0301 (5) (a) but is not entitled to any
18 other notice or hearing under this section.

19 (4) **REVOCATION AND SUSPENSION PROCEDURE.** Except as provided in subs. (2) and
20 (3), the following procedure applies to every order of the division that suspends or
21 revokes a license issued under this subchapter:

22 (a) The division shall provide a written notice to the licensee of the division's
23 intent to issue an order suspending or revoking the licensee's license. The notice
24 shall specify the grounds for and the effective date of the proposed order.

1 (b) The licensee may file with the division a written response to the allegations
2 contained in the notice within 20 days after receiving the notice. The licensee's
3 written response may contain a request for a contested case hearing under s. 227.42.
4 If the written response does not contain a request for a contested case hearing under
5 s. 227.42, the right to a contested case hearing is waived.

6 (c) If a written response containing a request for a contested case hearing under
7 s. 227.42 is received by the division within the time provided under par. (b) and if,
8 in the opinion of the division, the matter satisfies all of the conditions specified in s.
9 227.42 (1) (a) to (d), the matter shall be scheduled for a contested case hearing to
10 commence within 60 days after the date on which the division receives the written
11 response.

12 (d) If the licensee fails to file a written response within the time provided under
13 par. (b), files a timely written response but fails to request a contested case hearing
14 under s. 227.42 or files a timely written response requesting a contested case hearing
15 but, in the opinion of the division, the matter fails to satisfy all of the conditions
16 specified in s. 227.42 (1) (a) to (d), the division may issue an order suspending or
17 revoking the license. If the licensee files a timely written response containing a
18 proper request for a contested case hearing under s. 227.42, any order of the division
19 suspending or revoking the licensee's license shall be stayed pending completion of
20 proceedings under ch. 227.

21 **218.626 Modification of license. (1) CHANGE IN PLACE OF BUSINESS.** No
22 licensee may change its place of business to another location without the prior
23 approval of the division. A licensee shall provide the division with at least 15 days
24 prior written notice of a proposed change under this subsection and shall pay any
25 applicable fees specified in the rules promulgated under s. 218.63 (3). Upon approval

15 days

1 by the division of the new location, the division shall issue an amended license,
2 specifying the date on which the amended license is issued and the new location.

3 **(2) OTHER CHANGES.** Except as provided in sub. (1), a licensee shall notify the
4 division of any material change to the information provided in the licensee's original
5 application for a license under this subchapter or provided in a previous notice of
6 change filed by the licensee with the division under this subsection. A licensee shall
7 provide the notice required under this subsection within 10 days after the change.
8 The licensee shall provide any additional information, data and records about the
9 change to the division within 20 days after the division requests the information,
10 data or records. The division shall determine the cost of investigating and processing
11 the change. The licensee shall pay the division's cost within 30 days after the division
12 demands payment.

13 **(3) DIVISION APPROVAL OF OTHER CHANGES.** Any change that is subject to the
14 notice requirement under sub. (2) is subject to the approval of the division. In
15 reviewing the change, the division shall apply the same criteria as the criteria for
16 approval of an original license application.

17 **218.628 Annual report; records. (1) ANNUAL REPORT.** On or before March
18 31 of each year, a licensee shall file a report with the division giving such reasonable
19 and relevant information as the division may require concerning the business and
20 operations conducted by the licensee. The licensee shall make the report in the form
21 prescribed by the division.

22 **(2) BOOKS AND RECORDS.** A licensee shall keep such books and records in the
23 licensed location as, in the opinion of the division, will enable the division to
24 determine whether the provisions of this subchapter are being observed. Every

1 licensee shall preserve its records of a rent-to-own agreement for at least 3 years
2 after making the final entry with respect to the rent-to-own agreement.

3 **218.63 Powers and duties of division; administration. (1) ORDERS.** The
4 division may issue any general order, as defined in s. 217.02 (3), or special order, as
5 defined in s. 217.02 (10), in execution of or supplementary to this subchapter.

6 (2) INVESTIGATIONS. For the purpose of ~~discovering~~ ^{or examination} violations of this subchapter,
7 the division may cause an investigation ^{or examination} to be made of the business of a licensee
8 transacted under this subchapter. The place of business, books of accounts, papers,
9 records, safes and vaults of the licensee shall be open to ~~inspection and examination~~ ^{or examination}
10 ~~by the division for the purpose of the investigation~~ and the division has authority to
11 examine under oath all persons whose testimony is required for ^{an} the investigation.
12 The division shall determine the cost of an ^{or examination} investigation ^{or examination} under this subsection. The
13 licensee shall pay the cost of ^{an} the investigation ^{or examination}, together with ^{the licensee shall pay} the cost of any hearing ^{licensee}
14 including witness fees, unless the division or a court finds that the licensee has not
15 violated any provision of this subchapter. The licensee shall pay all costs owing
16 under this subsection within 30 days after the division demands payment. The state
17 may maintain an action for the recovery of any costs owing under this subsection.

18 (3) **RULES.** The division may promulgate rules for the administration of this
19 subchapter.

20 (4) **TESTIMONIAL POWERS AND POWERS TO SECURE EVIDENCE.** The division has the
21 same power to conduct hearings, take testimony and secure evidence as is provided
22 in ss. 217.17 and 217.18.

23 (5) **ENFORCEMENT.** The division has the duty, power, jurisdiction and authority
24 to investigate, ascertain and determine whether this subchapter or any lawful orders
25 issued under sub. (1) are being violated. The division shall report all violations of this

CS
AND EXAMINATIONS

or examination

held for the purpose of this subsection

1 subchapter to the attorney general or the district attorney of the proper county for
2 prosecution.

*to be included in a
rent-to-own agreement*

3 **218.632 General requirements of disclosure. (1) FORM, LOCATION, SIZE AND**
4 **TIME OF DISCLOSURE.** The information required under s. 218.634 shall satisfy all of the
5 following requirements:

6 (a) The information shall be clearly and conspicuously disclosed.

7 (b) The information shall be disclosed in writing.

8 (c) The information shall be disclosed on the face of the rent-to-own agreement
9 above the line for the lessee's signature.

10 (d) The information shall be disclosed in not less than 8-point standard type.

11 (e) The information shall be disclosed before the time that the lessee becomes
12 legally obligated under the rent-to-own agreement.

13 (2) **ACCURACY OF DISCLOSURE.** The information required under s. 218.634 must
14 be accurate as of the time that it is disclosed to the lessee. If any information
15 subsequently becomes inaccurate as a result of any act, occurrence or agreement by
16 the lessee, the resulting inaccuracy is not a violation of this subchapter.

17 (3) **COPY OF RENT-TO-OWN AGREEMENT** The rental-purchase company shall
18 provide the lessee with a copy of the completed rent-to-own agreement signed by the
19 lessee. If more than one lessee is legally obligated under the same rent-to-own
20 agreement, delivery of a copy of the completed rent-to-own agreement to one of the
21 lessees shall satisfy this subsection.

22 (4) **SINGLE INSTRUMENT.** In a rent-to-own agreement, the lessee's payment
23 obligations shall be evidenced by a single instrument, which shall include the
24 signature of the rental-purchase company, the signature of the lessee and the date
25 on which the instrument is signed.

1 218.634 **Required provisions of rent-to-own agreement.** A
2 rental-purchase company shall include all of the following information, to the extent
3 applicable, in every rent-to-own agreement:

4 (1) **DESCRIPTION.** A brief description of the rental property, sufficient to identify
5 the rental property to the lessee and the rental-purchase company, ^{any} including an
6 identification number and a statement indicating whether the rental property is new
7 or used. A statement that incorrectly indicates that new rental property is used is
8 not a violation of this subchapter.

9 (2) **CASH PRICE.** The price at which the rental-purchase company would sell the
10 rental property to the lessee if the lessee were to pay for the rental property in full
11 on the date on which the rent-to-own agreement is executed, along with a statement
12 that, if the lessee intends to acquire ownership of the rental property and is able to
13 pay for the property in full or is able to obtain credit to finance the purchase, the
14 lessee may be able to purchase similar property from a retailer at a lower cost.

15 (3) **RENTAL PAYMENT.** The periodic rental payment for the rental property.

16 (4) **UP-FRONT PAYMENT.** Any payment required of the lessee at the time that the
17 agreement is executed or at the time that the rental property is delivered, including
18 the initial rental payment, any application or processing charge, any delivery fee, the
19 applicable tax and any charge for a liability damage waiver or for other optional
20 services agreed to by the lessee.

21 (5) **PERIODIC RENTAL PAYMENTS TO ACQUIRE OWNERSHIP.** The total number, total
22 dollar amount and timing of all periodic rental payments necessary to acquire
23 ownership of the rental property

24 (6) **OTHER CHARGES AND FEES TO ACQUIRE OWNERSHIP.** The dollar amount, both
25 itemized and in total, of all taxes, liability damage waiver fees, fees for optional

acquires
requires ✓

1 services, processing fees, application fees and delivery charges that the lessee would
2 incur 'if the lessee were to rent the rental property until the lessee ~~requires~~
3 ownership, assuming that the lessee does not add or decline the liability damage
4 waiver or optional services after signing the rent-to-own agreement.

5 (7) **TOTAL PAYMENTS TO ACQUIRE OWNERSHIP.** The total of all charges to be paid
6 by the lessee to acquire ownership of the rental property, which shall consist of the
7 sum of the total dollar amount of all periodic rental payments disclosed under sub.
8 (5) and the total dollar amount of all other charges and fees disclosed under sub. (6),
9 along with a statement that this is the amount a lessee will pay to acquire ownership
10 of the rental property if the tax rates do not change and if the lessee does not add or
11 decline the liability damage waiver or optional services after signing the
12 rent-to-own agreement.

13 (8) **OTHER CHARGES.** An itemized description of any other charges or fees that
14 the rental-purchase company may charge the lessee.

15 (9) **SUMMARY OF EARLY-PURCHASE OPTION.** A statement summarizing the terms
16 of the lessee's option to acquire ownership of the rental property, including a
17 statement indicating that the lessee has the right to acquire ownership of the rental
18 property at any time after the first payment by paying all past-due payments and
19 fees and an amount not to exceed an amount equal to the cash price of the rental
20 property multiplied by a fraction that has as its numerator the number of periodic
21 rental payments remaining under the rent-to-own agreement and that has as its
22 denominator the total number of periodic rental payments.

23 (10) **RESPONSIBILITY FOR THEFT OR DAMAGE.** A statement that, unless otherwise
24 agreed, ~~to~~ the lessee is responsible for the fair market value of the rental property,
25 determined according to the early-purchase option formula under sub. (9), if the
comma

1 rental property is stolen, damaged or destroyed while in the possession of or subject
2 to the control of the lessee. The statement shall indicate that the fair market value
3 will be determined as of the date on which the rental property is stolen, damaged or
4 destroyed.

5 (11) SERVICE AND WARRANTY. A statement that during the term of the
6 rent-to-own agreement, the rental-purchase company is required to service the
7 rental property to maintain it in good working condition, as long as no other person
8 has serviced the rental property. In lieu of servicing the rental property, the
9 rental-purchase company may, at its option, replace the rental property. The
10 rental-purchase company's obligation to provide service is limited to defects in the
11 property not caused by improper use or neglect by the lessee or harmful conditions
12 outside the control of the rental-purchase company or manufacturer.

13 (12) TERMINATION AT OPTION OF LESSEE. A statement that the lessee may
14 terminate the agreement at any time without penalty by voluntarily surrendering
15 or returning the rental property in good repair.

16 (13) RIGHT TO REINSTATE. A brief explanation of the lessee's right to reinstate
17 a rent-to-own agreement under s. 218.654.

18 (14) RENTAL, NOT PURCHASE. A statement that the lessee will not own the rental
19 property until the lessee has made all ~~of the periodic rental~~ payments necessary to
20 acquire ownership or has exercised the lessee's early-purchase option. The
21 rental-purchase company shall also include a notice reading substantially as
22 follows: ^{ALL} You are renting this property. You will not own the property until you make
23 all -payments necessary to acquire ownership or until you
24 exercise your early-purchase option. ~~If you do not make your periodic rental~~

1 payments as scheduled or exercise your early-purchase option, the lessor may
2 repossess the property." ✓

3 (15) INFORMATION ABOUT RENTAL-PURCHASE COMPANY AND LESSEE. The names of
4 the rental-purchase company and the lessee, the rental-purchase company's
5 business address and telephone number, the lessee's address and the date on which
6 the rent-to-own agreement is executed.

7 218.636 Prohibited provisions of rent-to-own agreement. A
8 rental-purchase company may not include any of the following provisions in a
9 rent-to-own agreement:

10 (1) CONFESSION. A confession of judgment.

11 (2) SECURITY, A provision granting the rental-purchase company a security
12 interest in any property except the rental property delivered by the rental-purchase
13 company under the rent-to-own agreement.

14 (3) REPOSSESSION. A provision authorizing the rental-purchase company or an
15 agent of the rental-purchase company to enter the lessee's premises or to commit a
16 breach of the peace in the repossession of rental property ^{provided} ~~delivered~~ by the
17 rental-purchase company under the rent-to-own agreement.

18 (4) WAIVER. A waiver of a defense or counterclaim, a waiver of any right to
19 assert any claim that the lessee may have against the rental-purchase company or
20 against an agent of the rental-purchase company or a waiver of any provision of this
21 subchapter.

22 (5) OVERPAYMENT. A provision requiring periodic rental payments totaling more
23 than the total dollar amount of all periodic rental payments necessary to acquire
24 ownership, as disclosed in the rental-purchase agreement.

1 (6) **INSURANCE.** A provision requiring the lessee to purchase insurance from the
2 rental-purchase company to insure the rental property.

3 (7) **ATTORNEYS FEES.** A provision requiring the lessee to pay attorney fees.

4 **218.638 Liability waiver.** A rental-purchase company may offer a liability
5 waiver to the lessee. The terms of the waiver shall be provided to the lessee in
6 writing, and the face of the writing shall clearly disclose that the lessee is not
7 required to purchase the waiver. The fee for the waiver may not exceed 10% of the
8 periodic rental payment due under the rent-to-own agreement. The lessee shall be
9 entitled to cancel the waiver at the end of any rental term.

10 **218.64 Early-purchase option.** An early-purchase option under a
11 rent-to-own agreement shall permit the lessee to purchase the rental property at
12 any time after the initial periodic rental payment for an amount determined
13 according to the early-purchase option formula under s. 218.634 (9). As a condition
14 of exercising the early-purchase option, the rental-purchase company may require
15 the lessee to be current on the payments under the lessee's rent-to-own agreement
16 or to pay any past-due rental charges and other outstanding fees that are owed.

17 **218.642 Receipts and statements. (1) RECEIPTS.** A rental-purchase
18 company shall provide a written receipt to a lessee for any payment made by the
19 lessee in cash, or upon the request of the lessee for any other type of payment.

20 (2) **STATEMENT DUE TO LESSEE.** Subject to sub. (4), upon the request of a lessee,
21 a rental-purchase company shall provide a written statement to the lessee showing
22 the lessee's payment history under each rent-to-own agreement between the lessee
23 and the rental-purchase company A rental-purchase company is not required to
24 provide a statement covering any rent-to-own agreement that terminated more
25 than one year prior to the date of the lessee's request. A rental-purchase company

1 may provide a single statement covering all rent-to-own agreements or separate
2 statements for each rent-to-own agreement, at the rental-purchase company's
3 option.

4 (3) STATEMENT DUE TO 3RD PARTY. Subject to sub. (4), upon the written request
5 of a lessee, made during the term of or no later than one year after the termination
6 of a rent-to-own agreement, a rental-purchase company shall provide a written
7 statement to any person designated by the lessee, showing the lessee's payment
8 history under the rent-to-own agreement.

9 (4) FEE FOR STATEMENT. Lessee is entitled to receive one statement under subs.
10 (2) and (3) without charge once every 12 months. A rental-purchase company shall
11 provide an additional statement if the lessee pays the rental-purchase company's
12 reasonable costs of preparing and furnishing the statement.

13 **218.644 Price cards displayed. (1) PRICE CARDS; GENERALLY.** Except as
14 provided under sub. (2), a rental-purchase company shall display a card or tag that
15 clearly and conspicuously states all of the following information on or next to any
16 property displayed or offered by the rental-purchase company for rent under a
17 rent-to-own agreement:

18 (a) The cash price that an individual would pay to purchase the property.

19 (b) The amount of the periodic rental payment and the term over which the
20 payment must be made.

21 (c) The total number and total dollar amount of all periodic rental payments
22 necessary to acquire ownership of the property under a rent-to-own agreement.

23 (d) Whether the property is new or used.

24 (2) EXCEPTIONS. If property is offered for rent under a rent-to-own agreement
25 through a catalog or if the size of the property is such that displaying a card or tag

1 on or next to the property is impractical, a rental-purchase company may make the
2 disclosures required under sub. (1) in a catalog or list that is readily available to
3 prospective lessees.

4 **218.646 Advertising. (1) DISCLOSURE REQUIRED.** Except as provided under
5 sub. (2), if an advertisement for a rent-to-own agreement refers to or states the
6 amount of a payment for a specific item of property, the rental-purchase company
7 shall ensure that the advertisement clearly and conspicuously states all of the
8 following:

9 (a) That the transaction advertised is a rent-to-own agreement.

10 (b) The total number and total dollar amount of all periodic rental payments
11 necessary to acquire ownership of the property.

12 (c) That the lessee does not acquire ownership of the property if the lessee fails
13 to make all periodic rental payments or other payments necessary to acquire
14 ownership of the property.

15 (2) EXCEPTION. Subsection (1) does not apply to an in-store display or to an
16 advertisement that is published in the yellow pages of a telephone directory or in a
17 similar directory of businesses.

18 **218.648 Referral transactions. (1) PROHIBITED REFERRAL TRANSACTIONS.** No
19 rental-purchase company may induce any individual to enter into a rent-to-own
20 agreement by giving or offering to give a rebate or discount to the individual in
21 consideration of the individual giving to the rental-purchase company the names of
22 prospective lessees, if the earning of the rebate or discount is contingent on the
23 occurrence of any event that takes place after the time that the individual enters into
24 the rent-to-own agreement.

B of rent-to-own agreement

1 (2) AUTHORIZED REFERRAL TRANSACTIONS. After entering into a rent-to-own
2 agreement, a rental-purchase company may give or offer to give a rebate or discount
3 to the lessee under the rent-to-own agreement, in consideration of the lessee giving
4 to the rental-purchase company the names of prospective lessees. A rebate or
5 discount under this subsection may be contingent on the occurrence of any event that
6 takes place after the time that the names are given to the rental-purchase company

7 **218.65 Termination date.** The termination date of a rent-to-own agreement
8 is the earlier of the following:

9 (1) The ~~date~~ ^{day} specified in the rent-to-own agreement as the ~~date~~ ^{day} on which the
10 rental term ends, unless ~~this date has been extended~~ ^{a different day has been established} pursuant to the terms of the
11 rent-to-own agreement.

12 (2) The ~~date~~ ^{day} on which the lessee voluntarily surrenders the rental property
13 ~~to the lessor~~ ^{stet}

14 **218.652 Late payment, grace period and late fees. (1) LATE FEE;**
15 **GENERALLY.** If a lessee fails to make a periodic rental payment when due under a
16 rent-to-own agreement or if, at the end of any rental term, the lessee fails to return
17 the rental property or to renew the rent-to-own agreement for an additional term,
18 the rental-purchase company may require the lessee to pay a late fee. Except as
19 provided under sub. (4), this subsection does not apply if the lessee's failure to return
20 the rental property or failure to renew the rent-to-own agreement at the end of the
21 rental term is due to the lessee's exercise of an early-purchase option under the
22 rent-to-own agreement or is due to the lessee making all periodic rental payments
23 necessary to acquire ownership of the rental property.

24 (2) GRACE PERIODS. The following grace periods shall apply to periodic rental
payments made with respect to a rental-purchase agreement:

1 (a) For an agreement that is renewed on a weekly basis, no late fee may be
2 assessed for a periodic rental payment that is made within 2 days after the date on
3 which the payment is due.

4 (b) For an agreement that is renewed for a term that is longer than one week,
5 no late fee may be assessed for a periodic rental payment that is made within 5 days
6 **after** the date on which the payment is due.

7 (3) **COLLECTION, RECORDING AND LIMITATION OF LATE FEES.** Latefees aresubject
8 to all of the following limitations:

9 (a) A late fee may not exceed \$5 for each past-due periodic rental payment.

10 (b) A late fee may be collected only once on each periodic rental payment due,
11 regardless of how long the payment remains past due.

12 (c) Payments received shall be applied first to the payment of any rent that is
13 due and then to late fees and any other charges.

14 (d) A late fee may be collected at the time that the late fee accrues or at any time
15 afterward.

16 (4) **EFFECT OF OUTSTANDING LATE FEE ON TRANSFER OF OWNERSHIP.** A
17 rental-purchase company may require payment of any outstanding late fees before
18 transferring ownership of rental property to a lessee.

19 **218.654 Reinstatement of terminated rent-to-own agreement. (1)**

20 **REINSTATEMENT, GENERALLY.** A lessee may reinstate a terminated rent-to-own
21 agreement without losing any rights or options previously acquired if all of the
22 following conditions apply:

23 (a) The lessee returned or surrendered the rental property within 5 days after
24 the termination of the rent-to-own agreement.

1 (b) Not more than 21 days have passed after the date on which the rental
2 property was returned to the rental-purchase company or, if the lessee has paid
3 two-thirds or more of the total number of periodic rental payments necessary to
4 acquire ownership of the rental property, not more than 45 days have passed since
5 the date on which the rental property was returned to the rental-purchase company.

6 (2) **AUTHORIZED CONDITIONS ON REINSTATEMENT.** As a condition of reinstatement
7 under this section, the rental-purchase company may require the payment of all
8 past-due rental charges, any applicable late fees, a reinstatement fee not to exceed
9 \$5 and the periodic rental payment for ~~an additional~~ ^{the next} term.

10 (3) **EFFECT OF REPOSSESSION ON REINSTATEMENT.** Nothing in this section prohibits
11 a rental-purchase company from attempting to repossess rental property upon
12 termination of a rent-to-own agreement, but repossession efforts do not affect the
13 lessee's right to reinstate the rent-to-own agreement as long as the rental property
14 is voluntarily returned or surrendered within 5 days after the termination of the
15 rent-to-own agreement.

16 (4) **PROPERTY AVAILABLE UPON REINSTATEMENT.** Upon reinstatement, the
17 rental-purchase company shall provide the lessee with the same rental property, if
18 the property is available and is in the same condition as when it was returned to the
19 rental-purchase company, or with substitute rental property of comparable quality
20 and condition.

21 **218.656 Reduced periodic rental payment due to reduced income. (1)**
22 **REDUCTION IN AMOUNT OF PERIODIC RENTAL PAYMENTS; REQUIRED EVIDENCE. (a)**
23 *Reduction in amount of periodic rental payments.* If a lessee's monthly income is
24 reduced by 25% or more due to pregnancy, disability, involuntary job loss or
25 involuntary reduction in the amount of hours worked or wages earned, the

1 rental-purchase company shall reduce the amount of each periodic rental payment
2 due under the rent-to-own agreement by the same percentage that the lessee's
3 monthly income is reduced or by 50%, whichever is less, for the period of time during
4 which the lessee's income is reduced. This subsection applies only if all of the
5 following conditions are satisfied:

6 1. The total dollar amount of periodic rental payments made by the lessee
7 under the rent-to-own agreement equals more than 50% of the total dollar amount
8 of periodic rental payments necessary to acquire ownership of the rental property

9 2. The lessee has provided the rental-purchase company with reasonable
10 evidence of the amount and cause of the reduction in the lessee's monthly income.

11 (b) *Evidence of continued reduction in income.* At reasonable intervals after
12 reducing the amount of a periodic rental payment under par. (a), a rental-purchase
13 company may require the lessee to provide evidence of the lessee's monthly income
14 and evidence that the cause of the reduction in the lessee's monthly income has not
15 abated.

16 (2) ~~INCREASE IN NUMBER OF PERIODIC RENTAL PAYMENTS.~~ Except as provided in
17 sub. (4), if a rental-purchase company reduces the amount of a periodic rental
18 payment under sub. (1) (a), the rental-purchase company may increase the total
19 number of periodic rental payments necessary to acquire ownership of the rental
20 property.

21 (3) ~~INCREASE IN AMOUNT OF PERIODIC RENTAL PAYMENTS.~~ Except as provided in
22 sub. (4), if a rental-purchase company reduces the amount of a periodic rental
23 payment under sub. (1) (a) and if, subsequently, the lessee's monthly income is
24 increased, the rental-purchase company may increase, by the same percentage that

1 the lessee's monthly income is increased, the amount of each periodic rental payment
2 due after the date on which the lessee's monthly income is increased.

3 (4) **LIMITATION ON INCREASES.** If a rental-purchase company, under sub. (2) or
4 (3), increases the amount or number of periodic rental payments due under a
5 rent-to-own agreement, the increase affects only the rights or duties of the lessee
6 to the extent authorized in sub. (2) or (3). No rental-purchase company, acting under
7 sub. (2) or (3), may increase the total dollar amount of periodic rental payments
8 necessary to acquire ownership of the rental property, or the amount of a periodic
9 rental payment, to greater than the amount disclosed in the rent-to-own agreement.

10 **218.658 Default and right to cure. (1) DEFAULT; GENERALLY.** A lessee is in
11 default under a rent-to-own agreement if any of the following occurs:

12 (a) The lessee fails to return the rental property within 7 days after the date
13 on which the last term for which a periodic rental payment was made expires, unless
14 the lessee has exercised an early-purchase option or has made all periodic rental
15 payments necessary to acquire ownership of the rental property

16 (b) The lessee materially breaches any other provision of the rent-to-own
17 agreement.

18 (2) **DEFAULT NECESSARY FOR LESSEE LIABILITY.** No cause of action shall accrue
19 against a lessee with respect to the lessee's obligations under a rent-to-own
20 agreement except upon default and the expiration of any applicable period of time
21 allowed for cure of the default.

22 (3) **NOTICE OF DEFAULT; GENERAL REQUIREMENT.** Except as provided in sub. (4),
23 as a condition precedent to bringing an action against a lessee arising out of the
24 lessee's default, a rental-purchase company shall provide a written notice of the
25 default and of the right to cure the default to the lessee. The notice shall specify the

1 default and the action required to cure the default and shall inform the lessee that,
2 if the default is not cured within 15 days after the notice is given, the rental-purchase
3 company will have the right to bring an action against the lessee.

4 (4) NOTICE OF DEFAULT; EXCEPTION. A rental-purchase company is not required
5 to provide a notice of default and right to cure as a condition precedent to bringing
6 an action against a lessee if each of the following occurred twice during the 12 months
7 before the date of the current default with respect to the same rent-to-own
8 agreement:

9 (a) The lessee was in default.

10 (b) The rental-purchase company gave the lessee written notice of the default
11 and of the lessee's right to cure under sub. (3).

12 (c) The lessee cured the default.

13 (5) REQUEST FOR VOLUNTARY SURRENDER OF PROPERTY A rental-purchase
14 company may request the voluntary return or surrender of rental property prior to
15 the declaration of a default and the sending of written notice of default and right to
16 cure. A request under this subsection is subject to the requirements of s. 218.66.

17 **218.66 Rental-purchase company collection practices.** In attempting to
18 recover possession of rental property or to collect past-due periodic rental payments
19 or other charges owed under a rent-to-own agreement, a rental-purchase company
20 may not do any of the following:

21 (1) USE OF FORCE. Use or threaten to use force or violence to cause physical harm
22 to the lessee or the lessee's property or to a person related to the lessee.

23 (2) CRIMINAL PROSECUTION. Threaten criminal prosecution. It is not a violation
24 of this subsection for a rental-purchase company to inform a lessee of the existence
25 of s. 943.20 (1) (e) and the consequences of violating that statute. .

1 (3) **DISCLOSURE OF FALSE INFORMATION.** Disclose or threaten to disclose
2 information adversely affecting the lessee's reputation for creditworthiness with
3 knowledge or reason to know that the information is false.

4 (4) **COMMUNICATION WITH LESSEE'S EMPLOYER.** Initiate or threaten to initiate
5 communication with the lessee's employer prior to obtaining final judgment against
6 the lessee, except for the purpose of enforcing an assignment of earnings ^{authorized} under s.
7 218.68. This subsection does not prohibit a rental-purchase company from
8 communicating with a lessee's employer solely to verify employment status or
9 earnings or to determine if the employer has an established debt counseling service
10 or procedure.

11 (5) **DISCLOSURE OF INFORMATION RELATING TO LESSEE'S REPUTATION.** Disclose or
12 threaten to disclose to a person other than the lessee or the lessee's spouse
13 information affecting the lessee's reputation, whether or not for credit worthiness,
14 with knowledge or reason to know that the other person does not have a legitimate
15 business need for the information, except that this subsection does not prohibit any
16 of the following:

17 (a) The disclosure to another person of information permitted to be disclosed
18 to that person by statute.

19 (b) An inquiry solely for the purpose of determining the location of the lessee
20 or the rental property.

21 (6) **DISCLOSURE OF INFORMATION REGARDING A DISPUTED DEBT.** Disclose or threaten
22 to disclose information concerning the existence of a debt known to be reasonably
23 disputed by the lessee without disclosing the fact that the lessee disputes the debt.

24 (7) **HARASSMENT.** Communicate with the lessee or a person related to the lessee
25 with such frequency, at such unusual hours or in such a manner as can reasonably

1 be expected to threaten or harass the lessee or a person related to the lessee, or
2 engage in any other conduct that can reasonably be expected to threaten or harass
3 the lessee or a person related to the lessee.

4 (8) **USE OF OBSCENE OR THREATENING LANGUAGE.** Use obscene or threatening
5 language in communicating with the lessee or a person related to the lessee.

6 (9) **USE OF THREAT TO ENFORCE FALSE RIGHT.** Threaten to enforce a right with
7 knowledge that the right does not exist.

8 (10) **USE OF FALSE PROCESS.** Use a communication that simulates legal or
9 judicial process or that gives the appearance of being authorized, issued or approved
10 by a government, government agency or attorney-at-law when it is not.

11 (11) **USE OF THREAT TO SUE.** Threaten to file a civil action against the lessee
12 unless the civil action is of a type that the rental-purchase company files in the
13 regular course of business or unless the rental-purchase company intends to file the
14 civil action against the lessee.

15 **218.68 Assignment of earnings.** No rental-purchase company may take or
16 arrange for an assignment of earnings of an individual for payment or as security for
17 payment of an obligation arising out of a rent-to-own agreement unless the
18 assignment is revocable at will by the individual.

19 **218.682 Penalties. (1) FAILURE TO PAY FEES AND PROVIDE REPORTS, INFORMATION**
20 **AND NOTICES; GENERALLY.** A licensee that fails to file its annual report by the date
21 specified in s. 218.628 (1), fails to pay the annual license fee by the date specified in
22 s. 218.622 (4), fails to provide any required rider or endorsement to increase the
23 amount of its bond by the date specified in s. 218.622 (4), fails to provide examination
24 records by the date required by the division, fails to notify the division in writing of
25 a relocation of the licensee's place of business by the date specified in s. 218.626 (1)

1 or fails to provide notice to the division of other changes as required under s. 218.626
2 (2) by the date specified in s. 218.626 (2) may be required to forfeit not more than \$50.
3 Each day that a failure described in this subsection continues constitutes a separate
4 offense.

5 **(2) FAILURE TO PROVIDE CERTAIN INFORMATION.** A licensee that fails to provide any
6 additional information, data or records requested by the division under s. 218.626
7 (2) by the date specified in s. 218.626 (2) may be required to forfeit not more than
8 \$100. Each day that a failure described in this subsection continues constitutes a
9 separate offense.

10 **(3) MISDEMEANORS.** Any person who violates s. 218.63 (2) or any provision of
11 s. 218.617 to 218.628 other than those provisions described in subs. (1) and (2) may
12 be fined not more than \$1,000, imprisoned for not more than 6 months, or both.

13 **218.684 Civil actions and defenses. (1) LIABILITY; GENERALLY.** Except as
14 provided under subs. (2) to (6), a rental-purchase company that violates any
15 provision of this subchapter is liable to a lessee damaged as a result of that violation
16 for the costs of the action and, notwithstanding s. 814.04 (1), for reasonable attorney
17 fees as determined by the court, plus an amount equal to the greater of the following:

18 (a) The actual damages, including any incidental and consequential damages,
19 sustained by the lessee as a result of the violation.

20 (b) An amount equal to 25% of the total amount of payments due in one month
21 under the lessee's rent-to-own agreement, except that liability under this
22 paragraph may not be less than \$100 nor more than \$1,000.

23 **(2) LIABILITY; CERTAIN VIOLATIONS.** Except as provided in subs. (4) and (5), if a
24 rental-purchase company violates s. 218.636, the lessee may retain the rental
25 property under the rent-to-own agreement without obligation to pay any amount

1 and may recover any amounts paid to the rental-purchase company under the
2 rent-to-own agreement.

3 (3) **CLASS ACTION.** In the case of a class action, a rental-purchase company that
4 violates this subchapter is liable to the members of the class in an amount
5 determined by the court, except that the total recovery for all lessees whose recovery
6 is computed under sub. (1) (b) may not exceed \$100,000 plus the costs of the action
7 and, notwithstanding s. 814.04 (1), reasonable attorney fees as determined by the
8 court. In determining the amount to award under this subsection, the court shall
9 consider, among other relevant factors, the amount of actual damages sustained by
10 the members of the class, the frequency and persistence of the violations by the
11 rental-purchase company, the resources of the rental-purchase company, the
12 number of persons damaged by the violation, the presence or absence of good faith
13 on the part of the rental-purchase company and the extent to which the violation was
14 intentional.

15 (4) **DEFENSE; ERROR NOTIFICATION AND CORRECTION.** A rental-purchase company
16 is not liable for a violation of this subchapter resulting from an error by the
17 rental-purchase company if, within 60 days after discovering the error, the
18 rental-purchase company notifies the lessee of the error and makes any adjustments
19 necessary to correct the error.

20 (5) **DEFENSE; UNINTENTIONAL ERROR.** A rental-purchase company is not liable
21 for a violation of this subchapter if the rental-purchase company shows by a
22 preponderance of the evidence that the violation was not intentional, that the
23 violation resulted from a bona fide error notwithstanding the maintenance of
24 procedures reasonably adopted to avoid the error and that the rental-purchase
25 company has acted to correct the error. A bona fide error under this subsection

1 includes a clerical error, an error in making calculations, an error due to computer
2 malfunction or to computer programming or a printing error.

3 (6) **LIABILITY FOR MULTIPLE VIOLATIONS.** Multiple violations of this subchapter
4 in connection with the same rent-to-own agreement shall entitle the lessee to only
5 a single recovery under sub. (1), except that a violation of s. 218.66 that occurs after
6 recovery has been granted with respect to that rent-to-own agreement may entitle
7 the lessee to an additional recovery under sub. (1).

8 (7) **NECESSARY PARTIES.** If more than one lessee is a party to the same
9 rent-to-own agreement, all of the lessees that are parties to the ~~rent-to-own~~
10 agreement shall be joined as plaintiffs in any action under sub. (1) and the lessees
11 are entitled to only a single recovery under sub. (1).

12 **218.686 Limitation on actions.** An action brought by a lessee under this
13 subchapter shall be commenced within one year after the date on which the alleged
14 violation occurred, 2 years after the date on which the rent-to-own agreement was
15 entered into or one year after the date on which the last payment was made under
16 the rent-to-own agreement, whichever is later.

17 **218.688 Venue. (1) GENERALLY.** The venue for a claim arising out of a
18 rent-to-own agreement is any of the following counties:

19 (a) Where the lessee resides or is personally served.

20 (b) Where the rental property is located.

21 (c) Where the lessee sought or acquired the rental property or signed the
22 document evidencing his or her obligation under the terms of the rent-to-own
23 agreement.

24 (2) **CHANGE IN VENUE.** When it appears from the return of service of a summons
25 or otherwise that the county in which an action is pending under sub. (1) is not a

1 proper place of trial for the action, unless the defendant appears and waives the
2 improper venue, the court shall transfer the action to any county that is a proper
3 place of trial. .

4 (3) **MULTIPLE DEFENDANTS.** If there are several defendants in an action arising
5 out of a rent-to-own agreement, and if venue is based on residence, venue may be
6 in the county of residence of any of the defendants.

7 **SECTION 3.** 220.02 (2) (b) of the statutes is amended to read:

8 220.02 (2) (b) The lending of money under s. 138.09 or those relating to finance
9 companies, motor vehicle dealers, adjustment service companies, community
10 currency exchanges, rental-purchase companies and collection agencies under ch.
11 218.

12 **SECTION 4.** 220.02 (3) of the statutes is amended to read:

13 220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce
14 and carry out all laws relating to banks or banking in this state, including those
15 relating to state banks, trust company banks, and also all laws relating to small loan
16 companies or other loan companies or agencies, finance companies, motor vehicle
17 dealers, adjustment service companies, community currency exchanges,
18 rental-purchase companies and collection agencies and those relating to sellers of
19 checks under ch. 217, whether doing business as corporations, individuals or
20 otherwise, but to exclude laws relating to credit unions.

21 **SECTION 5.** 409.104 (12m) of the statutes is created to read:

22 409.104 (12m) To a transfer of an interest under a rent-to-own agreement
23 under subch. XI of ch. 218; or

24 **SECTION 6.** 421.202 (7m) of the statutes is created to read:

25 421.202 (7m) A rent-to-own agreement under subch. XI of ch. 218;

and 218.626(1)

SECTION 7. Nonstatutory provisions.

(1) EMERGENCY RULES GOVERNING LICENSING FEES FOR RENTAL-PURCHASE COMPANIES. Using the procedure under section 227.24 of the statutes, the division of banking may promulgate rules authorized under section 218.63 (3) of the statutes, as created by this act, prescribing the fees under sections 218.618 (2) and 218.622 (4) of the statutes, as created by this act, for the period before the date on which permanent rules take effect, but not to exceed the period authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b) and (3) of the statutes, the division of banking is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of the public peace, health, safety or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

SECTION 8. Initial applicability.

(1) RENT-TO-OWN AGREEMENTS. The treatment of sections 218.617 to 218.618, 218.632 to 218.636, 218.64 to 218.68, 218.682 (3), 218.688, 409.104 (12m) and 421.202 (7m) of the statutes first applies to rent-to-own agreements entered into on the effective date of this subsection.

(2) LIABILITY WAIVERS. The treatment of section 218.638 of the statutes first applies to liability waivers entered into on the effective date of this subsection,

(3) REGULATION OF RENTAL-PURCHASE COMPANIES. The treatment of sections 218.617 to 218.63, 218.682 (1) and (2) and 220.02 (2) (b) and (3) and chapter 213 (title) of the statutes first applies to any person engaging in business as a rental-purchase company on the effective date of this subsection.

SECTION 9. Effective dates. This act takes effect on the day after publication, except as follows:

INSERT
32-23

INSERT 32-23

(4) **PRICE CARDS**. The treatment of section 218.644[✓] of the statutes first applies to a rental-purchase company that displays property on the effective date of this subsection.

(5) **ADVERTISING**. The treatment of section 218.646[✓] of the statutes first applies to a rental-purchase company that advertises a rent-to-own agreement on the effective date of this subsection.

(6) **REFERRAL TRANSACTIONS**. The treatment of section 218.648[✓] of the statutes first applies to a rental-purchase company giving or offering to give a rebate or discount to an individual on the effective date of this subsection.

*auto ref. "KM"* (7) **ASSIGNMENT OF EARNINGS** The treatment of section 218.68[✓] of the statutes first applies to a rental-purchase company taking or arranging for an assignment of earnings on the effective date of this subsection.

init. app.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBs0404/1dr 2 dr
RJM:cmh/jf

Handwritten signature

March 15, 2000

Representative Jeskewitz:

The instructions for this amendment were provided to me jointly by Chris Green at the department of financial institutions and Jim Leonhart at Dewitt, Ross & Stevens. In many instances, I have varied from the submitted language in order to more precisely accomplish my understanding of the intent or to make the amendment conform to current drafting style. You may want Mr. Green and Mr. Leonhart to review the amendment. In particular, please note the following:

1. The submitted language would have required a rental-purchase company to disclose "other charges or fees that a lessee may incur, such as late payment, reinstatement, default or pick-up fees." This language has two problems. First, the language does not limit the disclosure to fees that are related to a rent-to-own agreement. There are many "other charges or fees that a lessee may incur" that are unrelated to the rent-to-own agreement. Second, while the list of examples helps to clarify the types of fees and charges that must be disclosed, the list may be construed by a court to limit the fees that must be disclosed only to those listed. See *State ex rel. Harris v. Larson*, 64 Wis. 2d 521,527 (1974). The amendment, instead, requires an itemized description of any other charges or fees that the rental-purchase company may charge the lessee. See proposed s. 218.634 (8).

2. Please review the penalty provisions in proposed s. 218.682 to ensure that they are consistent with your intent. In particular, proposed s. 218.682 (3) required numerous changes in order to conform with current drafting style.

① 3. Proposed s. 218.63 (5) is an archaic provision and is probably unnecessary. Please review the provision. Do you really intend to require every violation to be reported to the department of justice or district attorney for prosecution? You may want to allow the division of banking to exercise some discretion and refrain from referring minimal violations for prosecution.

② 4. Proposed s. 218.63 (1) authorizes the division of banking to issue any general or special order "in execution of or supplementary to this subchapter." This is an unusually broad delegation of authority. You may want to prohibit the division from issuing an order that contradicts the subchapter. Also, you may want to provide a standard for the division to exercise this authority. See, for example, s. 218.04 (7) (a) (division may issue order to protect public from oppressive or deceptive practices of licensees and to prevent evasions of the chapter).

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: Robert.Marchant@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0404/2dn
RJM:cmh&kmg:km

March 17, 2000

Representative Jeskewitz:

1. Proposed s. 218.63 (5) is an archaic provision and is probably unnecessary. Please review the provision. Do you really intend to require every violation to be reported to the department of justice or district attorney for prosecution? You may want to allow the division of banking to exercise some discretion and refrain from referring minimal violations for prosecution.

2. Proposed s. 218.63 (1) authorizes the division of banking to issue any general or special order "in execution of or supplementary to this subchapter". This is an unusually broad delegation of authority. You may want to prohibit the division from issuing an order that contradicts the subchapter. Also, you may want to provide a standard for the division to exercise this authority. See, for example, s. 218.04 (7) (a) (division may issue order to protect public from oppressive or deceptive practices of licensees and to prevent evasions of the chapter).

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: Robert.Marchant@legis.state.wi.us

Barman, Mike

From: Barman, Mike
Sent: Friday, March 17, 2000 2:51 PM
To: Larson, Rebecca
cc: Marchant, Robert
Subject: LRB 99s0404/2



99s0404/2



99s0404/2dn

Mike Barman

Mike Barman - Senior Program Asst. (PH. **608-266-3561**)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of **Wisconsin**
Legislative Reference Bureau - legal Section - Front **Office**
100 N. Hamilton Street - 5th Floor
Madison, WI 53703

TODAY

PMNR

DNOTE

ASSEMBLY SUBSTITUTE AMENDMENT,
TO 1999 ASSEMBLY BILL 849

changes
on
pages
10 & 11
and
on
D-NOTE

Reyer cut

1 **AN ACT** to amend chapter 218 (title), 220.02 (2) (b) and 220.02 (3); and to create
2 subchapter XI of chapter 218 [precedes 218.611, 409.104 (12m) and 421.202
3 (7m) of the statutes; **relating to:** regulating rental-purchase companies,
4 providing an exemption from emergency rule procedures, granting
5 rule-making authority and providing a penalty.

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

6 **SECTION 1.** Chapter 218 (title) of the statutes is amended to read:

7 **CHAPTER 218**

8 **FINANCE COMPANIES, AUTO**

9 **DEALERS, ADJUSTMENT COMPANIES**

10 **AND, COLLECTION AGENCIES,**

11 **RENTAL-PURCHASE COMPANIES AND**

12 **RENT-TO-OWN AGREEMENTS**

1 **218.614 Obligation of good faith.** Every agreement or duty under this
2 subchapter imposes an obligation of good faith in its performance or enforcement.
3 In this section, “good faith” means honesty in fact in the conduct or transaction
4 concerned and the observance of reasonable commercial standards of fair dealing.

5 **218.616 Definitions.** In this subchapter:

6 (1) “Division” means the division of banking in the department of financial
7 institutions.

8 (2) “Lessee” means an individual who rents personal property under a
9 rent-to-own agreement.

10 (3) “Licensee” means a rental-purchase company holding a license issued by
11 the division under this subchapter.

12 (4) “Rental property” means personal property rented under a rent-to-own
13 agreement.

14 (5) “Rental-purchase company” means a person engaged in the business of
15 entering into rent-to-own agreements in this state or acquiring or servicing
16 rent-to-own agreements that are entered into in this state.

17 (6) “Rent-to-own agreement” means an agreement between a
18 rental-purchase company and a lessee for the use of personal property if all of the
19 following conditions are met:

20 (a) The personal property that is rented under the agreement is to be used
21 primarily for personal, family or household purposes.

22 (b) The agreement has an initial term of 4 months or less and is automatically
23 renewable with each payment **after** the initial term.

24 (c) The agreement does not obligate or require the lessee to renew the
25 agreement beyond the initial term.

1 (d) The agreement permits, but does not obligate, the lessee to acquire
2 ownership of the personal property

3 **218.617 License required. No person may operate as a rental-purchase**
4 **company without a valid license issued by the division under this subchapter.**

5 **218.618 Application for license; fees; bond. (1) APPLICATION.** (a) An
6 application for a license under this subchapter shall be made to the division, in
7 writing, in the form prescribed by the division. An application for a license under this
8 subchapter shall include all of the following:

9 1. If the applicant is an individual, the applicant's social security number.

10 2. If the applicant is not an individual, the applicant's federal employer
11 identification number.

12 (b) The division may not disclose any information received under par. (a) 1. or
13 2. to any person except as follows:

14 1. The division may disclose information received under par. (a) 1. or 2. to the
15 department of revenue for the sole purpose of requesting certifications under s.
16 73.0301.

17 2. The division may disclose information received under par. (a) 1. to the
18 department of workforce development in accordance with a memorandum of
19 understanding entered into under s. 49.857.

20 (2) **APPLICATION FEES.** At the time of applying to the division for a license under
21 this subchapter, the applicant shall pay any applicable fee specified in the rules
22 promulgated under s. 218.63 (3).

23 (3) **BOND.** The division may require any applicant or licensee to file with the
24 division and maintain in force a bond, in a form prescribed by and acceptable to the
25 division, and in an amount determined by the division.

1 **218.62 Issuance or denial of license. (1) INVESTIGATION.** Upon the filing
2 of an application under s. 218.618 (1) and the payment of any applicable fee, the
3 division shall perform an investigation. Except as provided in sub. (3), if the division
4 finds that the character, general fitness and financial responsibility of the applicant;
5 the members of the applicant, if the applicant is a partnership, limited liability
6 company or association; and the officers and directors of the applicant, if the
7 applicant is a corporation; warrant the belief that the business will be operated in
8 compliance with this subchapter, the division shall issue a license to the applicant.

9 **(2) DENIAL; NOTICE; HEARING.** Except as provided in sub. (3), the division may
10 deny an application under s. 218.618 (1) by providing written notice to the applicant
11 stating the grounds for the denial. Except as provided in sub. (3), a person whose
12 application has been denied may request a hearing under s. 227.44 within 30 days
13 after the date of denial. The division may appoint a hearing examiner under s. 227.46
14 to conduct the hearing.

15 **(3) DENIAL; CHILD OR FAMILY SUPPORT OR TAX DELINQUENCY.** The division may not
16 issue a license under this subchapter if any of the following applies:

17 (a) The applicant fails to provide the information required under s. 218.618 (1)
18 (a).

19 (b) The department of revenue certifies under s. 73.0301 that the applicant is
20 liable for delinquent taxes. An applicant for whom a license is not issued under this
21 paragraph for delinquent taxes is entitled to a notice under s. 73.0301 (2) (b) 1. b. and
22 a hearing under s. 73.0301 (5) (a) but is not entitled to any other notice or hearing
23 under this section.

24 (c) The applicant fails to comply, after appropriate notice, with a subpoena or
25 warrant issued by the department of workforce development or a county child

1 support agency under s. 59.53 (5) and related to paternity or child support
2 proceedings or is delinquent in making court-ordered payments of child or family
3 support, maintenance, birth expenses, medical expenses or other expenses related
4 to the support of a child or former spouse, as provided in a memorandum of
5 understanding entered into under s. 49.857. An applicant whose application is
6 denied under this paragraph for delinquent payments is entitled to a notice and
7 hearing under s. 49.857 but is not entitled to any other notice or hearing under this
8 section.

9 **218.622 License; other business. (1) LICENSED LOCATIONS.** A license issued
10 under this subchapter shall specify the location at which the licensee is permitted
11 to conduct business. A separate license shall be required for each place of business
12 maintained by the licensee.

13 (2) **ASSIGNMENT.** A license issued under this subchapter is not assignable.

14 (3) **POSTING.** A licensee shall post its license in a conspicuous place at the
15 location specified in the license.

16 (4) **TERM OF LICENSE; FEE.** Every license shall remain in force until suspended
17 or revoked in accordance with this subchapter or surrendered by the licensee. Every
18 licensee shall, on or before June 1 of each year, pay to the division the annual license
19 fee specified in rules promulgated under s. 218.63 (3) and, if required by the division,
20 provide a rider or endorsement to increase the amount of any bond required under
21 s. 218.618 (3).

22 (5) **OTHER BUSINESS PROHIBITED.** No licensee may conduct business as a
23 rental-purchase company within any office, room or place of business in which any
24 other business is solicited or engaged in, unless the licensee is authorized to do so,
25 in writing, by the division.

1 **218.624 Revocation, suspension and restriction of license. (1)**

2 DISCRETIONARY SUSPENSION OR REVOCATION. The division may issue an order
3 suspending or revoking any license issued under this subchapter if the division finds
4 that any of the following applies:

5 (a) The licensee has violated any of the provisions of this subchapter, any rules
6 promulgated under s. 218.63 (3) or any lawful order of the division under s. 218.63
7 (1).

8 (b) A fact or condition exists that, if it had existed at the time of the original
9 application for the license, would have warranted the division in refusing to issue the
10 license.

11 (c) The licensee has made a material misstatement in an application for a
12 license or in information furnished to the division.

13 (d) The licensee has failed to pay the annual license fee required under s.
14 218.622 (4) or has failed to maintain in effect any bond required under s. 218.618 (3).

15 (e) The licensee has failed to provide any additional information, data and
16 records required by the division, within the time period prescribed under s. 218.626
17 (2).

18 (f) The licensee has failed to pay any penalties due under s. 218.682 (1) or (2)
19 within 30 days after receiving notice, by certified mail, that the penalties are due.

20 (2) MANDATORY RESTRICTION OR SUSPENSION; CHILD OR FAMILY SUPPORT. The
21 division shall restrict or suspend a license issued under this subchapter if the
22 division finds that the licensee is an individual who fails to comply, after appropriate
23 notice, with a subpoena or warrant issued by the department of workforce
24 development or a county child support agency under s. 59.53 (5) and related to
25 paternity or child support proceedings or who is delinquent in making court-ordered

1 payments of child or family support, maintenance, birth expenses, medical expenses
2 or other expenses related to the support of a child or former spouse, as provided in
3 a memorandum of understanding entered into under s. 49.857. A licensee whose
4 license is restricted or suspended under this subsection is entitled to a notice and
5 hearing only as provided in a memorandum of understanding entered into under s.
6 49.857 and is not entitled to any other notice or hearing under this section.

7 (3) **MANDATORY REVOCATION; DELINQUENT TAXES.** The division shall revoke a
8 license issued under this subchapter if the department of revenue certifies under s.
9 73.0301 that the licensee is liable for delinquent taxes. A licensee whose license is
10 revoked under this subsection for delinquent taxes is entitled to a notice under s.
11 73.0301 (2) (b) 1. b. and a hearing under s. **73.0301 (5) (a)** but is not entitled to any
12 other notice or hearing under this section.

13 (4) **REVOCATION AND SUSPENSION PROCEDURE.** Except as provided in subs. (2) and
14 (3), the following procedure applies to every order of the division that suspends or
15 revokes a license issued under this subchapter:

16 (a) The division shall provide a written notice to the licensee of the division's
17 intent to issue an order suspending or revoking the licensee's license. The notice
18 shall specify the grounds for and the effective date of the proposed order.

19 (b) The licensee may file with the division a written response to the allegations
20 contained in the notice within 20 days after receiving the notice. The licensee's
21 written response may contain a request for a contested case hearing under s. 227.42.
22 If the written response does not contain a request for a contested case hearing under
23 s. 227.42, the right to a contested case hearing is waived.

24 (c) If a written response containing a request for a contested case hearing under
25 s. 227.42 is received by the division within the time provided under par. (b) and if,

1 in the opinion of the division, the matter satisfies all of the conditions specified in s.
2 227.42 (1) (a) to (d), the matter shall be scheduled for a contested case hearing to
3 commence within 60 days after the date on which the division receives the written
4 response.

5 (d) If the licensee fails to file a written response within the time provided under
6 par. (b), files a timely written response but fails to request a contested case hearing
7 under s. 227.42 or files a timely written response requesting a contested case hearing
8 but, in the opinion of the division, the matter fails to satisfy all of the conditions
9 specified in s. 227.42 (1) (a) to (d), the division may issue an order suspending or
10 revoking the license. If the licensee files a timely written response containing a
11 proper request for a contested case hearing under s. 227.42, any order of the division
12 suspending or revoking the licensee's license shall be stayed pending completion of
13 proceedings under ch. 227.

14 **218.626 Modification of license. (1) CHANGE IN PLACE OF BUSINESS.** No
15 licensee may change its place of business to another location without the prior
16 approval of the division. A licensee shall provide the division with at least 15 days'
17 prior written notice of a proposed change under this subsection and shall pay any
18 applicable fees specified in the rules promulgated under s. 218.63 (3). Upon approval
19 by the division of the new location, the division shall issue an amended license,
20 specifying the date on which the amended license is issued and the new location.

21 (2) **OTHER CHANGES.** Except as provided in sub. (1), a licensee shall notify the
22 division of any material change to the information provided in the licensee's original
23 application for a license under this subchapter or provided in a previous notice of
24 change filed by the licensee with the division under this subsection. A licensee shall
25 provide the notice required under this subsection within 10 days after the change.

1 The licensee shall provide any additional information, data and records about the
2 change to the division within 20 days after the division requests the information,
3 data or records. The division shall determine the cost of investigating and processing
4 the change. The licensee shall pay the division's cost within 30 days after the division
5 demands payment:

6 (3) **DIVISION APPROVAL OF OTHER CHANGES.** Any change that is subject to the
7 notice requirement under sub. (2) is subject to the approval of the division. In
8 reviewing the change, the division shall apply the same criteria as the criteria for
9 approval of an original license application.

10 **218.628 Annual report; records. (1) ANNUAL REPORT.** On or before March
11 31 of each year, a licensee shall file a report with the division giving such reasonable
12 and relevant information as the division may require concerning the business and
13 operations conducted by the licensee. The licensee shall make the report in the form
14 prescribed by the division.

15 (2) **BOOKS AND RECORDS.** A licensee shall keep such books and records in the
16 licensed location as, in the opinion of the division, will enable the division to
17 determine whether the provisions of this subchapter are being observed. Every
18 licensee shall preserve its records of a rent-to-own agreement for at least 3 years
19 after making the final entry with respect to the rent-to-own agreement.

20 **218.63 Powers and duties of division; administration. (1) ORDERS.** The
21 division may issue any general order, as defined in s. 217.02 (3), or special order, as
22 defined in s. 217.02 (10), in execution of or supplementary to this subchapter.

23 (2) **INVESTIGATIONS AND EXAMINATIONS.** For the purpose of discovering violations
24 of this subchapter, the division may cause an investigation or examination to be
25 made of the business of a licensee transacted under this subchapter. The place of

except that the division may not issue a general order or special order that conflicts with this subchapter

1 business, books of accounts, papers, records, safes and vaults of the licensee shall be
2 open to the division for the purpose of an investigation or examination, and the
3 division has authority to examine under oath all persons whose testimony is required
4 for an investigation or examination. The division shall determine the cost of an
5 investigation or examination. The licensee shall pay the cost of an investigation or
6 examination. The licensee shall pay the cost of any hearing held for the purpose of
7 this subsection, including witness fees, unless the division or a court finds that the
8 licensee has not violated any provision of this subchapter. The licensee shall pay all
9 costs owing under this subsection within 30 days after the division demands
10 payment. The state may maintain an action for the recovery of any costs owing under
11 this subsection.

12 (3) **RULES.** The division may promulgate rules for the administration of this
13 subchapter.,

14 (4) **TESTIMONIAL POWERS AND POWERS TO SECURE EVIDENCE.** The division has the
15 same power to conduct hearings, take testimony and secure evidence as is provided
16 in ss. 217.17 and 217.18.

17 (5) **ENFORCEMENT.** The division has the duty, power, jurisdiction and authority
18 to investigate, ascertain and determine whether this subchapter or any lawful orders
19 issued under sub. (1) are being violated. The division ^{may} report ~~all~~ violations of this
20 subchapter to the attorney general or the district attorney of the proper county for
21 prosecution.

22 **218.632 General requirements of disclosure. (1) FORM, LOCATION, SIZE AND**
23 **TIME OF DISCLOSURE.** The information required under s. 218.634 to be included in a
24 rent-to-own agreement shall satisfy all of the following requirements:

25 (a) The information shall be clearly and conspicuously disclosed.

1 (b) The information shall be disclosed in writing.

2 (c) The information shall be disclosed on the face of the rent-to-own agreement
3 above the line for the lessee's signature.

4 (d) The information shall be disclosed in not less than 8-point standard type.

5 (e) The information shall be disclosed before the time that the lessee becomes
6 legally obligated under the rent-to-own agreement.

7 (2) ACCURACY OF DISCLOSURE. The information required under s. 218.634 must
8 be accurate as of the time that it is disclosed to the lessee. If any information
9 subsequently becomes inaccurate as a result of any act, occurrence or agreement by
10 the lessee, the resulting inaccuracy is not a violation of this subchapter.

11 (3) COPY OF RENT-TO-OWN AGREEMENT. The rental-purchase company shall
12 provide the lessee with a copy of the completed rent-to-own agreement signed by the
13 lessee. If more than one lessee is legally obligated under the same rent-to-own
14 agreement, delivery of a copy of the completed rent-to-own agreement to one of the
15 lessees shall satisfy this subsection.

16 (4) SINGLE INSTRUMENT. In a rent-to-own agreement, the lessee's payment
17 obligations shall be evidenced by a single instrument, which shall include the
18 signature of the rental-purchase company, the signature of the lessee and the date
19 on which the instrument is signed.

20 **218.634 Required provisions of rent-to-own agreement.** A
21 rental-purchase company shall include all of the following information, to the extent
22 applicable, in every rent--to-own agreement:

23 (1) DESCRIPTION. A brief description of the rental property, sufficient to identify
24 the rental property to the lessee and the rental-purchase company, including any
25 identification number, and a statement indicating whether the rental property is

1 new or used. A statement that incorrectly indicates that new rental property is used
2 is not a violation of this subchapter.

3 (2) **CASH PRICE.** The price at which the rental-purchase company would sell the
4 rental property to the lessee if the lessee were to pay for the rental property in full
5 on the date on which the rent-to-own agreement is executed, along with a statement
6 that, if the lessee intends to acquire ownership of the rental property and is able to
7 pay for the property in full or is able to obtain credit to finance the purchase, the
8 lessee may be able to purchase similar property from a retailer at a lower cost.

9 (3) **RENTAL PAYMENT.** The periodic rental payment for the rental property.

10 (4) **UP-FRONT PAYMENT.** Any payment required of the lessee at the time that the
11 agreement is executed or at the time that the rental property is delivered, including
12 the initial rental payment, any application or processing charge, any delivery fee, the
13 applicable tax and any charge for a liability damage waiver or for other optional
14 services agreed to by the lessee.

15 (5) **PERIODIC RENTALPAYMENTSTOACQUIRE OWNERSHIP.** Thetotalnumber,total
16 dollar amount and timing of all periodic rental payments necessary to acquire
17 ownership of the rental property.

18 (6) **OTHER CHARGES AND FEES TO ACQUIRE OWNERSHIP.** The dollar amount, both
19 itemized and in total, of all taxes, liability damage waiver fees, fees for optional
20 services, processing fees, application fees and delivery charges that the lessee would
21 incur if the lessee were to rent the rental property until the lessee acquires
22 ownership, assuming that the lessee does not add or decline the liability damage
23 waiver or optional services after signing the rent-to-own agreement.

24 (7) **TOTALPAYMENTSTOACQUIRE OWNERSHIP.** Thetotalofall chargestobepaid
25 by the lessee to acquire ownership of the rental property, which shall consist of the

1 sum of the total dollar amount of all periodic rental payments disclosed under sub.
2 (5) and the total dollar amount of all other charges and fees disclosed under sub. (6),
3 along with a statement that this is the amount a lessee will pay to acquire ownership
4 of the rental property if the tax rates do not change and if the lessee does not add or
5 decline the liability damage waiver or optional services after signing the
6 rent-to-own agreement.

7 (8) OTHER CHARGES. An itemized description of any other charges or fees that
8 the rental-purchase company may charge the lessee.

9 (9) SUMMARY OF EARLY-PURCHASE OPTION. A statement summarizing the terms
10 of the lessee's option to acquire ownership of the rental property, including a
11 statement indicating that the lessee has the right to acquire ownership of the rental
12 property at any time after the first payment by paying all past-due payments and
13 fees and an amount not to exceed an amount equal to the cash price of the rental
14 property multiplied by a fraction that has as its numerator the number of periodic
15 rental payments remaining under the rent-to-own agreement and that has as its
16 denominator the total number of periodic rental payments.

17 (10) RESPONSIBILITY FOR THEFT OR DAMAGE. A statement that, unless otherwise
18 agreed, the lessee is responsible for the fair market value of the rental property,
19 determined according to the early-purchase option formula under sub. (9), if the
20 rental property is stolen, damaged or destroyed while in the possession of or subject
21 to the control of the lessee. The statement shall indicate that the fair market value
22 will be determined as of the date on which the rental property is stolen, damaged or
23 destroyed.

24 (11) SERVICE AND WARRANTY. A statement that during the term of the
25 rent-to-own agreement, the rental-purchase company is required to service the

1 rental property to maintain it in good working condition, as long as no other person
2 has serviced the rental property. In lieu of servicing the rental property, the
3 rental-purchase company may, at its option, replace the rental property. The
4 rental-purchase company's obligation to provide service is limited to defects in the
5 property not caused by improper use or neglect by the lessee or harmful conditions
6 outside the control of the rental-purchase company or manufacturer.

7 (12) **TERMINATION AT OPTION OF LESSEE.** A statement that the lessee may
8 terminate the agreement at any time without penalty by voluntarily surrendering
9 or returning the rental property in good repair.

10 (13) **RIGHT TO REINSTATE.** A brief explanation of the lessee's right to reinstate
11 a rent-to-own agreement under s. 218.654.

12 (14) **RENTAL, NOT PURCHASE.** A statement that the lessee will not own the rental
13 property until the lessee has made all payments necessary to acquire ownership or
14 has exercised the lessee's early-purchase option. The rental-purchase company
15 shall also include a notice reading substantially as follows: 'You are renting this
16 property. You will not own the property until you make all payments necessary to
17 acquire ownership or until you exercise your early-purchase option. If you do not
18 make your payments as scheduled or exercise your early-purchase option, the lessor
19 may repossess the property'

20 (15) **INFORMATION ABOUT RENTAL-PURCHASE COMPANY AND LESSEE.** The names of
21 the rental-purchase company and the lessee, the rental-purchase company's
22 business address and telephone number, the lessee's address and the date on which
23 the rent-to-own agreement is executed.

1 **218.636 Prohibited provisions of rent-to-own agreement.** A
2 rental-purchase company may not include any of the following provisions in a
3 rent-to-own agreement:

4 **(1) CONFESSION.** A confession of judgment.

5 **(2) SECURITY.** A provision granting the rental-purchase company a security
6 interest in any property except the rental property delivered by the rental-purchase
7 company under the rent-to-own agreement.

8 **(3) REPOSSESSION.** A provision authorizing the rental-purchase company or an
9 agent of the rental-purchase company to enter the lessee's premises or to commit a
10 breach of the peace in the repossession of rental property provided by the
11 rental-purchase company under the rent-to-own agreement.

12 **(4) WAIVER.** A waiver of a defense or counterclaim, a waiver of any right to
13 assert any claim that the lessee may have against the rental-purchase company or
14 against an agent of the rental-purchase company or a waiver of any provision of this
15 subchapter.

16 **(5) OVERPAYMENT.** A provision requiring periodic rental payments totaling more
17 than the total dollar amount of all periodic rental payments necessary to acquire
18 ownership, as disclosed in the rental-purchase agreement.

19 **(6) INSURANCE.** A provision requiring the lessee to purchase insurance from the
20 rental-purchase company to insure the rental property.

21 **(7) ATTORNEYS FEES.** A provision requiring the lessee to pay attorney fees.

22 **218.638 Liability waiver.** A rental-purchase company may offer a liability
23 waiver to the lessee. The terms of the waiver shall be provided to the lessee in
24 writing, and the face of the writing shall clearly disclose that the lessee is not
25 required to purchase the waiver. The fee for the waiver may not exceed 10% of the

1 periodic rental payment due under the ~~rent-to-own~~ agreement. The lessee shall be
2 entitled to cancel the waiver at the end of any rental term.

3 **218.64 Early-purchase option.** An early-purchase option under a
4 rent-to-own agreement shall permit the lessee to purchase the rental property at
5 any time after the initial periodic rental payment for an amount determined
6 according to the early-purchase option formula under s. 213.634 (9). As a condition
7 of exercising the early-purchase option, the rental-purchase company may require
8 the lessee to be current on the payments under the lessee's rent-to-own agreement
9 or to pay any past-due rental charges and other outstanding fees that are owed.

10 **218.642 Receipts and statements. (1) RECEIPTS.** A rental-purchase
11 company shall provide a written receipt to a lessee for any payment made by the
12 lessee in cash, or upon the request of the lessee for any other type of payment.

13 (2) **STATEMENT DUE TO LESSEE.** Subject to sub. (4), upon the request of a lessee,
14 a rental-purchase company shall provide a written statement to the lessee showing
15 the lessee's payment history under each rent-to-own agreement between the lessee
16 and the rental-purchase company. A rental-purchase company is not required to
17 provide a statement covering any rent-to-own agreement that terminated more
18 than one year prior to the date of the lessee's request. A rental-purchase company
19 may provide a single statement covering all rent-to-own agreements or separate
20 statements for each rent-to-own agreement, at the rental-purchase company's
21 option.

22 (3) **STATEMENT DUE TO 3RD PARTY.** Subject to sub. (4), upon the written request
23 of a lessee, made during the term of or no later than one year after the termination
24 of a ~~rent-to-own~~ agreement, a rental-purchase company shall provide a written

1 statement to any person designated by the lessee, showing the lessee's payment
2 history under the rent-to-own agreement.

3 (4) **FEE FOR STATEMENT.** A lessee is entitled to receive one statement under subs.
4 (2) and (3) without charge once every 12 months. A rental-purchase company shall
5 provide an additional statement if the lessee pays the rental-purchase company's
6 reasonable costs of preparing and furnishing the statement.

7 **218.644 Price cards displayed. (1) PRICE CARDS; GENERALLY.** Except as
8 provided under sub. (2), a rental-purchase company shall display a card or tag that
9 clearly and conspicuously states all of the following information on or next to any
10 property displayed or offered by the rental-purchase company for rent under a
11 rent-to-own agreement:

12 (a) The cash price that an individual would pay to purchase the property.

13 (b) The amount of the periodic rental payment and the term over which the
14 payment must be made.

15 (c) The total number and total dollar amount of all periodic rental payments
16 necessary to acquire ownership of the property under a rent-to-own agreement.

17 (d) Whether the property is new or used.

18 (2) **EXCEPTIONS.** If property is offered for rent under a rent-to-own agreement
19 through a catalog or if the size of the property is such that displaying a card or tag
20 on or next to the property is impractical, a rental-purchase company may make the
21 disclosures required under sub. (1) in a catalog or list that is readily available to
22 prospective lessees.

23 **218.646 Advertising. (1) DISCLOSURE REQUIRED.** Except as provided under
24 sub. (2), if an advertisement for a rent-to-own agreement refers to or states the
25 amount of a payment for a specific item of property, the rental-purchase company

1 shall ensure that the advertisement clearly and conspicuously states all of the
2 following:

3 (a) That the transaction advertised is a rent-to-own agreement.

4 (b) The total number and total dollar amount of all periodic rental payments
5 necessary to acquire ownership of the property

6 (c) That the lessee does not acquire ownership of the property if the lessee fails
7 to make all periodic rental payments or other payments necessary to acquire
8 ownership of the property

9 (2) **EXCEPTION.** Subsection (1) does not apply to an in-store display or to an
10 advertisement that is published in the yellow pages of a telephone directory or in a
11 similar directory of businesses.

12 **218.648 Referral transactions. (1) PROHIBITED REFERRAL TRANSACTIONS.** No
13 rental-purchase company may induce any individual to enter into a rent-to-own
14 agreement by giving or offering to give a rebate or discount to the individual in
15 consideration of the individual giving to the rental-purchase company the names of
16 prospective lessees, if the earning of the rebate or discount is contingent on the
17 occurrence of any event that takes place after the time that the individual enters into
18 the rent-to-own agreement.

19 (2) **AUTHORIZED REFERRAL TRANSACTIONS.** After entering into a rent-to-own
20 agreement, a rental-purchase company may give or offer to give a rebate or discount
21 to the lessee under the rent-to-own agreement, in consideration of the lessee giving
22 to the rental-purchase company the names of prospective lessees, A rebate or
23 discount under this subsection may be contingent on the occurrence of any event that
24 takes place after the time that the names are given to the rental-purchase company.

1 **218.65 Termination of rent-to-own agreement.** The termination date of
2 a rent-to-own agreement is the earlier of the following:

3 (1) The day specified in the rent-to-own agreement as the day on which the
4 rental term ends, unless a different day has been established pursuant to the terms
5 of the rent-to-own agreement.

6 (2) The date on which the lessee voluntarily surrenders the rental property

7 **218.652 Late payment, grace period and late fees. (1) LATE FEE;**
8 **GENERALLY.** If a lessee fails to make a periodic rental payment when due under a
9 rent-to-own agreement or if, at the end of any rental term, the lessee fails to return
10 the rental property or to renew the rent-to-own agreement for an additional term,
11 the rental-purchase company may require the lessee to pay a late fee. Except as
12 provided under sub. (4), this subsection does not apply if the lessee's failure to return
13 the rental property or failure to renew the rent-to-own agreement at the end of the
14 rental term is due to the lessee's exercise of an early-purchase option under the
15 rent-to-own agreement or is due to the lessee making all periodic rental payments
16 necessary to acquire ownership of the rental property

17 (2) **GRACE PERIODS.** The following grace periods shall apply to periodic rental
18 payments made with respect to a rental-purchase agreement:

19 (a) For an agreement that is renewed on a weekly basis, no late fee may be
20 assessed for a periodic rental payment that is made within 2 days after the date on
21 which the payment is due.

22 (b) For an agreement that is renewed for a term that is longer than one week,
23 no late fee may be assessed for a periodic rental payment that is made within 5 days
24 **after** the date on which the payment is due.

1 (3) **COLLECTION, RECORDING AND LIMITATION OF LATE FEES.** Late fees are subject
2 to all of the following limitations:

3 (a) A late fee may not exceed \$5 for each past-due periodic rental payment.

4 (b) A late fee may be collected only once on each periodic rental payment due,
5 regardless of how long the payment remains past due.

6 (c) Payments received shall be applied first to the payment of any rent that is
7 due and then to late fees and any other charges.

8 (d) A late fee may be collected at the time that the late fee accrues or at any time
9 afterward.

10 (4) **EFFECT OF OUTSTANDING LATE FEE ON TRANSFER OF OWNERSHIP.** A
11 rental-purchase company may require payment of any outstanding late fees before
12 transferring ownership of rental property to a lessee.

13 **218.654 Reinstatement of terminated rent-to-own agreement. (1)**
14 **REINSTATEMENT, GENERALLY.** A lessee may reinstate a terminated rent-to-own
15 agreement without losing any rights or options previously acquired if all of the
16 following conditions apply:

17 (a) The lessee returned or surrendered the rental property within 5 days after
18 the termination of the rent-to-own agreement.

19 (b) Not more than 21 days have passed after the date on which the rental
20 property was returned to the rental-purchase company or, if the lessee has paid
21 two-thirds or more of the total number of periodic rental payments necessary to
22 acquire ownership of the rental property, not more than 45 days have passed since
23 the date on which the rental property was returned to the rental-purchase company.

24 (2) **AUTHORIZED CONDITIONS ON REINSTATEMENT.** As a condition of reinstatement
25 under this section, the rental-purchase company may require the payment of all

1 past-due rental charges, any applicable late fees, a reinstatement fee not to exceed
2 \$5 and the periodic rental payment for the next term.

3 (3) **EFFECT OF REPOSSESSION ON REINSTATEMENT.** Nothing in this section prohibits
4 a rental-purchase company from attempting to repossess rental property upon
5 termination of a rent-to-own agreement, but repossession efforts do not affect the
6 lessee's right to reinstate the rent-to-own agreement as long as the rental property
7 is voluntarily returned or surrendered within 5 days after the termination of the
8 rent-to-own agreement.

9 (4) **PROPERTY AVAILABLE UPON REINSTATEMENT.** Upon reinstatement, the
10 rental-purchase company shall provide the lessee with the same rental property, if
11 the property is available and is in the same condition as when it was returned to the
12 rental-purchase company, or with substitute rental property of comparable quality
13 and condition.

14 **218.656 Reduced periodic rental payment due to reduced income. (1)**
15 **REDUCTION IN AMOUNT OF PERIODIC RENTAL PAYMENTS; REQUIRED EVIDENCE. (a)**
16 ***Reduction in amount of periodic rental payments.*** If a lessee's monthly income is
17 reduced by 25% or more due to pregnancy, disability, involuntary job loss or
18 involuntary reduction in the amount of hours worked or wages earned, the
19 rental-purchase company shall reduce the amount of each periodic rental payment
20 due under the rent-to-own agreement by the same percentage that the lessee's
21 monthly income is reduced or by 50%, whichever is less, for the period of time during
22 which the lessee's income is reduced. This subsection applies only if all of the
23 following conditions are satisfied:

1 1. The total dollar amount of periodic rental payments made by the lessee
2 under the rent-to-own agreement equals more than 50% of the total dollar amount
3 of periodic rental payments necessary to acquire ownership of the rental property

4 2. The lessee has provided the rental-purchase company with reasonable
5 evidence of the amount and cause of the reduction in the lessee's monthly income.

6 (b) *Evidence of continued reduction in income.* At reasonable intervals after
7 reducing the amount of a periodic rental payment under par. (a), a rental-purchase
8 company may require the lessee to provide evidence of the lessee's monthly income
9 and evidence that the cause of the reduction in the lessee's monthly income has not
10 abated.

11 (2) **INCREASE IN NUMBER OF PERIODIC RENTAL PAYMENTS.** Except as provided in
12 sub. (4), if a rental-purchase company reduces the amount of a periodic rental
13 payment under sub. (1) (a), the rental-purchase company may increase the total
14 number of periodic rental payments necessary to acquire ownership of the rental
15 property.

16 (3) **INCREASE IN AMOUNT OF PERIODIC RENTAL PAYMENTS.** Except as provided in
17 sub. (4), if a rental-purchase company reduces the amount of a periodic rental
18 payment under sub. (1) (a) and if, subsequently, the lessee's monthly income is
19 increased, the rental-purchase company may increase, by the same percentage that
20 the lessee's monthly income is increased, the amount of each periodic rental payment
21 due after the date on which the lessee's monthly income is increased.

22 (4) **LIMITATION ON INCREASES.** If a rental-purchase company, under sub. (2) or
23 (3), increases the amount or number of periodic rental payments due under a
24 rent-to-own agreement, the increase affects only the rights or duties of the lessee
25 to the extent authorized in sub. (2) or (3). No rental-purchase company, acting under

1 sub. (2) or (3), may increase the total dollar amount of periodic rental payments
2 necessary to acquire ownership of the rental property, or the amount of a periodic
3 rental payment, to greater than the amount disclosed in the rent-to-own agreement.

4 **218.658 Default and right to cure. (1) DEFAULT; GENERALLY.** A lessee is in
5 default under a rent-to-own agreement if any of the following occurs:

6 (a) The lessee fails to return the rental property within 7 days after the date
7 on which the last term for which a periodic rental payment was made expires, unless
8 the lessee has exercised an early-purchase option or has made all periodic rental
9 payments necessary to acquire ownership of the rental property.

10 (b) The lessee materially breaches any other provision of the rent-to-own
11 agreement.

12 (2) **DEFAULT; NECESSARY FOR LESSEE LIABILITY.** No cause of action shall accrue
13 against a lessee with respect to the lessee's obligations under a rent-to-own
14 agreement except upon default and the expiration of any applicable period of time
15 allowed for cure of the default.

16 (3) **NOTICE OF DEFAULT; GENERAL REQUIREMENT.** Except as provided in sub. (4),
17 as a condition precedent to bringing an action against a lessee arising out of the
18 lessee's default, a rental-purchase company shall provide a written notice of the
19 default and of the right to cure the default to the lessee. The notice shall specify the
20 default and the action required to cure the default and shall inform the lessee that,
21 **if the** default is not cured within 15 days after the notice is given, the rental-purchase
22 company will have the right to bring an action against the lessee.

23 (4) **NOTICE OF DEFAULT; EXCEPTION.** A rental-purchase company is not required
24 to provide a notice of default and right to cure as a condition precedent to bringing
25 an action against a lessee if each of the following occurred twice during the 12 months

1 before the date of the current default with respect to the same ~~rent-to-own~~
2 agreement:

3 (a) The lessee was in default.

4 (b) The rental-purchase company gave the lessee written notice of the default
5 and of the lessee's right to cure under sub. (3).

6 (c) The lessee cured the default.

7 (5) **REQUEST FOR VOLUNTARY SURRENDER OF PROPERTY.** A rental-purchase
8 company may request the voluntary return or surrender of rental property prior to
9 the declaration of a default and the sending of written notice of default and right to
10 cure. A request under this subsection is subject to the requirements of s. 218.66.

11 **218.66 Rental-purchase company collection practices.** In attempting to
12 recover possession of rental property or to collect past-due periodic rental payments
13 or other charges owed under a rent-to-own agreement, a rental-purchase company
14 may not do any of the following:

15 (1) **USE OF FORCE.** Use or threaten to use force or violence to cause physical harm
16 to the lessee or the lessee's property or to a person related to the lessee.

17 (2) **CRIMINAL PROSECUTION.** Threaten criminal prosecution. It is not a violation
18 of this subsection for a rental-purchase company to inform a lessee of the existence
19 of s. 943.20 (1) (e) and the consequences of violating that statute.

20 (3) **DISCLOSURE OF FALSE INFORMATION.** Disclose or threaten to disclose
21 information adversely affecting the lessee's reputation for creditworthiness with
22 knowledge or reason to know that the information is false.

23 (4) **COMMUNICATION WITH LESSEE'S EMPLOYER.** Initiate or threaten to initiate
24 communication with the lessee's employer prior to obtaining final judgment against
25 the lessee, except for the purpose of enforcing an assignment of earnings authorized

1 under s. 218.68. This subsection does not prohibit a rental-purchase company from
2 communicating with a lessee's employer solely to verify employment status or
3 earnings or to determine if the employer has an established debt counseling service
4 or procedure.

5 (5) **DISCLOSURE OF INFORMATION RELATING TO LESSEE'S REPUTATION.** Disclose or
6 threaten to disclose to a person other than the lessee or the lessee's spouse
7 information affecting the lessee's reputation, whether or not for credit worthiness,
8 with knowledge or reason to know that the other person does not have a legitimate
9 business need for the information, except that this subsection does not prohibit any
10 of the following:

11 (a) The disclosure to another person of information permitted to be disclosed
12 to that person by statute.

13 (b) An inquiry solely for the purpose of determining the location of the lessee
14 or the rental property.

15 (6) **DISCLOSURE OF INFORMATION REGARDING A DISPUTED DEBT.** Disclose or threaten
16 to disclose information concerning the existence of a debt known to be reasonably
17 disputed by the lessee without disclosing the fact that the lessee disputes the debt.

18 (7) **HARASSMENT.** Communicate with the lessee or a person related to the lessee
19 with such frequency, at such unusual hours or in such a manner as can reasonably
20 be expected to threaten or harass the lessee or a person related to the lessee, or
21 engage in any other conduct that can reasonably be expected to threaten or harass
22 the lessee or a person related to the lessee.

23 (8) **USE OF OBSCENE OR THREATENING LANGUAGE.** Use obscene or threatening
24 language in communicating with the lessee or a person related to the lessee.

1 (9) USE OF THREAT TO ENFORCE FALSE RIGHT. Threaten to enforce a right with
2 knowledge that the right does not exist.

3 (10) USE OF FALSE PROCESS. Use a communication that simulates legal or
4 judicial process or that gives the appearance of being authorized, issued or approved
5 by a government, government agency or attorney-at-law when it is not.

6 (11) USE OF THREAT TO SUE. Threaten to file a civil action against the lessee
7 unless the civil action is of a type that the rental-purchase company files in the
8 regular course of business or unless the rental-purchase company intends to file the
9 civil action against the lessee.

10 **218.68 Assignment of earnings.** No rental-purchase company may take or
11 arrange for an assignment of earnings of an individual for payment or as security for
12 payment of an obligation arising out of a rent-to-own agreement unless the
13 assignment is revocable at will by the individual.

14 **218.682 Penalties. (1) FAILURE TO PAY FEES AND PROVIDE REPORTS, INFORMATION**
15 **AND NOTICES; GENERALLY.** A licensee that fails to file its annual report by the date
16 specified in s. 218.628 (l), fails to pay the annual license fee by the date specified in
17 s. 218.622 (4), fails to provide any required rider or endorsement to increase the
18 amount of its bond by the date specified in s. 218.622 (4), fails to provide examination
19 records by the date required by the division, fails to notify the division in writing of
20 a relocation of the licensee's place of business by the date specified in s. 218.626 (1)
21 or fails to provide notice to the division of other changes as required under s. 218.626
22 (2) by the date specified in s. 218.626 (2) may be required to forfeit not more than \$50.
23 Each day that a failure described in this subsection continues constitutes a separate
24 offense.

1 (2) **FAILURE TO PROVIDE CERTAIN INFORMATION.** A licensee that fails to provide any
2 additional information, data or records requested by the division under s. 218.626
3 (2) by the date specified in s. 218.626 (2) may be required to forfeit not more than
4 \$100. Each day that a failure described in this subsection continues constitutes a
5 separate offense.

6 (3) **MISDEMEANORS.** Any person who violates s. 218.63 (2) or any provision of
7 s. 218.617 to 218.628 other than those provisions described in subs. (1) and (2) may
8 be fined not more than \$1,000, imprisoned for not more than 6 months, or both.

9 **218.684 Civil actions and defenses. (1) LIABILITY; GENERALLY.** Except as
10 provided under subs. (2) to (6), a rental-purchase company that violates any
11 provision of this subchapter is liable to a lessee damaged as a result of that violation
12 for the costs of the action and, notwithstanding s. 814.04 (l), for reasonable attorney
13 fees as determined by the court, plus an amount equal to the greater of the following:

14 (a) The actual damages, including any incidental and consequential damages,
15 sustained by the lessee as a result of the violation.

16 (b) An amount equal to 25% of the total amount of payments due in one month
17 under the lessee's rent-to-own agreement, except that liability under this
18 paragraph may not be less than \$100 nor more than \$1,000.

19 (2) **LIABILITY; CERTAIN VIOLATIONS.** Except as provided in subs. (4) and (5), if a
20 rental-purchase company violates s. 218.636, the lessee may retain the rental
21 property under the rent-to-own agreement without obligation to pay any amount
22 and may recover any amounts paid to the rental-purchase company under the
23 rent-to-own agreement.

24 (3) **CLASS ACTION.** In the case of a class action, a rental-purchase company that
25 violates this subchapter is liable to the members of the class in an amount

1 determined by the court, except that the total recovery for all lessees whose recovery
2 is computed under sub. (1) (b) may not exceed \$100,000 plus the costs of the action
3 and, notwithstanding s. 814.04 (1), reasonable attorney fees as determined by the
4 court. In determining the amount to award under this subsection, the court shall
5 consider, among other relevant factors, the amount of actual damages sustained by
6 the members of the class, the frequency and persistence of the violations by the
7 rental-purchase company, the resources of the rental-purchase company, the
8 number of persons damaged by the violation, the presence or absence of good faith
9 on the part of the rental-purchase company and the extent to which the violation was
10 intentional.

11 (4) **DEFENSE; ERROR NOTIFICATION AND CORRECTION.** A rental-purchase company
12 is not liable for a violation of this subchapter resulting from an error by the
13 rental-purchase company if, within 60 days after discovering the error, the
14 rental-purchase company notifies the lessee of the error and makes any adjustments
15 necessary to correct the error.

16 (5) **DEFENSE; UNINTENTIONAL ERROR.** A rental-purchase company is not liable
17 for a violation of this subchapter if the rental-purchase company shows by a
18 preponderance of the evidence that the violation was not intentional, that the
19 violation resulted from a bona fide error notwithstanding the maintenance of
20 procedures reasonably adopted to avoid the error and that the rental-purchase
21 company has acted to correct the error. A bona fide error under this subsection
22 includes a clerical error, an error in making calculations, an error due to computer
23 malfunction or to computer programming or a printing error.

24 (6) **LIABILITY FOR MULTIPLE VIOLATIONS.** Multiple violations of this subchapter
25 in connection with the same rent-to-own agreement shall entitle the lessee to only

1 a single recovery under sub. (l), except that a violation of s. 218.66 that occurs after
2 recovery has been granted with respect to that rent-to-own agreement may entitle
3 the lessee to an additional recovery under sub. (1).

4 (7) **NECESSARY PARTIES.** If more than one lessee is a party to the same
5 rent-to-own agreement, all of the lessees that are parties to the rent-to-own
6 agreement shall be joined as plaintiffs in any action under sub. (1) and the lessees
7 are entitled to only a single recovery under sub. (1).

8 **218.686 Limitation on actions.** An action brought by a lessee under this
9 subchapter shall be commenced within one year after the date on which the alleged
10 violation occurred, 2 years after the date on which the rent-to-own agreement was
11 entered into or one year after the date on which the last payment was made under
12 the rent-to-own agreement, whichever is later.

13 **218.688 Venue. (1) GENERALLY.** The venue for a claim arising out of a
14 rent-to-own agreement is any of the following counties:

15 (a) Where the lessee resides or is personally served.

16 (b) Where the rental property is located.

17 (c) Where the lessee sought or acquired the rental property or signed the
18 document evidencing his or her obligation under the terms of the rent-to-own
19 agreement.

20 (2) **CHANGE IN VENUE.** When it appears from the return of service of a summons
21 or otherwise that the county in which an action is pending under sub. (1) is not a
22 proper place of trial for the action, unless the defendant appears and waives the
23 improper venue, the court shall transfer the action to any county that is a proper
24 place of trial.

1 (3) **MULTIPLE DEFENDANTS.** If there are several defendants in an action arising
2 out of a rent-to-own agreement, and if venue is based on residence, venue may be
3 in the county of residence of any of the defendants.

4 **SECTION 3.** 220.02 (2) (b) of the statutes is amended to read:

5 220.02 (2) (b) The lending of money under s. 138.09 or those relating to finance
6 companies, motor vehicle dealers, adjustment service companies, community
7 currency exchanges, rental-nurchase comnanies and collection agencies under ch.
8 218.

9 **SECTION 4.** 220.02 (3) of the statutes is amended to read:

10 220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce
11 and carry out all laws relating to banks or banking in this state, including those
12 relating to state banks, trust company banks, and also all laws relating to small loan
13 companies or other loan companies or agencies, finance companies, motor vehicle
14 dealers, adjustment service companies, community currency exchanges,
15 rental-nurchase comnanies and collection agencies and those relating to sellers of
16 checks under ch. 217, whether doing business as corporations, individuals or
17 otherwise, but to exclude laws relating to credit unions.

18 **SECTION 5.** 409.104 (12m) of the statutes is created to read:

19 409.104 (12m) To a transfer of an interest under a rent-to-own agreement
20 under subch. XI of ch. 218; or

21 **SECTION 6.** 421.202 (7m) of the statutes is created to read:

22 421.202 (7m) A rent-to-own agreement under subch. XI of ch. 218;

23 **SECTION 7. Nonstatutory provisions.**

24 (1) **EMERGENCY RULES GOVERNING LICENSING FEES FOR RENTAL-PURCHASE**
25 **COMPANIES.** Using the procedure under section 227.24 of the statutes, the division of

1 banking may promulgate rules authorized under section 218.63 (3) of the statutes,
2 as created by this act, prescribing the fees under sections 218.618 (2), 218.622 (4) and
3 218.626 (1) of the statutes, as created by this act, for the period before the date on
4 which permanent rules take effect, but not to exceed the period authorized under
5 section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a),
6 (2) (b) and (3) of the statutes, the division of banking is not required to provide
7 evidence that promulgating a rule under this subsection as an emergency rule is
8 necessary for the preservation of the public peace, health, safety or welfare and is not
9 required to provide a finding of emergency for a rule promulgated under this
10 subsection.

11 **SECTION 8. Initial applicability.**

12 (1) **RENT-TO-OWN AGREEMENTS.** The treatment of sections 218.632 to 218.636,
13 218.64, 218.65 to 218.658, 218.682 (3), 218.688, 409.104 (12m) and 421.202 (7m) of
14 the statutes first applies to rent-to-own agreements entered into on the effective
15 date of this subsection.

16 (2) **LIABILITY WAIVERS.** The treatment of section 218.638 of the statutes first
17 applies to liability waivers entered into on the effective date of this subsection.

18 (3) **REGULATION OF RENTAL-PURCHASE COMPANIES.** The treatment of sections
19 218.617 to 218.628, 218.682 (1) and (2) and 220.02 (2) (b) and (3) and chapter 218
20 (title) of the statutes first applies to any person engaging in business as a
21 rental-purchase company on the effective date of this subsection.

22 (4) **PRICE CARDS.** The treatment of section 218.644 of the statutes first applies
23 to a rental-purchase company that displays property on the effective date of this
24 subsection.

DRAFTERS NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0404/3dn
RJM:.....

cmvtt

conflicts with

Representative Jeskewitz:

This version of the amendment includes two changes in response to my previous drafter's note. These changes were communicated to me by Chris Green at the department of financial institutions . These changes are as follows:

1. Under proposed s. 218.63 (1), the division of banking (division) is prohibited from issuing an order that ~~contradicts~~ the provisions contained in the bill.

2. Under proposed s. 218.63 (5), the division is given the authority (rather than required) to report violations of the bill to the district attorney or attorney general. As previously drafted, this provision required the division to report all violations, however minor.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: Robert.Marchant@legis.state.wi.us

**DRAFTERS NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBs0404/3dn
RJM:cmh:km

March 20, 2000

Representative Jeskewitz:

This version of the amendment includes two changes in response to my previous drafter's note. These changes were communicated to me by Chris Green at the department of financial institutions . These changes are as follows:

1. Under proposed s. 218.63 (1), the division of banking (division) is prohibited from issuing an order that conflicts with the provisions contained in the bill.

2. Under proposed s. 218.63 (5), the division is given the authority (rather than required) to report violations of the bill to the district attorney or attorney general. As previously drafted, this provision required the division to report all violations, however minor.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: Robert.Marchant@legis.state.wi.us