

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

LRB-2294/1dn  
RJM:jlg:ijs

February 25, 1999

1. It is my understanding that you intend to cap interest rates at 26% for loans by lenders other than banks, savings banks, credit unions and savings and loans. The attached draft accomplishes this intent. However, you may want to provide an exception for open-end credit plans entered into by licensed lenders. The most typical open-end credit plan offered by licensed lenders is a home equity line of credit. If you desire this exception, please contact me.

2. The attached draft requires interest to be computed pursuant to the actuarial method for purposes of calculating the maximum interest rate. This method was used prior to the repeal of the most recent interest rate cap. If this method is not what you intended, please call me.

3. Existing penalties in s. 138.09 (10) would apply to a violation of this draft. Are these penalties sufficient?

4. Please note that this draft only applies prospectively. I have provided this language in order to avoid impairment of contracts issues. If you have any questions or would like to discuss the possibility of retroactive application, please call me.

5. I have also made two housecleaning changes in this draft. I have corrected the title of s. 138.09 to accurately reflect the content of the statute. I have also added an introductory phrase to s. 422.201 (3), in order to more clearly indicate the interaction between the consumer act and the provisions of s. 138.09. Please let me know if you would prefer that I eliminate these changes from the draft.

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