



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2003 Senate Bill 509

Senate Amendment 1

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2003 Senate Bill 509 creates a new subchapter of the statute to govern certain high-cost consumer mortgage loans. The bill uses the defined term “covered loan” to specify which loans are subject to the subchapter’s requirements. Under the bill, a covered loan is one in which: (a) the annual percentage rate at consummation will exceed, by more than 8% for first-lien loans or by more than 10% for subordinate-lien loans, the yield on specified U.S. Treasury securities; or (b) the total points and fees payable by the consumer at or before loan closing will exceed the greater of 6% of the total loan amount or \$400. **Senate Amendment 1** exempts certain fees from the 6% limit. Under the amendment, reasonable fees paid to affiliates and nonaffiliates of the lender for services such as title insurance, loan-related document preparation, and property inspection are not included in calculating the “total points and fees.”

On March 3, 2004, the Senate Committee on Agriculture, Financial Institutions and Insurance adopted Senate Amendment 1 by a vote of Ayes, 5; Noes, 0.

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