

2003 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB486)

Received: **03/05/2004**

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Faith Russell**

This file may be shown to any legislator: **NO**

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Fin. Inst. - WCA**

Extra Copies: **SRM**

Submit via email: **YES**

Requester's email: **faith.russell@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Licensing and regulation of rental purchase companies

Instructions:

See Attached.

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|------------------------|------------------------|------------------------|----------------|------------------------|------------------------|-----------------|
| /? | rchampag 03/05/2004 | kfollett 03/05/2004 | | _____ | | | |
| /1 | | | jfrantze 03/08/2004 | _____ | sbasford 03/08/2004 | sbasford 03/08/2004 | |
| /2 | rchampag | wjackson | pgreensl | _____ | sbasford | sbasford | |

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| | 03/08/2004 | 03/08/2004 | 03/08/2004 _____ | | 03/08/2004 | 03/08/2004 | |
| /3 | rchampag 03/08/2004 | wjackson 03/08/2004 | jfrantze 03/08/2004 _____ | | lemery 03/08/2004 | lemery 03/08/2004 | |

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Handwritten signatures and initials:
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[Signature]

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Page 2

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| /? | rchampag | 1/1 3/5 | 2/3/7 | 2/3/8 | | | |

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State of Wisconsin
2003 - 2004 LEGISLATURE

LRBa2476/1
RAC:kjf:jf

**SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT (LRBs0402/2),
TO 2003 SENATE BILL 486**

1 At the locations indicated, amend the substitute amendment as follows:

- 2 **1.** Page 22, line 19: after “section” insert “or by return or voluntary surrender
3 of the rental property by the lessee”.
- 4 **2.** Page 26, line 21: delete “section” and substitute “subsection”.
- 5 **3.** Page 27, line 2: delete “section” and substitute “subsection”.
- 6 **4.** Page 28, line 23: delete “section” and substitute “subsection”.
- 7 **5.** Page 29, line 13: delete “section” and substitute “subsection”.

8 (END)

3, 9 - chgs → chs 421-427

24, 6 - include RPC

25, 6 - RPC $\frac{1}{2}$ merchant

29, 20 - 421 to 427 w & RPA

34, 9 " "

30, 14 " "

30, 19 merchant = RPA

32, 5 after ADMIN & LICENSING
RELATED TO RPA

33, 11 → ch 421 to 427 w & RPA

38, 8 → 421 to 427

39, 15 "to determine if any such power or
authority exists"

39, 23 → chapter are →



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBs0402/2
RAC:kjf&jd:pg

Mon 9AM

LRB50433/1
RAC: kjf & jd

SENATE SUBSTITUTE AMENDMENT X,
TO 2003 SENATE BILL 486

March 2, 2004 - Offered by Senator BROWN.

-regen. cat.

LRB
Wisconsin Legislative Reference Bureau

A copy of this draft was e-mailed to your office.

COMPANION
SUBS
IDENTICAL

1 AN ACT to renumber 426.102 (intro.); to amend 220.02 (2) (b), 220.02 (3),
 2 421.301 (7) (intro.), 421.301 (9), 421.301 (10), 421.301 (11), 421.301 (12),
 3 421.301 (13), 421.301 (17), 421.301 (20) (intro.), 421.301 (21), 421.301 (25),
 4 421.301 (34), 421.301 (39), 421.301 (40), 423.102, 423.301, 423.302, 425.305
 5 and 427.102; to repeal and recreate 422.102; and to create 409.109 (4) (n),
 6 421.201 (11), 421.301 (37t), 421.301 (37u), 421.301 (37v), subchapter VI of
 7 chapter 422, subchapter V of chapter 425, 426.102 (2), subchapter IV of chapter
 8 426 [precedes 426.401], 427.103 (intro.), 427.103 (1e), 427.103 (1r) and 427.103
 9 (4) of the statutes; relating to: regulation of rental-purchase agreements
 10 under the Wisconsin Consumer Act.

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

11 SECTION 1. 220.02 (2) (b) of the statutes is amended to read:

1 220.02 (2) (b) The lending of money under s. 138.09 or those relating to finance
2 companies, motor vehicle dealers, adjustment service companies, community
3 currency exchanges, rental-purchase companies registered under s. 426.201, and
4 collection agencies under ch. 218.

5 **SECTION 2.** 220.02 (3) of the statutes, as affected by 2003 Wisconsin Act 33, is
6 amended to read:

7 220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce
8 and carry out all laws relating to banks or banking in this state, including those
9 relating to state banks, savings banks, savings and loan associations, and trust
10 company banks, and also all laws relating to small loan companies or other loan
11 companies or agencies, finance companies, motor vehicle dealers, adjustment service
12 companies, community currency exchanges, rental-purchase companies registered
13 under s. 426.201, and collection agencies and those relating to sellers of checks under
14 ch. 217, whether doing business as corporations, individuals, or otherwise, but to
15 exclude laws relating to credit unions.

16 **SECTION 3.** 409.109 (4) (n) of the statutes is created to read:

17 409.109 (4) (n) The transfer of an interest under a rental-purchase agreement,
18 as defined in s. 421.301 (37u).

19 **SECTION 4.** 421.201 (11) of the statutes is created to read:

20 421.201 (11) (a) A rental-purchase agreement is entered into in this state if any
21 of the following applies:

22 1. A writing signed by a lessee and evidencing the obligation under the rental-
23 purchase agreement or an offer of a lessee is received by a rental-purchase company
24 in this state.

1 2. The rental-purchase company induces a lessee who is a resident of this state
2 to enter into the rental-purchase agreement by face-to-face solicitation or by mail
3 or telephone solicitation directed to the particular lessee in this state.

4 (b) If a rental-purchase agreement is made or modified in another state with
5 a lessee who is a resident of this state at the time that the agreement or modification
6 is made, the following apply as though the agreement or modification occurred in this
7 state:

8 1. A rental-purchase company, or an assignee of its rights, may collect through
9 actions or other proceedings charges only to the extent permitted under ~~this chapter~~

10 2. A rental-purchase company may not enforce any right against a lessee if the
11 enforcement of that right would violate s. 422.604.

12 (c) Except as provided in pars. (a) and (b), a rental-purchase agreement made
13 or modified in another state with an individual who was not a resident of this state
14 at the time that the agreement or modification was made, is valid and enforceable
15 under the laws of the state applicable to the transaction.

16 (d) For purposes of rental-purchase agreements, the residence of a lessee is the
17 address given by the lessee as his or her residence in any writing signed by the lessee
18 in connection with a rental-purchase agreement. The given address is presumed to
19 be unchanged until the rental-purchase company knows or has reason to know of a
20 new or different address.

21 **SECTION 5.** 421.301 (7) (intro.) of the statutes is amended to read:

22 421.301 (7) (intro.) "Cash price" means in chs. 421 to 427, other than subch. VI
23 of ch. 422, the price at which property or services are offered, in the ordinary course
24 of business, for sale for cash, and may include:

25 **SECTION 6.** 421.301 (9) of the statutes is amended to read:

chs 421 to 427 relating to rental purchase agreements

1 421.301 (9) “Consumer credit sale” means a sale of goods, services or an
2 interest in land to a customer on credit where the debt is payable in installments or
3 a finance charge is imposed and includes any agreement in the form of a bailment
4 of goods or lease of goods or real property if the bailee or lessee pays or agrees to pay
5 as compensation for use a sum substantially equivalent to or in excess of the
6 aggregate value of the goods or real property involved and it is agreed that the bailee
7 or lessee will become, or for no other or a nominal consideration has the option to
8 become, the owner of the goods or real property upon full compliance with the terms
9 of the agreement. “Consumer credit sale” does not include a rental-purchase
10 agreement.

11 **SECTION 7.** 421.301 (10) of the statutes is amended to read:

12 421.301 (10) “Consumer credit transaction” means a consumer transaction
13 between a merchant and a customer in which real or personal property, services or
14 money is acquired on credit and the customer’s obligation is payable in installments
15 or for which credit a finance charge is or may be imposed, whether such transaction
16 is pursuant to an open-end credit plan or is a transaction involving other than
17 open-end credit. The term includes consumer credit sales, consumer loans,
18 consumer leases and transactions pursuant to open-end credit plans. “Consumer
19 credit transaction” does not include a rental-purchase agreement.

20 **SECTION 8.** 421.301 (11) of the statutes is amended to read:

21 421.301 (11) “Consumer lease” means a lease of goods which a merchant makes
22 to a customer for a term exceeding 4 months, but does not include a rental-purchase
23 agreement.

24 **SECTION 9.** 421.301 (12) of the statutes is amended to read:

1 421.301 (12) “Consumer loan” means a loan made by a lender to a customer
2 which is payable in installments or for which a finance charge is or may be imposed,
3 and includes transactions pursuant to an open-end credit plan other than a seller
4 credit card, but does not include a transaction relating to a rental-purchase
5 agreement.

6 **SECTION 10.** 421.301 (13) of the statutes is amended to read:

7 421.301 (13) “Consumer transaction” means a transaction in which one or
8 more of the parties is a customer for purposes of that transaction, but does not
9 include a transaction relating to a rental-purchase agreement.

10 **SECTION 11.** 421.301 (17) of the statutes is amended to read:

11 421.301 (17) “Customer” means a person other than an organization (s.
12 421.301 (28)) who seeks or acquires real or personal property, services, money or
13 credit for personal, family or household purposes or, for purposes of ch. 427 only, for
14 agricultural purposes, but does not include a lessee to a rental-purchase agreement.

15 A person other than a customer may agree to be governed by chs. 421 to 427 with
16 respect to all aspects of a transaction and in such event such person shall be deemed
17 a customer for all purposes of chs. 421 to 427 with respect to such transaction.

18 **SECTION 12.** 421.301 (20) (intro.) of the statutes is amended to read:

19 421.301 (20) (intro.) “Finance charge” means the sum of all charges, payable
20 directly or indirectly by the customer as an incident to or as a condition of the
21 extension of credit, whether paid or payable by the customer, the creditor or any other
22 person on behalf of the customer to the creditor or to a 3rd party unless the creditor
23 had no notice or knowledge of the charges paid or payable to the 3rd party. The term
24 does not include any charge with respect to a motor vehicle consumer lease or to a
25 rental-purchase agreement. The term includes the following types of charges to the

1 extent they are not permitted additional charges under s. 422.202, delinquency
2 charges under s. 422.203 or deferral charges under s. 422.204:

3 **SECTION 13.** 421.301 (21) of the statutes is amended to read:

4 421.301 (21) “Goods” has the meaning given in s. 409.102 (1) (ks) and includes
5 goods not in existence at the time the transaction is entered into and goods which are
6 or are to become fixtures, but does not include any goods under a rental–purchase
7 agreement.

8 **SECTION 14.** 421.301 (25) of the statutes is amended to read:

9 421.301 (25) “Merchant” means a person who regularly advertises, distributes,
10 offers, supplies or deals in real or personal property, services, money or credit in a
11 manner which directly or indirectly results in or is intended or designed to result in,
12 lead to or induce a consumer transaction. The term includes but is not limited to a
13 seller, lessor, manufacturer, creditor, arranger of credit and any assignee of or
14 successor to such person. The term also includes a person who by his or her
15 occupation holds himself or herself out as having knowledge or skill peculiar to such
16 practices or to whom such knowledge or skill may be attributed by his or her
17 employment as an agent, broker or other intermediary. “Merchant” does not include
18 a rental–purchase company.

19 **SECTION 15.** 421.301 (34) of the statutes is amended to read:

20 421.301 (34) “Personal property” includes but is not limited to goods, but does
21 not include rental property.

22 **SECTION 16.** 421.301 (37t) of the statutes is created to read:

23 421.301 (37t) “Rental property” means property rented under a
24 rental–purchase agreement.

25 **SECTION 17.** 421.301 (37u) of the statutes is created to read:

1 421.301 (37u) “Rental–purchase agreement” means an agreement between a
2 rental–purchase company and a lessee for the use of rental property if all of the
3 following apply:

4 (a) The rental property is to be used primarily for personal, family, or household
5 purposes.

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

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

10 (d) The agreement permits, but does not obligate, the lessee to acquire
11 ownership of the rental property.

12 **SECTION 18.** 421.301 (37v) of the statutes is created to read:

13 421.301 (37v) “Rental–purchase company” means a person engaged in the
14 business of entering into rental–purchase agreements in this state or acquiring or
15 servicing rental–purchase agreements that are entered into in this state.

16 **SECTION 19.** 421.301 (39) of the statutes is amended to read:

17 421.301 (39) “Sale of services” means furnishing or agreeing to furnish services
18 and includes arranging to have services furnished by another, but does not include
19 any services relating to a rental–purchase agreement.

20 **SECTION 20.** 421.301 (40) of the statutes is amended to read:

21 421.301 (40) “Security interest” means a real property mortgage, deed of trust,
22 seller’s interest in real estate under a land contract, any interest in property which
23 secures payment or performance of an obligation under ch. 409 or any other
24 consensual or confessed lien whether or not recorded, but does not include an interest
25 in any property relating to a rental–purchase agreement.

1 **SECTION 21.** 422.102 of the statutes is repealed and recreated to read:

2 **422.102 Scope.** (1) Subchapters I to V apply to consumer credit transactions.

3 (2) Subchapter VI applies to rental–purchase agreements.

4 **SECTION 22.** Subchapter VI of chapter 422 of the statutes [precedes 422.601]
5 is created to read:

6 **CHAPTER 422**

7 **CONSUMER CREDIT TRANSACTIONS**

8 **SUBCHAPTER VI**

9 **RENTAL–PURCHASE AGREEMENTS**

10 **422.601 Scope.** This subchapter applies only to rental–purchase agreements.

11 **422.602 General requirements of disclosure.** (1) **FORM, LOCATION, SIZE, AND**
12 **TIME OF DISCLOSURE.** The information that is required to be disclosed under s. 422.603
13 shall satisfy all of the following:

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

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

16 (c) The information shall be disclosed on the face of the rental–purchase
17 agreement above the line for the lessee’s signature.

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

19 (e) The information shall be disclosed before the time that the lessee becomes
20 legally obligated under the rental–purchase agreement.

21 (f) The disclosures required by s. 422.603 (2), (3), (4), and (5) shall be printed
22 in at least 10–point boldface type, and shall be grouped together in a box, in the form
23 and order prescribed by the division.

24 (2) **ACCURACY OF DISCLOSURE.** The information required under s. 422.603 must
25 be accurate as of the time that it is disclosed to the lessee. If any information

1 subsequently becomes inaccurate as a result of any act, occurrence, or agreement by
2 the lessee, the resulting inaccuracy is not a violation of any provision of chs. 421 to
3 427 relating to rental-purchase agreements.

4 (3) COPY OF RENTAL-PURCHASE AGREEMENT. The rental-purchase company shall
5 provide the lessee with a copy of the completed rental-purchase agreement signed
6 by the lessee. If more than one lessee is legally obligated under the same
7 rental-purchase agreement, delivery of a copy of the completed rental-purchase
8 agreement to one of the lessees shall satisfy this subsection.

9 (4) SINGLE INSTRUMENT. In a rental-purchase agreement, the lessee's rental
10 payment obligations shall be evidenced by a single instrument, which shall include
11 the signature of the rental-purchase company, the signature of the lessee, and the
12 date on which the instrument is signed.

13 **422.603 Required provisions of rental-purchase agreement.** A
14 rental-purchase company shall include all of the following information, to the extent
15 applicable, in every rental-purchase agreement:

16 (1) DESCRIPTION. A brief description of the rental property, sufficient to identify
17 the rental property to the lessee and the rental-purchase company, including any
18 identification number, and a statement indicating whether the rental property is
19 new or used.

20 (2) CASH PRICE. The price at which the rental-purchase company would sell the
21 rental property to the lessee if the lessee were to pay for the rental property in full
22 on the date on which the rental-purchase agreement is executed, along with a
23 statement that, if the lessee intends to acquire ownership of the rental property and
24 is able to pay for the property in full or is able to obtain credit to finance the purchase,
25 the lessee may be able to purchase similar property from a retailer at a lower cost.

1 **(3) RENTAL PAYMENTS TO ACQUIRE OWNERSHIP.** The total number, total dollar
2 amount, and timing of all rental payments necessary to acquire ownership of the
3 rental property.

4 **(4) COST OF RENTAL SERVICES.** The difference between the total dollar amount
5 of payments necessary to acquire ownership of the rental property disclosed under
6 sub. (3), and the cash price of the property disclosed under sub. (2). The
7 rental-purchase company shall also include a statement substantially similar to the
8 following: “The cost of rental services is the amount you will pay in addition to the
9 cash price if you acquire ownership of the rented goods by making all payments
10 necessary to acquire ownership.”

11 **(5) RENTAL PAYMENT.** The rental payment for the rental property.

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

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

22 **(8) TOTAL PAYMENTS TO ACQUIRE OWNERSHIP.** The total of all charges to be paid
23 by the lessee to acquire ownership of the rental property, which shall consist of the
24 total dollar amount of all rental payments disclosed under sub. (3), and the total
25 dollar amount of all other charges and fees disclosed under sub. (7), along with a

1 statement that this is the amount a lessee will pay to acquire ownership of the rental
2 property if the tax rates do not change and if the lessee does not add or decline the
3 liability damage waiver or optional services after signing the rental–purchase
4 agreement. The information required under this subsection shall be printed in at
5 least 10–point boldface type.

6 (9) OTHER CHARGES. An itemized description of any other charges or fees that
7 the rental–purchase company may charge the lessee that are not otherwise disclosed
8 in the rental–purchase agreement.

9 (10) SUMMARY OF EARLY–PURCHASE OPTION. A statement summarizing the terms
10 of the lessee’s options to acquire ownership of the rental property as provided in s.
11 422.606 (2).

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

19 (12) SERVICE AND WARRANTY. A statement that during the term of the rental–
20 purchase agreement, the rental–purchase company is required to service the rental
21 property and maintain it in good working condition, as long as no other person has
22 serviced the rental property. In lieu of servicing the rental property, the
23 rental–purchase company may, at its option, replace the rental property. The
24 rental–purchase company’s obligation to provide service is limited to defects in the

1 property not caused by improper use or neglect by the lessee or harmful conditions
2 outside the control of the rental-purchase company or manufacturer.

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

6 (14) RIGHT TO REINSTATE. A brief explanation of the lessee's right to reinstate
7 a rental-purchase agreement under s. 422.615.

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

16 (16) INFORMATION ABOUT RENTAL-PURCHASE COMPANY AND LESSEE. The names of
17 the rental-purchase company and the lessee, the rental-purchase company's
18 business address and telephone number, the lessee's address, and the date on which
19 the rental-purchase agreement is executed.

20 (17) OPTIONAL SERVICES. Space for a specific, separately signed, affirmative
21 written indication of the lessee's desire for any optional service for which a charge
22 is assessed. The lessee's request must be obtained after a written disclosure of the
23 cost of the optional service is made, and the cost and term of such service must be
24 listed at or near the signature space.

1 **422.604 Prohibited provisions of rental–purchase agreements.** A
2 rental–purchase agreement may not contain any of the following:

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

4 (2) **SECURITY.** A provision granting the rental–purchase company a security
5 interest in any property, except rental property delivered by the rental–purchase
6 company under the rental–purchase agreement.

7 (3) **REPOSSESSION.** A provision authorizing a rental–purchase company, or an
8 agent of the rental–purchase company, to enter the lessee’s premises without the
9 lessee’s contemporaneous permission, or to commit a breach of the peace in the
10 repossession of rental property provided by the rental–purchase company under the
11 rental–purchase 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 an agent of the rental–purchase company, or a waiver of any provision of chs. 421 to
15 427 relating to rental–purchase agreements.

16 (5) **OVERPAYMENT.** A provision requiring rental payments totaling more than
17 the total dollar amount of all rental payments necessary to acquire ownership, as
18 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) **ATTORNEY FEES.** A provision requiring the lessee to pay any attorney fees.

22 **422.605 Liability waiver.** A rental–purchase company may offer a liability
23 waiver to the lessee. The terms of the waiver must be provided to the lessee in
24 writing, incorporated into the rental–purchase agreement or on a separate
25 document. The face of the writing shall clearly disclose that the lessee is not required

1 to purchase the waiver. The fee for the waiver may not exceed 10 percent of the rental
2 payment due under the rental–purchase agreement. The lessee shall be entitled to
3 cancel the waiver at the end of any rental term.

4 **422.606 Lessee’s right to acquire ownership. (1) LIMITS ON CASH PRICES.**

5 The cash price for rental property may not exceed an amount equal to twice the actual
6 purchase price of the rental property, including any applicable freight charges, paid
7 by the rental–purchase company to a manufacturer or wholesaler.

8 (2) LIMITS ON COST OF RENTAL SERVICES. The total amount charged by the
9 rental–purchase company for the cost of rental services in a rental–purchase
10 transaction shall not exceed the cash price of the property.

11 (3) ACQUISITION OF OWNERSHIP. At any time after the initial rental period, a
12 lessee may acquire ownership of the property that is the subject of the
13 rental–purchase agreement by tendering an amount not to exceed an amount equal
14 to the cash price of the rental property multiplied by a fraction that has as its
15 numerator the number of periodic rental payments remaining under the
16 rental–purchase agreement and that has as its denominator the total number of
17 periodic rental payments. A rental–purchase company may also require the lessee
18 to pay any accrued unpaid rental payments and fees.

19 **422.607 Unconscionable conduct.** The administrator of the division of
20 banking in the department of financial institutions shall promulgate rules declaring
21 specific conduct in rental–purchase agreements and the collection of accounts and
22 property arising therefrom to be unconscionable and prohibiting the use thereof. In
23 promulgating such rules, the administrator shall consider, among other things:

24 (1) That the practice unfairly takes advantage of the lack of knowledge, ability,
25 experience, or capacity of lessees.

1 (2) That those engaging in the practice know of the inability of lessees to receive
2 benefits properly anticipated from the goods or services involved.

3 (3) The fact that the practice may enable rental–purchase companies to take
4 advantage of the inability of lessees reasonably to protect their interests by reason
5 of physical or mental infirmities, illiteracy, or inability to understand the language
6 of the agreement, ignorance or lack of education, or similar factors.

7 (4) That the terms of the transaction require lessees to waive legal rights.

8 (5) That the terms of the transaction require lessees to unreasonably
9 jeopardize money or property beyond the money or property immediately at issue in
10 the transaction.

11 (6) That the natural effect of the practice is to cause or aid in causing lessees
12 to misunderstand the true nature of the transaction or their rights and duties
13 thereunder.

14 (7) That the writing purporting to evidence the obligation of the lessees in the
15 transaction contains terms or provisions or authorizes practices prohibited by law.

16 (8) Definitions of unconscionability in statutes, rules, rulings and decisions of
17 legislative, administrative, or judicial bodies.

18 **422.608 Receipts and statements.** (1) RECEIPTS. A rental–purchase
19 company shall provide a written receipt to the lessee for any payment made by the
20 lessee in cash or, upon the request of the lessee, for any other type of payment.

21 (2) STATEMENT DUE TO LESSEE. Subject to sub. (4), upon the request of a lessee,
22 a rental–purchase company shall provide a written statement to the lessee showing
23 the lessee’s payment history on each rental–purchase agreement between the lessee
24 and the rental–purchase company. A rental–purchase company is not required to
25 provide a statement covering any rental–purchase agreement that was terminated

1 more than one year prior to the date of the lessee's request. A rental-purchase
2 company may provide a single statement covering all rental-purchase agreements
3 or separate statements for each rental-purchase agreement, at the rental-purchase
4 company's option.

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

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

15 **422.610 Advertising.** (1) DISCLOSURE REQUIRED. Except as provided under
16 sub. (2), if an advertisement for a rental-purchase agreement refers to or states the
17 amount of a payment for a specific item of property, the advertisement shall also
18 clearly and conspicuously state all of the following:

19 (a) That the transaction advertised is a rental-purchase agreement.

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

22 (c) That the lessee does not acquire ownership of the property if the lessee fails
23 to make all rental payments or other payments necessary to acquire ownership of the
24 property.

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

4 **422.611 Price cards displayed.** (1) PRICE CARDS GENERALLY. Except as
5 provided in sub. (2), a card or tag that clearly and conspicuously states all of the
6 following shall be displayed on or next to any property displayed or offered by a
7 rental-purchase company for rent under a rental-purchase agreement:

8 (a) The cash price that a lessee would pay to purchase the property.

9 (b) The amount and timing of the rental payments.

10 (c) The total number and total amount of all rental payments necessary to
11 acquire ownership of the property under a rental-purchase agreement.

12 (d) The cost of rental services under a rental-purchase agreement.

13 (e) Whether the property is new or used.

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

19 **422.612 Referral transactions.** (1) PROHIBITED REFERRAL TRANSACTIONS. No
20 rental-purchase company may induce any individual to enter into a rental-purchase
21 agreement by giving or offering to give a rebate or discount to the individual in
22 consideration of the individual's giving to the rental-purchase company the names
23 of prospective lessees if the earning of the rebate or discount is contingent upon the
24 occurrence of any event that takes place after the time that the individual enters into
25 the rental-purchase agreement.

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

8 **422.613 Termination of rental–purchase agreement.** The termination
9 date of a rental–purchase agreement is the earlier of the following:

10 **(1)** The day specified in the rental–purchase agreement as the day on which
11 the rental term ends, unless a different day has been established under the
12 rental–purchase agreement.

13 **(2)** The date on which the lessee voluntarily surrenders the rental property.

14 **422.614 Late payment, grace period, and late fees. (1) LATE FEE**
15 **GENERALLY.** If a lessee fails to make any payment when due under a rental–purchase
16 agreement or if, at the end of any rental term, the lessee fails to return the rental
17 property or to renew the rental–purchase agreement for an additional term, the
18 rental–purchase company may require the lessee to pay a late fee. Except as
19 provided in sub. (4), this subsection does not apply if the lessee’s failure to return
20 rental property or failure to renew the rental–purchase agreement at the end of the
21 rental term is due to the lessee’s exercise of an early–purchase option under the
22 rental–purchase agreement or is due to the lessee’s making all payments necessary
23 to acquire ownership of the rental property.

24 **(2) GRACE PERIODS.** The following grace periods shall apply to rental payments
25 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 payment that is made within 2 days after the date on which the
3 scheduled 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 payment that is made within 7 days after the date
6 on which the scheduled payment is due.

7 (3) COLLECTION, APPLICATION, AND LIMITATION OF LATE FEES. Late fees are subject
8 to all of the following:

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

10 (b) A late fee may be collected only once on each rental payment due, regardless
11 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 **422.615 Reinstatement of terminated rental-purchase agreement. (1)**
20 REINSTATEMENT GENERALLY. A lessee may reinstate a terminated rental-purchase
21 agreement without losing any rights or options previously acquired if all of the
22 following apply:

23 (a) The lessee returned or surrendered the rental property within 7 days after
24 the termination of the rental-purchase agreement.

1 (b) Not more than 60 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 rental payments necessary to acquire
4 ownership of the rental property, not more than 120 days have passed since the date
5 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 rental payment for 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 rental-purchase agreement, but such efforts do not affect the
13 lessee's right to reinstate as long as the rental property is repossessed, voluntarily
14 returned, or surrendered within 7 days after the termination of the rental-purchase
15 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 property of comparable quality and
20 condition.

21 **422.616 Default and right to cure.** (1) DEFAULT GENERALLY. A lessee is in
22 default under a rental-purchase agreement if any of the following applies:

23 (a) The lessee fails to return rental property within 7 days after the date on
24 which the last rental term for which a rental payment was made expires, unless the

1 lessee has exercised an early-purchase option or has made all rental payments
2 necessary to acquire ownership of the rental property.

3 (b) The lessee materially breaches any other provision of the rental-purchase
4 agreement.

5 (2) DEFAULT; NECESSARY FOR LESSEE LIABILITY. No cause of action shall accrue
6 against a lessee with respect to the lessee's obligations under a rental-purchase
7 agreement except upon default and the expiration of any applicable period of time
8 allowed for cure of the default.

9 (3) NOTICE OF DEFAULT; GENERAL REQUIREMENT. Except as provided in sub. (4),
10 as a condition precedent to bringing an action against a lessee arising out of the
11 lessee's default, a rental-purchase company shall provide a written notice of the
12 default and of the right to cure the default to the lessee. The notice shall specify the
13 default and the action required to cure the default and shall inform the lessee that
14 if the default is not cured within 15 days after the notice is given the rental-purchase
15 company may bring an action against the lessee.

16 (4) NOTICE OF DEFAULT; EXCEPTION. A rental-purchase company is not required
17 to provide a notice of default and right to cure as a condition precedent to bringing
18 an action against a lessee if the lessee breaches the agreement and, in so doing, may
19 or does materially impair the condition, value or protection of the rental property, or
20 otherwise if each of the following occurred twice during the 12 months before the date
21 of the current default with respect to the same rental-purchase agreement:

22 (a) The lessee was in default.

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

25 (c) The lessee cured the default.

1 (5) REQUEST FOR VOLUNTARY SURRENDER OF PROPERTY. A rental-purchase
2 company may request the voluntary return or surrender of rental property prior to
3 the declaration of a default and the sending of written notice of default and right to
4 cure. A request under this subsection is subject to sub. (6) and s. 427.104.

5 (6) DIRECT CONTACT FOR PURPOSES OF REPOSSESSION. (a) In this subsection,
6 "reasonable effort" means any of the following:

7 1. Provided written notice, by certified mail, to the last known address of the
8 lessee.

9 2. Engaged in a telephone conversation with the lessee.

10 3. Attempted at least once on each of 2 consecutive days occurring after the
11 most recent rental payment due date to engage in a telephone conversation with the
12 lessee. Each attempt shall be made to the last known telephone number at the
13 lessee's address. If the rental-purchase company attempts to engage in such a
14 telephone conversation and discovers that the telephone number is disconnected, the
15 rental-purchase company need only have made the initial attempt to engage in a
16 telephone conversation with the lessee.

17 (b) 1. Except as provided in subd. 2., no rental-purchase company may take or
18 attempt to take possession of rental property under a rental-purchase agreement by
19 any means other than the legal process specified in this section until at least 48 hours
20 have lapsed after the rental-purchase company has made a reasonable effort to
21 contact the lessee and request the return or voluntary surrender of the rental
22 property.

23 2. If the rental-purchase company has attempted to engage in a telephone
24 conversation with the lessee and the telephone number at the lessee's address has
25 been disconnected, the 48-hour requirement under subd. 1. does not apply.

except by return or voluntary surrender of the rental property by the lessee

1 (c) The rental-purchase company shall maintain all necessary records to verify
2 compliance with this subsection.

3 **SECTION 23.** 423.102 of the statutes is amended to read:

4 **423.102 Scope.** This chapter applies to all consumer transactions, except that
5 subch. II does not apply to cemetery preneed sales under s. 440.92, and subch. III
6 applies to rental-purchase agreements.

7 **SECTION 24.** 423.301 of the statutes is amended to read:

8 **423.301 False, misleading or deceptive advertising.** No merchant or
9 rental-purchase company shall advertise, print, display, publish, distribute or
10 broadcast or cause to be advertised, printed, displayed, published, distributed or
11 broadcast, in any manner any statement or representation with regard to the
12 extension of consumer credit including the rates, terms or conditions for the
13 extension of such credit, which is false, misleading, or deceptive, or which omits to
14 state material information with respect to the extension of credit that is necessary
15 to make the statements therein not false, misleading or deceptive. With respect to
16 matters specifically governed by the federal consumer credit protection act,
17 compliance with such act satisfies the requirements of this section.

18 **SECTION 25.** 423.302 of the statutes is amended to read:

19 **423.302 Remedies and penalty.** In addition to any other remedy provided
20 by law, a customer who has been induced to consummate a consumer credit
21 transaction or a lessee who has been induced to consummate a rental-purchase
22 agreement as a result of advertising in violation of s. 423.301 shall be entitled to a
23 recovery from the merchant in accordance with s. 425.305.

24 **SECTION 26.** 425.305 of the statutes is amended to read:

1 (b) An amount equal to 25 percent of the total amount of payments necessary
2 to acquire ownership of the rental property under the lessee's rental-purchase
3 agreement, except that liability under this paragraph may not be less than \$100 nor
4 more than \$1,000.

5 (2) TEMPORARY RELIEF; INJUNCTIONS. The administrator may bring a civil action
6 to restrain, by temporary or permanent injunction, a ~~member~~ ^{rental-purchase company} from violating any
7 provision of chs. 421 to 427 relating to rental-purchase agreements, or from
8 engaging in false, misleading, deceptive, or unconscionable conduct, in
9 rental-purchase transactions.

10 (3) LIABILITY; CERTAIN VIOLATIONS. Except as provided in subs. (4) and (5), if a
11 rental-purchase agreement violates s. 422.604, the lessee may retain the rental
12 property under the rental-purchase agreement without obligation to pay any
13 amount and may recover any amounts paid to the rental-purchase company under
14 the rental-purchase agreement.

15 (4) CLASS ACTION. (a) In the case of a class action, a rental-purchase company
16 that violates any provision of chs. 421 to 427 relating to rental-purchase agreements
17 is liable to the members of the class in an amount equal to the actual damages
18 incurred by the class. The total statutory damages for all lessees whose recovery is
19 computed under sub. (1) (b) relating to statutory damages may not exceed \$500,000
20 plus the costs of the action and, notwithstanding s. 814.04 (1), reasonable attorneys'
21 fees as determined by the court. In determining the amount to award under sub. (1)
22 (b), the court shall consider, among other relevant factors, the amount of actual
23 damages sustained by the members of the class, the frequency and persistence of the
24 violations by the rental-purchase company, the resources of the rental-purchase
25 company, the number of persons damaged by the violation, the presence or absence

1 of good faith on the part of the rental–purchase company, and the extent to which the
2 violation was intentional.

3 (b) Notwithstanding par. (a), no class action may be maintained for conduct
4 proscribed in s. 422.607, 423.301, or 427.104 (1) (h) unless the conduct has been found
5 to violate s. 422.607, 423.301, or 427.104 (1) (h) at least 30 days prior to the
6 occurrence of the conduct involved in the class action by an appellate court of this
7 state or by a rule promulgated by the division, specifying with particularity the act
8 or practice in question.

9 (c) At least 30 days before commencing a class action for damages, a party must
10 do all of the following:

11 1. Notify the rental–purchase company against whom an alleged cause of
12 action is asserted of the alleged claim or violation.

13 2. Demand that the rental–purchase company correct, or otherwise remedy, the
14 basis for the alleged claim.

15 (d) The notice required in par. (c) shall be in writing, and shall be sent by
16 certified or registered mail, return receipt requested, to the rental–purchase
17 company at the place where the transaction occurred, the company’s principal place
18 of business within the state, or, if neither will effect actual notice, the department
19 of financial institutions.

20 (e) Except as provided in par. (g), no action for damages may be maintained
21 under this ~~section~~ ^{subsection} if an appropriate remedy, which shall include actual damages and
22 may include penalties, is given, or agreed to be given within a reasonable time, to
23 such party within 30 days after receipt of such notice.

1 (f) Except as provided in par. (g), no action for damages may be maintained
2 under this ~~section~~ ^{subsection} upon a showing by a rental-purchase company against whom the
3 alleged claim or violation is asserted that all of the following exist:

4 1. All lessees similarly situated have been identified, or a reasonable effort to
5 identify such other lessees has been made.

6 2. All lessees identified under subd. 1. have been notified that, upon their
7 request, the rental-purchase company shall make the appropriate remedy.

8 3. The remedy requested by the lessees has been or in a reasonable time will
9 be given.

10 4. The rental-purchase company has ceased from engaging, or if immediate
11 cessation is impossible under the circumstances, the rental-purchase company will,
12 within a reasonable time, cease to engage in any acts on which the alleged claim is
13 based.

14 (g) An action for injunctive relief may be commenced without compliance with
15 par. (c). Not less than 30 days after the commencement of an action for injunctive
16 relief, and after compliance with par. (c), the lessee may amend his or her complaint
17 without leave of court to include a request for damages. Paragraphs (e) and (f) shall
18 apply if the complaint for injunctive relief is amended to request damages.

19 (h) As soon as practicable after the commencement of an action brought as a
20 class action, the court shall determine by order whether it is to be so maintained. An
21 order may be conditional, and may be altered or amended before the decision on the
22 merits. If the court determines that the action may not be maintained as a class
23 action, it shall allow the action to proceed on behalf of the parties appearing in the
24 action.

1 (i) In any class action, the court shall direct to the members of the class the best
2 notice practicable under the circumstances, including individual notice to all
3 members who can be identified through reasonable effort. The notice shall inform
4 each class member that:

5 1. The court will exclude him or her from the class if he or she so requests by
6 a specified date.

7 2. The judgment, whether favorable or not, will include all members who do not
8 request exclusion.

9 3. Any member who does not request exclusion may enter an appearance
10 through his or her counsel.

11 (j) The judgment in an action maintained as a class action under this section,
12 whether or not favorable to the class, shall include and describe those whom the court
13 finds to be members of the class. The judgment in an action maintained as a class
14 action, whether or not favorable to the class, shall include and specify or describe
15 those to whom the notice provided in par. (i) was directed, and who have not
16 requested exclusion, and whom the court finds to be members of the class.

17 (k) When appropriate, an action may be brought or maintained as a class action
18 with respect to particular issues, or a class may be divided into subclasses and each
19 subclass treated as a class.

20 (L) If judgment is for a class of plaintiffs, the court shall render judgment in
21 favor of the administrator and against the defendants for all costs of notice incurred
22 by the administrator in such action.

23 (m) In the conduct of actions to which this ~~section~~ ^{subsection} applies, the court may make,
24 alter, or amend orders that do any of the following:

1 1. Determine the course of proceedings or prescribing measures to prevent
2 undue repetition or complication in the presentation of evidence or argument.

3 2. Require, for the protection of the members of the class or otherwise for the
4 fair conduct of the action, that notice be given in such manner as the court may direct
5 to some or all of the members of any step in the action, or of the proposed extent of
6 the judgment, or of the opportunity of members to signify whether they consider the
7 representation fair and adequate, to intervene and present claims or defenses, or
8 otherwise to come into the action.

9 3. Impose conditions on the representative parties or on intervenors.

10 4. Require that the pleadings be amended to eliminate therefrom allegations
11 as to representation of absent persons, and that the action proceed accordingly.

12 5. Deal with similar procedural matters.

13 (n) Once certified by the court under this ~~section~~ ^{subsection} a class action shall not be
14 dismissed or compromised without the approval of the court, and notice of the
15 proposed dismissal or compromise shall be given to all members of the class in such
16 manner as the court directs.

17 (o) A rental-purchase company shall not be liable in a class action for statutory
18 damages computed under sub. (1) (b) relating to statutory damages, unless it is
19 shown by a preponderance of the evidence that the violation was a willful and
20 knowing violation of ~~this chapter~~ ^{any provision of chs. 421 to 427 relating to} rental-purchase agreements

21 (p) Reasonable attorneys' fees in a class action shall be determined by the value
22 of the time reasonably expended by the attorney rather than by the amount of
23 recovery on behalf of the class. A legal aid society or legal services program that
24 represents a class shall be awarded a reasonable service fee in lieu of reasonable

1 attorneys' fees, equal in amount to the amount of the attorneys' fees as measured by
2 this subsection.

3 (q) The administrator, whether or not a party to an action, shall bear the costs
4 of notice except that he or she may recover such costs from the defendant as provided
5 in par. (L).

6 (5) DEFENSE; BONA FIDE ERROR. Notwithstanding any other section of this
7 chapter, no ~~customer~~ ^{lessee} shall be entitled, in an individual or class action, to recover any
8 penalties provided under sub. (1) (b), if the rental-purchase company violating ~~this~~
9 ~~chapter~~ shows by a preponderance of the evidence that the violation was not
10 intentional, and that the violation resulted from a bona fide error notwithstanding
11 the maintenance of procedures reasonably adapted to avoid these errors.

12 (6) DOUBLE LIABILITY LIMITED. The liability of a rental-purchase company under
13 this chapter is in lieu of any liability under the federal Consumer Credit Protection
14 Act and s. 138.09. An action by a person alleging a violation under this chapter may
15 not be maintained if a final judgment has been rendered for or against that person
16 with respect to the same violation under the federal Consumer Credit Protection Act
17 or s. 138.09. If a final judgment is entered against any rental-purchase company
18 under ~~this chapter~~ and the federal Consumer Credit Protection Act or s. 138.09 for
19 the same violation, the ~~merchant~~ ^{rental-purchase company} has a cause of action for appropriate relief to the
20 extent necessary to avoid double liability.

21 (7) NECESSARY PARTIES. If more than one lessee is a party to the same
22 rental-purchase agreement, all of the lessees that are parties to the rental-purchase
23 agreement shall be joined as plaintiffs in any action under sub. (1), and the lessees
24 are entitled to only a single recovery under sub. (1).

any provision of chs. 421 to 427 relating to
rental-purchase ~~agreements~~ agreements

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1 **425.503 Limitation on actions.** An action brought by a lessee under any
2 provision of chs. 421 to 427 relating to rental-purchase agreements shall be
3 commenced within one year after the date on which the alleged violation occurred,
4 2 years after the date on which the rental-purchase agreement was entered into, or
5 one year after the date on which the last payment was made under the
6 rental-purchase agreement, whichever is later.

7 **425.504 Venue. (1) GENERALLY.** The venue for a claim arising out of a
8 rental-purchase agreement is any of the following counties:

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

10 (b) Where the rental property is located.

11 (c) Where the lessee sought or acquired the rental property or signed the
12 document evidencing his or her obligation under the terms of the rental-purchase
13 agreement.

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

19 **(3) MULTIPLE DEFENDANTS.** If there are several defendants in an action arising
20 out of a rental-purchase agreement, and if venue is based on residence, venue may
21 be in the county of residence of any of the defendants.

22 **SECTION 28.** 426.102 (intro.) of the statutes is renumbered 426.102 (1) (intro.).

23 **SECTION 29.** 426.102 (2) of the statutes is created to read:

24 426.102 (2) Subchapters III and IV apply to rental-purchase agreements.

1 (3) BOND. The division may require an 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 **426.403 Issuance or denial of license.** (1) INVESTIGATION. Upon the filing
5 of an application under s. 426.402 (1) and the payment of any applicable fee, the
6 division shall perform an investigation. Except as provided in sub. (3), if the division
7 finds that the character, general fitness, and financial responsibility of the applicant;
8 the members of the applicant, if the applicant is a partnership, limited liability
9 company, or association; and the officers and directors of the applicant, if the
10 applicant is a corporation warrant the belief that the business will be operated in
11 compliance with ^{any provision of chs. 421 to 427 relating to rental-} ~~this chapter,~~ the division shall issue a license to the applicant. *purchase of permits*

12 (2) DENIAL; NOTICE; HEARING. Except as provided in sub. (3), the division may
13 deny an application made under s. 426.402 (1) by providing written notice to the
14 applicant stating the grounds for the denial. Except as provided in sub. (3), a person
15 whose application is denied may request a hearing under s. 227.44 within 30 days
16 after the date of denial. The division may appoint a hearing examiner under s. 227.46
17 to conduct the hearing.

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

20 (a) The applicant fails to provide the information required under s. 426.402 (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.

13 **426.404 Licenses; 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. A separate license shall be required for each place of business
16 maintained by the licensee.

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

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

20 (4) TERM OF LICENSE; FEE. Every license shall remain in force until suspended
21 or revoked in accordance with this subchapter or surrendered by the licensee. Every
22 licensee shall, on or before June 1 of each year, pay to the division an annual license
23 fee specified by the division by rule and, if required by the division, provide a rider
24 or endorsement to increase the amount of any bond required under s. 426.402 (3).

1 (5) OTHER BUSINESS PROHIBITED. No licensee may conduct business as a
2 rental-purchase company within any office, room, or place of business in which any
3 other business is solicited or engaged in, unless the licensee is authorized to do so,
4 in writing, by the division. For the purpose of this subsection, the division may not
5 unreasonably withhold any such authorization.

6 **426.405 Revocation, suspension, and restriction of license. (1)**

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

10 (a) The licensee has violated any provision of chs. 421 to 427 relating to
11 rental-purchase agreements, any rules promulgated under any such provision, or
12 any lawful order of the division under s. 426.408 (1).

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

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

18 (d) The licensee has failed to pay the annual license fee required under s.
19 426.404 (4) or has failed to maintain in effect any bond required under s. 426.402 (3).

20 (e) The licensee has failed to provide any additional information, data, or
21 records required by the division, within the time period prescribed under s. 426.406
22 (2).

23 (f) The licensee has failed to pay any penalties due under s. 425.401, 425.502,
24 or 426.301 within 30 days after receiving notice, by certified mail, that the penalties
25 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), no license shall be revoked or suspended except after a hearing under this
21 subchapter. A complaint stating the grounds for suspension or revocation together
22 with a notice of hearing shall be delivered to the licensee at least 5 days in advance
23 of the hearing. In the event the licensee cannot be found, complaint and notice of
24 hearing may be left at the place of business stated in the license and this shall be

1 considered the equivalent of delivering the notice of hearing and complaint to the
2 licensee.

3 **426.406 Modification of license. (1) CHANGE IN PLACE OF BUSINESS.** No
4 licensee may change its place of business to another location without the prior
5 approval of the division, which approval shall not be unreasonably withheld. A
6 licensee shall provide the division with at least 15 days' prior written notice of a
7 proposed change under this section and shall pay any applicable fees specified by the
8 division by rule. Upon approval by the division of the new location, the division shall
9 issue an amended license, specifying the date on which the amended license is issued
10 and the new location.

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

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

1 **426.407 Annual report; records.** (1) ANNUAL REPORT. On or before March
2 31 of each year, a licensee shall file a report with the division giving such reasonable
3 and relevant information as the division may require concerning the business and
4 operations conducted by the licensee. The licensee shall make the report in the form
5 prescribed by the division.

6 (2) BOOKS AND RECORDS. A licensee shall keep such books and records in the
7 licensed location as, in the opinion of the division, will enable the division to enforce
8 any provision of chs. 421 to 427 relating to rental-purchase *agreement*
9 agreement for at least 2 years after making any final entry with respect to the
10 rental-purchase agreement.

11 **426.408 Powers and duties of division; administration.** (1) ORDERS. The
12 division may issue any general order or special order in execution of or
13 supplementary to any provision in chs. 421 to 427 relating to rental-purchase
14 agreements but any such order may not conflict with any such provision.

15 (2) INVESTIGATIONS AND EXAMINATIONS. For the purpose of discovering violations
16 of any provision in chs. 421 to 427 relating to rental-purchase agreements, the
17 division may investigate or examine the business of a licensee transacted under any
18 provision of chs. 421 to 427 relating to rental-purchase agreements. The place of
19 business, books of accounts, papers, records, safes, and vaults of the licensee shall
20 be open to the division for the purpose of an investigation or examination, and the
21 division has authority to examine under oath all persons whose testimony is required
22 for an investigation or examination. The division shall determine the cost of an
23 investigation or examination. The licensee shall pay the cost of an investigation or
24 examination. The licensee shall pay the cost of any hearing held for the purpose of
25 this subsection, including witness fees, unless the division or a court finds that the

1 licensee has not violated this subchapter. The licensee shall pay all costs owing
2 under this subsection within 30 days after the division demands payment. The state
3 may maintain an action for the recovery of any costs owing under this subsection.

4 (3) VERIFIED COMPLAINT; MANDATORY INVESTIGATION. If 5 or more persons file a
5 verified complaint with the administrator alleging that a rental-purchase company
6 has engaged in an act which is subject to action by the administrator, he or she shall
7 immediately commence an investigation pursuant to sub. (2).

8 (4) RULES. The administrator may promulgate rules for the administration of
9 any provision in chs. 421 to 427 relating to rental-purchase agreements.

10 (5) TESTIMONIAL POWERS AND POWERS TO SECURE EVIDENCE. The division has the
11 same power to conduct hearings, take testimony, and secure evidence as is provided
12 to the division in ss. 217.17 and 217.18.

13 (6) ENFORCEMENT. The division may investigate any provision in chs. 421 to 427
14 relating to rental-purchase agreements or any lawful orders issued under sub. (1)
15 ~~is~~ being violated. The division may report any such violations to the attorney
16 general or the district attorney of the proper county for prosecution.

17 SECTION 31. 427.102 of the statutes is amended to read:

18 **427.102 Scope.** This chapter applies to conduct and practices in connection
19 with the collection of obligations arising from consumer transactions, including
20 transactions that are primarily for an agricultural purpose, and to transactions in
21 connection with rental-purchase agreements.

22 SECTION 32. 427.103 (intro.) of the statutes is created to read:

23 **427.103** (intro.) In this ~~sub~~ chapter:

24 SECTION 33. 427.103 (1e) of the statutes is created to read:

to determine if any such provision of
lawful order is

