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State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-4581/1  
MDK:jld/wlj/kjf:gt

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D-NOTE

2005 BILL

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1 AN ACT *to renumber and amend* 180.1919 (1) (b); *to amend* 138.09 (4) (a)  
 2 (intro.), 138.09 (4) (a) 1., 138.09 (4) (a) 2., 180.1911 (1), 220.02 (3), 220.04 (10),  
 3 220.06 (1), 220.285 (1), 220.285 (2), 421.202 (intro.), (1), (2), (3), (4), (5), (6), (7)  
 4 and (8) and 428.101 (3); and *to create* 138.09 (4) (d), 138.09 (4) (e), 138.12 (5m),  
 5 180.1919 (1) (b) 2., 220.02 (2) (g) and 220.02 (2) (h) of the statutes; **relating to:**  
 6 shareholders of service corporations that carry on the profession of certified  
 7 public accounting; authority of the Division of Banking over loan companies  
 8 and insurance premium finance companies; regulation of insurance premium  
 9 finance companies, mortgage bankers, loan originators, and mortgage brokers;  
 10 and requirements applicable to consumer loans secured by liens on residential  
 11 real estate.

***Analysis by the Legislative Reference Bureau***

Under current law, certain loan companies and insurance premium finance companies are subject to regulation by the Division of Banking (division) in the Department of Financial Institutions. This bill makes the following changes to such regulation:

**BILL**

1. The bill specifies that each ground for the division to suspend or revoke the license of a loan company is a separate ground. Under current law, all of the grounds must be satisfied for the division to take such action.

2. The bill allows the division to require a loan company to pay the costs incurred by the division in investigating or taking disciplinary action against the loan company.

3. The bill allows the division to issue orders against ~~loan companies and~~ insurance premium finance companies to prevent or correct certain prohibited actions. Under current law, the division has similar authority regarding other entities regulated by the division.

Also under current law, the division has regulatory authority over financial institutions, as well as certain loan companies, insurance premium finance companies, mortgage bankers, loan originators, and mortgage brokers. However, certain statutes under current law that refer to the division's regulatory authority omit references to insurance premium finance companies, mortgage bankers, loan originators, and mortgage brokers. This bill inserts the omitted references.

Under current law, with certain exceptions, consumer loans for \$25,000 or less are subject to the Wisconsin Consumer Act (WCA). One exception applies to loans secured by first or subsequent liens on residential real property. If a consumer loan for \$25,000 or less is secured by a first lien, the loan is not subject to the WCA, but is subject to certain requirements regarding delinquency charges, notices, debt collection, and accounting. These requirements are referred to below as the "first lien requirements." If a consumer loan for \$25,000 or less is secured by a first or subsequent lien and the loan qualifies as a "high cost" loan, then the loan is not subject to the first lien requirements or the WCA. Instead, different requirements apply regarding payment and prepayment of the loan as well as certain disclosures that the lender must make. These requirements, which apply to loans of any amount, are referred to below as the "high cost requirements."

Thus, under current law, if a consumer loan for \$25,000 or less is subject to either the first lien or high cost requirements, the WCA does not apply to the loan. In addition, if the high cost requirements apply to a loan, the first lien requirements do not apply to the loan.

This bill changes the foregoing applicability requirements. Under this bill, if the first lien requirements apply to a loan for \$25,000 or less, then the WCA does not apply to the loan. However, if the high cost requirements apply to the loan, the loan is secured by a second or subsequent lien on residential real estate, and the loan is for \$25,000 or less, then the WCA also applies to the loan. In addition, a loan subject to the high cost requirements is not automatically exempt from the first lien requirements. Instead, if a loan that is subject to the high cost requirements is for \$25,000 or less, and the loan is secured by a first lien, then the first lien requirements also apply to the loan.

Finally, current law contains conflicts regarding whether a person who is not a certified public accountant may be a shareholder of a service corporation that is organized for carrying on the profession of certified public accounting. One statute specifies that such a service corporation may be organized if more than 50 percent

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of the shareholders are certified public accountants. Another statute generally requires each shareholder, director, and officer of a service corporation to be licensed, certified, or registered by a state agency in the same field of endeavor. In addition, another statute requires a service corporation to convert to a business corporation if all shareholders cease at any one time to be licensed, certified, or registered in the same field of endeavor. This bill eliminates these conflicts. Under this bill, a service corporation may be organized for carrying on the profession of certified public accounting if more than 50 percent of the shareholders are certified public accountants. If such a service corporation ceases to satisfy this requirement, it must convert to a business corporation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

**SECTION 1.** 138.09 (4) (a) (intro.) of the statutes is amended to read:

138.09 (4) (a) (intro.) The division for the purpose of discovering violations of this chapter may cause an investigation to be made of the business of the licensee transacted under this section, and shall cause an investigation to be made of convictions reported to the division by any district attorney for violation by a licensee of this chapter. The place of business, books of account, papers, records, safes and vaults of said licensee shall be open to inspection and examination by the division for the purpose of such investigation and the division may examine under oath all persons whose testimony the division may require relative to said investigation. The division may, upon notice to the licensee and reasonable opportunity to be heard, suspend or revoke such license after such hearing if any of the following applies:

**SECTION 2.** 138.09 (4) (a) 1. of the statutes is amended to read:

138.09 (4) (a) 1. The licensee has violated any provision of this chapter and if the division determines such violation justifies the suspension or revocation of the license;

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3 - 1

**BILL**

✓  
1           **SECTION 3.** 138.09 (4) (a) 2. of the statutes is amended to read:

2           138.09 (4) (a) 2. Any fact or condition exists which, if it had existed at the time  
3 of the original application for such license, would have warranted the division in  
4 refusing to issue such license; and.

5           **SECTION 4.** 138.09 (4) (d) of the statutes is created to read:

6           138.09 (4) (d) The cost of any investigation, examination, or hearing, including  
7 witness fees or any other expenses, conducted by the division under this section shall  
8 be paid by the licensee so examined within 30 days after demand therefor by the  
9 division, and the state may maintain an action for the recovery of such costs and  
10 expenses.

11           ~~**SECTION 5.** 138.09 (4) (e) of the statutes is created to read:~~

12           ~~138.09 (4) (e) 1. <sup>(a)</sup> In this paragraph: subsection~~

13           ~~a. "General order" means an order of the division other than a special order.~~

14           ~~b. "Special order" means an order of the division to or affecting a person.~~

15           ~~2. The division may issue general or special orders necessary to prevent or~~  
16 ~~correct actions by a licensee that constitute cause under this chapter for revoking,~~  
17 ~~suspending, or restricting a license.~~

18           ✓  
**SECTION 6.** 138.12 (5m) of the statutes is created to read:

19           138.12 (5m) **DISCIPLINARY ORDERS.** The division may issue general orders ~~as~~  
20 ~~defined in s. 138.09 (4) (e) 1. a. or special orders, as defined in s. 138.09 (4) (e) 1. b.,~~  
21 necessary to prevent or correct actions by an insurance premium finance company  
22 that constitute cause under this section for revoking, suspending, or restricting a  
23 license.

24           ✓  
**SECTION 7.** 180.1911 (1) of the statutes is amended to read:

**BILL**

1           180.1911 (1) Except as provided in s. ~~ss.~~ ss. 180.1903 (1m) and 180.1913, each  
2 shareholder, director and officer of a service corporation must at all times be licensed,  
3 certified or registered by a state agency in the same field of endeavor or be a health  
4 care professional. An individual who is not so licensed, certified or registered may  
5 not have any part in the ownership or control of the service corporation, except that  
6 the nonparticipant spouse of a married individual has the rights of ownership  
7 provided under ch. 766. A proxy to vote any shares of the service corporation may  
8 not be given to a person who is not so licensed, certified or registered.

9           **SECTION 8.** 180.1919 (1)<sup>✓</sup>(b) of the statutes is renumbered 180.1919 (1) (b) 1. and  
10 amended to read:

11           180.1919 (1) (b) 1. If Except as provided in subd. 2., if all shareholders of a  
12 service corporation cease at any one time and for any reason to be licensed, certified  
13 or registered in the particular field of endeavor for which the service corporation was  
14 organized, the service corporation is converted into and shall operate solely as a  
15 business corporation under applicable provisions of this chapter, exclusive of ss.  
16 180.1901 to 180.1921.

17           **SECTION 9.** 180.1919 (1)<sup>✓</sup>(b) 2. of the statutes is created to read:

18           180.1919 (1) (b) 2. If not more than 50 percent of the shareholders in a service  
19 corporation described in s. 180.1903 (1m) at any one time are not certified public  
20 accountants, the service corporation is converted into and shall operate solely as a  
21 business corporation under applicable provisions of this chapter, exclusive of ss.  
22 180.1901 to 180.1921.

23           **SECTION 10.** 220.02 (2)<sup>✓</sup>(g) of the statutes is created to read:

24           220.02 (2) (g) Insurance premium finance companies under s. 138.12.

25           **SECTION 11.** 220.02 (2)<sup>✓</sup>(h) of the statutes is created to read:

**BILL**

1           220.02 (2) (h) Mortgage bankers, loan originators, and mortgage brokers under  
2 subch. III of ch. 224.

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

4           220.02 (3) It is the intent of sub. (2) to give the division jurisdiction to enforce  
5 and carry out all laws relating to banks or banking in this state, including those  
6 relating to state banks, savings banks, savings and loan associations, and trust  
7 company banks, and also all laws relating to small loan companies or other loan  
8 companies or agencies, finance companies, insurance premium finance companies,  
9 motor vehicle dealers, adjustment service companies, community currency  
10 exchanges, mortgage bankers, loan originators, mortgage brokers, and collection  
11 agencies and those relating to sellers of checks under ch. 217, whether doing business  
12 as corporations, individuals, or otherwise, but to exclude laws relating to credit  
13 unions.

14           **SECTION 13.** 220.04 (10) of the statutes is amended to read:

15           220.04 (10) If it appears to the division that a person has engaged or is about  
16 to engage in an act or practice constituting a violation of the laws of this state relating  
17 to banks and banking, including this chapter, chs. 217, 218 and 221 to 224 and s. ss.  
18 138.09 and 138.12, or a rule promulgated or order issued under those laws, the  
19 division may bring an action in the name of the state in the circuit court of the  
20 appropriate county to enjoin the acts or practices and to enforce compliance with the  
21 laws, rules or orders, or the division may refer the matter to the district attorney of  
22 the appropriate county or, if the alleged violation may be enforced by the attorney  
23 general under sub. (12) or s. 220.12, 221.1005 or 224.06 (7) or is statewide in nature,  
24 to the attorney general. Upon a proper showing, the court may grant a permanent  
25 or temporary injunction or restraining order, appoint a receiver for the defendant or

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1 the defendant's assets or order rescission of any acts determined to be unlawful. The  
2 court may not require the division to post a bond.

3 **SECTION 14.** 220.06 (1) of the statutes is amended to read:

4 220.06 (1) In this section, "licensee" means a person licensed by the division  
5 under ch. 138, 217 or 218 or under s. 224.92 or registered by the division under s.  
6 224.72.

7 **SECTION 15.** 220.285 (1) of the statutes is amended to read:

8 220.285 (1) Any state bank, trust company bank, licensee under ss. 138.09,  
9 138.12, 218.0101 to 218.0163, 218.02, 218.04 or 218.05 or ch. 217, or person  
10 registered under s. 224.72 may cause any or all records kept by such bank ~~or~~, licensee,  
11 or registered person to be recorded, copied or reproduced by any photostatic,  
12 photographic or miniature photographic process or by optical imaging if the process  
13 employed correctly, accurately and permanently copies, reproduces or forms a  
14 medium for copying, reproducing or recording the original record on a film or other  
15 durable material. A bank ~~or~~, licensee, or registered person may thereafter dispose  
16 of the original record after first obtaining the written consent of the division. This  
17 section, excepting that part of it which requires written consent of the division, is  
18 applicable to national banking associations insofar as it does not contravene federal  
19 law.

20 **SECTION 16.** 220.285 (2) of the statutes is amended to read:

21 220.285 (2) Any photographic, photostatic or miniature photographic copy or  
22 reproduction or copy reproduced from a film record or any copy of a record generated  
23 from optical disk storage of a bank record or record of a licensee or registered person  
24 is considered to be an original record for all purposes and shall be treated as an  
25 original record in all courts or administrative agencies for the purpose of its

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1 admissibility in evidence. A facsimile, exemplification or certified copy of any such  
2 photographic copy or reproduction, copy reproduced from a film record or copy  
3 generated from optical disk storage of a record shall, for all purposes, be considered  
4 a facsimile, exemplification or certified copy of the original record.

5 **SECTION 17.** 421.202 (intro.), (1), (2), (3), (4), (5), (6), (7) and (8) of the statutes  
6 are amended to read:

7 **421.202 Exclusions.** (intro.) Chapters 421 to 427 do not apply to any of the  
8 following:

9 (1) Extensions of credit to organizations (s. 421.301 (28));

10 (2) Transactions in which all parties are organizations (s. 421.301 (28));

11 (3) Charges for delayed payment and any discount allowed for early payment  
12 in transactions under public utility or common carrier tariffs if a subdivision or  
13 agency of this state or of the United States regulates such charges or discounts, or  
14 if such charges or discounts are made in connection with the furnishing of electric  
15 service by an electric cooperative organized and operating on a nonprofit basis under  
16 ch. 185;

17 (4) The ceilings on rates and charges of a licensed pawnbroker if these ceilings  
18 are established by statute or ordinance;

19 (5) The sale of insurance by an insurer, except as otherwise provided in ch. 424;

20 (6) Consumer credit transactions in which the amount financed exceeds  
21 \$25,000, motor vehicle consumer leases in which the total lease obligation exceeds  
22 \$25,000 or other consumer transactions in which the cash price exceeds \$25,000;

23 (7) Transactions ~~subject to ch. 428;~~ secured by a first lien real estate mortgage  
24 or equivalent security interest.



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1 (8) Transactions in securities accounts or securities transactions by or with a  
2 broker-dealer, as defined in s. 551.02 (3), licensed under ch. 551; or

3 **SECTION 18.** 428.101 (3) of the statutes, as affected by 2003 Wisconsin Act 257,  
4 is amended to read:

5 428.101 (3) Loans made on or after November 1, 1981, by a creditor to a  
6 customer and which are secured by a first lien real estate mortgage or equivalent  
7 security interest if the amount financed is \$25,000 or less and if the loan is not subject  
8 to subch. II.

9 **SECTION 19. Initial applicability.**

10 (1) The treatment of section 138.09 (4) (a) (intro.), 1., and 2. of the statutes first  
11 applies to notices made by the division of banking on the effective date of this  
12 subsection.

13 (2) The treatment of section 138.09 (4) (d) of the statutes first applies to costs  
14 incurred on the effective date of this subsection.

15 (3) The treatment of sections ~~138.09 (4) (e)~~ and 138.12 (5m) of the statutes first  
16 applies to actions occurring on the effective date of this subsection.

17 (4) The treatment of section 220.04 (10) of the statutes first applies to acts or  
18 practices occurring on the effective date of this subsection.

19 (5) The treatment of section 421.202 (7) of the statutes first applies to  
20 transactions entered into on the effective date of this subsection.

21 (6) The treatment of section 428.101 (3) of the statutes first applies to  
22 transactions made on the effective date of this subsection.

23 (END)

D-Note

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**INSERT 2A:**

Also under current law, certain variable rate loans are subject to certain requirements, including a requirement for the lender to give the borrower notice if a change in the interest rate occurs. Current law requires notice to be given at least 30 days before the change if an increase in periodic payments other than the final payment is required. This bill changes the 30 days to 15 days. For all other changes, current law requires notice to be given no later than 15 days after the change. This bill changes the 15 days to 30 days. In addition, the bill clarifies that these notice requirements apply only to variable rate loans.

2

**INSERT 3-1:**

3

**SECTION 1.** 138.056 (4) (a) (intro.) of the statutes is amended to read:

4

138.056 (4) (a) (intro.) If a change in the interest rate occurs with respect to a

5

variable rate loan, the lender shall give the borrower notice of the change:

6

History: 1981 c. 45; 1983 a. 232; 1985 a. 325; 1991 a. 221; 1993 a. 88, 112; 1995 a. 27, 336; 1999 a. 9, 53; 2003 a. 33, 257.

**SECTION 2.** 138.056 (4) (a) 1. of the statutes is amended to read:

7

138.056 (4) (a) 1. At least ~~30~~ 15 days before the change if an increase in periodic

8

payments other than the final payment is required.

9

History: 1981 c. 45; 1983 a. 232; 1985 a. 325; 1991 a. 221; 1993 a. 88, 112; 1995 a. 27, 336; 1999 a. 9, 53; 2003 a. 33, 257.

**SECTION 3.** 138.056 (4) (a) 2. of the statutes is amended to read:

10

138.056 (4) (a) 2. Not later than ~~15~~ 30 days after any other change.

History: 1981 c. 45; 1983 a. 232; 1985 a. 325; 1991 a. 221; 1993 a. 88, 112; 1995 a. 27, 336; 1999 a. 9, 53; 2003 a. 33, 257.

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

LRB-4581/2dn

MDK: *kjf*

*Date*

Rep. Hundertmark:

You requested an amendment to specify that s. 138.056 (4) does not apply to junior liens or equivalent security interests. However, this appears to be true under current law. X Section 138.056 (4) applies to "variable rate loans". Although "variable rate loans" aren't mentioned in s. 138.056 (4), the rest of s. 138.056 explicitly applies to variable rate loans and it is logical to conclude that s. 138.056 (4) applies only to variable rate loans. "Variable rate loans" are defined to consist of certain "mobile home transactions" and loans defined in s. 138.052 (1) (b). "Mobile home transactions" and loans defined in s. 138.052 (1) (b) are limited to transactions secured by a first lien or equivalent security interest. See ss. 138.052 (1) (b) and 138.056 (1) (c). Therefore, I don't think the requested language is necessary. Instead, I amended s. 138.056 (4) (a) (intro.) to explicitly refer to "variable rate loans". I have described this amendment in the analysis as clarification. Is that okay?

Mark D. Kunkel  
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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

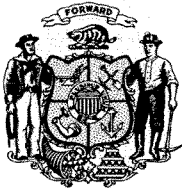
LRB-4581/2dn  
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February 15, 2006

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2005 - 2006 LEGISLATURE

LRB-4581/2 (3)  
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 4 220.285 (2), 421.202 (intro.), (1), (2), (3), (4), (5), (6), (7) and (8) and 428.101 (3);  
 5 and *to create* 138.09 (4) (d), 138.12 (5m), 180.1919 (1) (b) 2., 220.02 (2) (g) and  
 6 220.02 (2) (h) of the statutes; **relating to:** shareholders of service corporations  
 7 that carry on the profession of certified public accounting; authority of the  
 8 Division of Banking over loan companies and insurance premium finance  
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 11 to consumer loans secured by liens on residential real estate. ✓ or mobile homes

**Analysis by the Legislative Reference Bureau**

Under current law, certain loan companies and insurance premium finance companies are subject to regulation by the Division of Banking (division) in the Department of Financial Institutions. This bill makes the following changes to such regulation:

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1. The bill specifies that each ground for the division to suspend or revoke the license of a loan company is a separate ground. Under current law, all of the grounds must be satisfied for the division to take such action.

2. The bill allows the division to require a loan company to pay the costs incurred by the division in investigating or taking disciplinary action against the loan company.

3. The bill allows the division to issue orders against insurance premium finance companies to prevent or correct certain prohibited actions. Under current law, the division has similar authority regarding other entities regulated by the division.

Also under current law, the division has regulatory authority over financial institutions, as well as certain loan companies, insurance premium finance companies, mortgage bankers, loan originators, and mortgage brokers. However, certain statutes under current law that refer to the division's regulatory authority omit references to insurance premium finance companies, mortgage bankers, loan originators, and mortgage brokers. This bill inserts the omitted references.

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Thus, under current law, if a consumer loan for \$25,000 or less is subject to either the first lien or high cost requirements, the WCA does not apply to the loan. In addition, if the high cost requirements apply to a loan, the first lien requirements do not apply to the loan.

This bill changes the foregoing applicability requirements. Under this bill, if the first lien requirements apply to a loan for \$25,000 or less, then the WCA does not apply to the loan. However, if the high cost requirements apply to the loan, the loan is secured by a second or subsequent lien on residential real estate, and the loan is for \$25,000 or less, then the WCA also applies to the loan. In addition, a loan subject to the high cost requirements is not automatically exempt from the first lien requirements. Instead, if a loan that is subject to the high cost requirements is for \$25,000 or less, and the loan is secured by a first lien, then the first lien requirements also apply to the loan.

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payment is required. This bill changes the 30 days to 15 days. For all other changes, current law requires notice to be given no later than 15 days after the change. This bill changes the 15 days to 30 days. In addition, the bill ~~clarifies that these notice requirements apply only to variable rate loans.~~

Finally, current law contains conflicts regarding whether a person who is not a certified public accountant may be a shareholder of a service corporation that is organized for carrying on the profession of certified public accounting. One statute specifies that such a service corporation may be organized if more than 50 percent of the shareholders are certified public accountants. Another statute generally requires each shareholder, director, and officer of a service corporation to be licensed, certified, or registered by a state agency in the same field of endeavor. In addition, another statute requires a service corporation to convert to a business corporation if all shareholders cease at any one time to be licensed, certified, or registered in the same field of endeavor. This bill eliminates these conflicts. Under this bill, a service corporation may be organized for carrying on the profession of certified public accounting if more than 50 percent of the shareholders are certified public accountants. If such a service corporation ceases to satisfy this requirement, it must convert to a business corporation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 SECTION 1. 138.056 (4) (a) (intro.) of the statutes is amended to read:

2 138.056 (4) (a) (intro.) If a change in the interest rate occurs with respect to a  
3 variable rate loan, the lender shall give the borrower notice of the change:

4 SECTION 2. 138.056 (4) (a) 1. of the statutes is amended to read:

5 138.056 (4) (a) 1. At least ~~30~~ 15 days before the change if an increase in periodic  
6 payments other than the final payment is required.

7 SECTION 3. 138.056 (4) (a) 2. of the statutes is amended to read:

8 138.056 (4) (a) 2. Not later than ~~15~~ 30 days after any other change.

9 SECTION 4. 138.09 (4) (a) (intro.) of the statutes is amended to read:

10 138.09 (4) (a) (intro.) The division for the purpose of discovering violations of  
11 this chapter may cause an investigation to be made of the business of the licensee

INSERT 3-8 ✓

**BILL**

1 transacted under this section, and shall cause an investigation to be made of  
2 convictions reported to the division by any district attorney for violation by a licensee  
3 of this chapter. The place of business, books of account, papers, records, safes and  
4 vaults of said licensee shall be open to inspection and examination by the division  
5 for the purpose of such investigation and the division may examine under oath all  
6 persons whose testimony the division may require relative to said investigation. The  
7 division may, upon notice to the licensee and reasonable opportunity to be heard,  
8 suspend or revoke such license after such hearing if any of the following applies:

9 **SECTION 5.** 138.09 (4) (a) 1. of the statutes is amended to read:

10 138.09 (4) (a) 1. The licensee has violated any provision of this chapter and if  
11 the division determines such violation justifies the suspension or revocation of the  
12 license;

13 **SECTION 6.** 138.09 (4) (a) 2. of the statutes is amended to read:

14 138.09 (4) (a) 2. Any fact or condition exists which, if it had existed at the time  
15 of the original application for such license, would have warranted the division in  
16 refusing to issue such license; ~~and~~.

17 **SECTION 7.** 138.09 (4) (d) of the statutes is created to read:

18 138.09 (4) (d) The cost of any investigation, examination, or hearing, including  
19 witness fees or any other expenses, conducted by the division under this section shall  
20 be paid by the licensee so examined within 30 days after demand therefor by the  
21 division, and the state may maintain an action for the recovery of such costs and  
22 expenses.

23 **SECTION 8.** 138.12 (5m) of the statutes is created to read:

24 138.12 (5m) DISCIPLINARY ORDERS. (a) In this subsection:

25 1. "General order" means an order of the division other than a special order.



**BILL**

1           2. “Special order” means an order of the division to or affecting a person.

2           (b) The division may issue general orders or special orders necessary to prevent  
3 or correct actions by an insurance premium finance company that constitute cause  
4 under this section for revoking, suspending, or restricting a license.

5           **SECTION 9.** 180.1911 (1) of the statutes is amended to read:

6           180.1911 (1) Except as provided in ~~s.~~ ss. 180.1903 (1m) and 180.1913, each  
7 shareholder, director and officer of a service corporation must at all times be licensed,  
8 certified or registered by a state agency in the same field of endeavor or be a health  
9 care professional. An individual who is not so licensed, certified or registered may  
10 not have any part in the ownership or control of the service corporation, except that  
11 the nonparticipant spouse of a married individual has the rights of ownership  
12 provided under ch. 766. A proxy to vote any shares of the service corporation may  
13 not be given to a person who is not so licensed, certified or registered.

14           **SECTION 10.** 180.1919 (1) (b) of the statutes is renumbered 180.1919 (1) (b) 1.  
15 and amended to read:

16           180.1919 (1) (b) 1. ~~If~~ Except as provided in subd. 2., if all shareholders of a  
17 service corporation cease at any one time and for any reason to be licensed, certified  
18 or registered in the particular field of endeavor for which the service corporation was  
19 organized, the service corporation is converted into and shall operate solely as a  
20 business corporation under applicable provisions of this chapter, exclusive of ss.  
21 180.1901 to 180.1921.

22           **SECTION 11.** 180.1919 (1) (b) 2. of the statutes is created to read:

23           180.1919 (1) (b) 2. If not more than 50 percent of the shareholders in a service  
24 corporation described in s. 180.1903 (1m) at any one time are not certified public  
25 accountants, the service corporation is converted into and shall operate solely as a

**BILL**

1 business corporation under applicable provisions of this chapter, exclusive of ss.  
2 180.1901 to 180.1921.

3 **SECTION 12.** 220.02 (2) (g) of the statutes is created to read:

4 220.02 (2) (g) Insurance premium finance companies under s. 138.12.

5 **SECTION 13.** 220.02 (2) (h) of the statutes is created to read:

6 220.02 (2) (h) Mortgage bankers, loan originators, and mortgage brokers under  
7 subch. III of ch. 224.

8 **SECTION 14.** 220.02 (3) of the statutes is amended to read:

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

19 **SECTION 15.** 220.04 (10) of the statutes is amended to read:

20 220.04 (10) If it appears to the division that a person has engaged or is about  
21 to engage in an act or practice constituting a violation of the laws of this state relating  
22 to banks and banking, including this chapter, chs. 217, 218 and 221 to 224 and ~~s. ss.~~  
23 138.09 and 138.12, or a rule promulgated or order issued under those laws, the  
24 division may bring an action in the name of the state in the circuit court of the  
25 appropriate county to enjoin the acts or practices and to enforce compliance with the

**BILL**

1 laws, rules or orders, or the division may refer the matter to the district attorney of  
2 the appropriate county or, if the alleged violation may be enforced by the attorney  
3 general under sub. (12) or s. 220.12, 221.1005 or 224.06 (7) or is statewide in nature,  
4 to the attorney general. Upon a proper showing, the court may grant a permanent  
5 or temporary injunction or restraining order, appoint a receiver for the defendant or  
6 the defendant's assets or order rescission of any acts determined to be unlawful. The  
7 court may not require the division to post a bond.

8 **SECTION 16.** 220.06 (1) of the statutes is amended to read:

9 220.06 (1) In this section, "licensee" means a person licensed by the division  
10 under ch. 138, 217 or 218 or under s. 224.92 or registered by the division under s.  
11 224.72.

12 **SECTION 17.** 220.285 (1) of the statutes is amended to read:

13 220.285 (1) Any state bank, trust company bank, licensee under ss. 138.09,  
14 138.12, 218.0101 to 218.0163, 218.02, 218.04 or 218.05 or ch. 217, or person  
15 registered under s. 224.72 may cause any or all records kept by such bank ~~or~~, licensee,  
16 or registered person to be recorded, copied or reproduced by any photostatic,  
17 photographic or miniature photographic process or by optical imaging if the process  
18 employed correctly, accurately and permanently copies, reproduces or forms a  
19 medium for copying, reproducing or recording the original record on a film or other  
20 durable material. A bank ~~or~~, licensee, or registered person may thereafter dispose  
21 of the original record after first obtaining the written consent of the division. This  
22 section, excepting that part of it which requires written consent of the division, is  
23 applicable to national banking associations insofar as it does not contravene federal  
24 law.

25 **SECTION 18.** 220.285 (2) of the statutes is amended to read:

**BILL**

1           220.285 (2) Any photographic, photostatic or miniature photographic copy or  
2 reproduction or copy reproduced from a film record or any copy of a record generated  
3 from optical disk storage of a bank record or record of a licensee or registered person  
4 is considered to be an original record for all purposes and shall be treated as an  
5 original record in all courts or administrative agencies for the purpose of its  
6 admissibility in evidence. A facsimile, exemplification or certified copy of any such  
7 photographic copy or reproduction, copy reproduced from a film record or copy  
8 generated from optical disk storage of a record shall, for all purposes, be considered  
9 a facsimile, exemplification or certified copy of the original record.

10           **SECTION 19.** 421.202 (intro.), (1), (2), (3), (4), (5), (6), (7) and (8) of the statutes  
11 are amended to read:

12           **421.202 Exclusions.** (intro.) Chapters 421 to 427 do not apply to any of the  
13 following:

14           (1) Extensions of credit to organizations (s. 421.301 (28));<sub>2</sub>

15           (2) Transactions in which all parties are organizations (s. 421.301 (28));<sub>2</sub>

16           (3) Charges for delayed payment and any discount allowed for early payment  
17 in transactions under public utility or common carrier tariffs if a subdivision or  
18 agency of this state or of the United States regulates such charges or discounts, or  
19 if such charges or discounts are made in connection with the furnishing of electric  
20 service by an electric cooperative organized and operating on a nonprofit basis under  
21 ch. 185;<sub>2</sub>

22           (4) The ceilings on rates and charges of a licensed pawnbroker if these ceilings  
23 are established by statute or ordinance;<sub>2</sub>

24           (5) The sale of insurance by an insurer, except as otherwise provided in ch. 424;<sub>2</sub>

**BILL**

1           (6) Consumer credit transactions in which the amount financed exceeds  
2           \$25,000, motor vehicle consumer leases in which the total lease obligation exceeds  
3           \$25,000 or other consumer transactions in which the cash price exceeds \$25,000;

4           (7) Transactions subject to ch. 428; secured by a first lien real estate mortgage  
5           or equivalent security interest.

6           (8) Transactions in securities accounts or securities transactions by or with a  
7           broker-dealer, as defined in s. 551.02 (3), licensed under ch. 551; ~~or.~~

8           **SECTION 20.** 428.101 (3) of the statutes, as affected by 2003 Wisconsin Act 257,  
9           is amended to read:

10           428.101 (3) Loans made on or after November 1, 1981, by a creditor to a  
11           customer and which are secured by a first lien real estate mortgage or equivalent  
12           security interest if the amount financed is \$25,000 or less ~~and if the loan is not subject~~  
13           ~~to subch. II.~~

14           **SECTION 21. Initial applicability.**

15           (1) The treatment of section 138.09 (4) (a) (intro.), 1., and 2. of the statutes first  
16           applies to notices made by the division of banking on the effective date of this  
17           subsection.

18           (2) The treatment of section 138.09 (4) (d) of the statutes first applies to costs  
19           incurred on the effective date of this subsection.

20           (3) The treatment of section 138.12 (5m) of the statutes first applies to actions  
21           occurring on the effective date of this subsection.

22           (4) The treatment of section 220.04 (10) of the statutes first applies to acts or  
23           practices occurring on the effective date of this subsection.

24           (5) The treatment of section 421.202 (7) of the statutes first applies to  
25           transactions entered into on the effective date of this subsection.

INSERT  
9-14 ✓



2005-2006 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-4581/3ins  
MDK:.....

1

**INSERT 2A:**

The variable rate loans<sup>✓</sup> are defined as certain loans secured by first liens or equivalent security interests.

2

**INSERT 3A:**

<sup>NO</sup> provides that variable loans that are secured by first liens, and not loans that are secured by equivalent security interests, are subject to these notice requirements. Whether a security interest is an equivalent security interest is determined as of the date that the loan is made.

3

**INSERT 3-8:**

4

**SECTION 1.** 138.056 (4) (c)<sup>✓</sup> of the statutes is created to read:

5

138.056 (4) (c) This subsection<sup>✓</sup> does not apply to a loan secured by an equivalent

6

security interest as determined as of the date that the loan is made.

7

**INSERT 9-14:**

8

<sup>#</sup> (9) The treatment of section 138.056 (4) (c)<sup>✓</sup> of the statutes first applies to loans

9

made on the effective date of this subsection.

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

LRB-4581/3dn  
MDK:.....

Rep. Hundertmark:

Note the initial applicability provision that provides that proposed s. 138.056 (4) (c) first applies to loans made on the effective date of the bill. As an alternative, it could apply to changes in interest rates that occur on the effective date of the bill. Let me know if you need any changes.

Mark D. Kunkel  
Senior Legislative Attorney  
Phone: (608) 266-0131  
E-mail: [mark.kunkel@legis.state.wi.us](mailto:mark.kunkel@legis.state.wi.us)



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

LRB-4581/3dn  
MDK:jld:rs

February 17, 2006

Rep. Hundertmark:

Note the initial applicability provision that provides that proposed s. 138.056 (4) (c) first applies to loans made on the effective date of the bill. As an alternative, it could apply to changes in interest rates that occur on the effective date of the bill. Let me know if you need any changes.

Mark D. Kunkel  
Senior Legislative Attorney  
Phone: (608) 266-0131  
E-mail: [mark.kunkel@legis.state.wi.us](mailto:mark.kunkel@legis.state.wi.us)

**Basford, Sarah**

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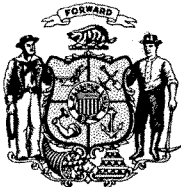
**From:** Rostan, Jason

**Sent:** Friday, February 17, 2006 12:47 PM

**To:** LRB.Legal

**Subject:** Draft Review: LRB 05-4581/3 Topic: Department of Financial Institutions remedial changes

Please Jacket LRB 05-4581/3 for the ASSEMBLY.



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-4581/3  
MDK:jld/wlj/kjf:rs

↑↑↑  
stays

4

2005 BILL

Today  
4:30pm

RMT has  
been  
run

Regen

1 AN ACT *to renumber and amend* 180.1919 (1) (b); *to amend* 138.056 (4) (a) 1.,  
2 138.056 (4) (a) 2., 138.09 (4) (a) (intro.), 138.09 (4) (a) 1., 138.09 (4) (a) 2.,  
3 180.1911 (1), 220.02 (3), 220.04 (10), 220.06 (1), 220.285 (1), 220.285 (2), 421.202  
4 (intro.), (1), (2), (3), (4), (5), (6), (7) and (8) and 428.101 (3); and *to create* 138.056  
5 (4) (c), 138.09 (4) (d), 138.12 (5m), 180.1919 (1) (b) 2., 220.02 (2) (g) and 220.02  
6 (2) (h) of the statutes; **relating to:** shareholders of service corporations that  
7 carry on the profession of certified public accounting; authority of the Division  
8 of Banking over loan companies and insurance premium finance companies;  
9 regulation of insurance premium finance companies, mortgage bankers, loan  
10 originators, and mortgage brokers; and requirements applicable to consumer  
11 loans secured by liens on residential real estate or mobile homes.

***Analysis by the Legislative Reference Bureau***

Under current law, certain loan companies and insurance premium finance companies are subject to regulation by the Division of Banking (division) in the Department of Financial Institutions. This bill makes the following changes to such regulation:

**BILL**

1. The bill specifies that each ground for the division to suspend or revoke the license of a loan company is a separate ground. Under current law, all of the grounds must be satisfied for the division to take such action.

2. The bill allows the division to require a loan company to pay the costs incurred by the division in investigating or taking disciplinary action against the loan company.

3. The bill allows the division to issue orders against insurance premium finance companies to prevent or correct certain prohibited actions. Under current law, the division has similar authority regarding other entities regulated by the division.

Also under current law, the division has regulatory authority over financial institutions, as well as certain loan companies, insurance premium finance companies, mortgage bankers, loan originators, and mortgage brokers. However, certain statutes under current law that refer to the division's regulatory authority omit references to insurance premium finance companies, mortgage bankers, loan originators, and mortgage brokers. This bill inserts the omitted references.

Under current law, with certain exceptions, consumer loans for \$25,000 or less are subject to the Wisconsin Consumer Act (WCA). One exception applies to loans secured by first or subsequent liens on residential real property. If a consumer loan for \$25,000 or less is secured by a first lien, the loan is not subject to the WCA, but is subject to certain requirements regarding delinquency charges, notices, debt collection, and accounting. These requirements are referred to below as the "first lien requirements." If a consumer loan for \$25,000 or less is secured by a first or subsequent lien and the loan qualifies as a "high cost" loan, then the loan is not subject to the first lien requirements or the WCA. Instead, different requirements apply regarding payment and prepayment of the loan as well as certain disclosures that the lender must make. These requirements, which apply to loans of any amount, are referred to below as the "high cost requirements."

Thus, under current law, if a consumer loan for \$25,000 or less is subject to either the first lien or high cost requirements, the WCA does not apply to the loan. In addition, if the high cost requirements apply to a loan, the first lien requirements do not apply to the loan.

This bill changes the foregoing applicability requirements. Under this bill, if the first lien requirements apply to a loan for \$25,000 or less, then the WCA does not apply to the loan. However, if the high cost requirements apply to the loan, the loan is secured by a second or subsequent lien on residential real estate, and the loan is for \$25,000 or less, then the WCA also applies to the loan. In addition, a loan subject to the high cost requirements is not automatically exempt from the first lien requirements. Instead, if a loan that is subject to the high cost requirements is for \$25,000 or less, and the loan is secured by a first lien, then the first lien requirements also apply to the loan.

Also under current law, certain variable rate loans are subject to certain requirements, including a requirement for the lender to give the borrower notice if a change in the interest rate occurs. The variable rate loans are defined as certain loans secured by first liens or equivalent security interests. Current law requires

**BILL**

notice to be given at least 30 days before the change if an increase in periodic payments other than the final payment is required. This bill changes the 30 days to 15 days. For all other changes, current law requires notice to be given no later than 15 days after the change. This bill changes the 15 days to 30 days. In addition, the bill provides that variable loans that are secured by first liens, and not loans that are secured by equivalent security interests, are subject to these notice requirements. Whether a security interest is an equivalent security interest is determined as of the date that the loan is made.

Finally, current law contains conflicts regarding whether a person who is not a certified public accountant may be a shareholder of a service corporation that is organized for carrying on the profession of certified public accounting. One statute specifies that such a service corporation may be organized if more than 50 percent of the shareholders are certified public accountants. Another statute generally requires each shareholder, director, and officer of a service corporation to be licensed, certified, or registered by a state agency in the same field of endeavor. In addition, another statute requires a service corporation to convert to a business corporation if all shareholders cease at any one time to be licensed, certified, or registered in the same field of endeavor. This bill eliminates these conflicts. Under this bill, a service corporation may be organized for carrying on the profession of certified public accounting if more than 50 percent of the shareholders are certified public accountants. If such a service corporation ceases to satisfy this requirement, it must convert to a business corporation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

---

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

- 1           **SECTION 1.** 138.056 (4) (a) 1. of the statutes is amended to read:  
2           138.056 (4) (a) 1. At least ~~30~~ 15 days before the change if an increase in periodic  
3 payments other than the final payment is required.
- 4           **SECTION 2.** 138.056 (4) (a) 2. of the statutes is amended to read:  
5           138.056 (4) (a) 2. Not later than ~~15~~ 30 days after any other change.
- 6           **SECTION 3.** 138.056 (4) (c) of the statutes is created to read:  
7           138.056 (4) (c) This subsection does not apply to a loan secured by an equivalent  
8 security interest as determined as of the date that the loan is made.
- 9           **SECTION 4.** 138.09 (4) (a) (intro.) of the statutes is amended to read:

**BILL**

1           138.09 (4) (a) (intro.) The division for the purpose of discovering violations of  
2 this chapter may cause an investigation to be made of the business of the licensee  
3 transacted under this section, and shall cause an investigation to be made of  
4 convictions reported to the division by any district attorney for violation by a licensee  
5 of this chapter. The place of business, books of account, papers, records, safes and  
6 vaults of said licensee shall be open to inspection and examination by the division  
7 for the purpose of such investigation and the division may examine under oath all  
8 persons whose testimony the division may require relative to said investigation. The  
9 division may, upon notice to the licensee and reasonable opportunity to be heard,  
10 suspend or revoke such license after such hearing if any of the following applies:

11           **SECTION 5.** 138.09 (4) (a) 1. of the statutes is amended to read:

12           138.09 (4) (a) 1. The licensee has violated any provision of this chapter and if  
13 the division determines such violation justifies the suspension or revocation of the  
14 license;

15           **SECTION 6.** 138.09 (4) (a) 2. of the statutes is amended to read:

16           138.09 (4) (a) 2. Any fact or condition exists which, if it had existed at the time  
17 of the original application for such license, would have warranted the division in  
18 refusing to issue such license; ~~and~~.

19           **SECTION 7.** 138.09 (4) (d) of the statutes is created to read:

20           138.09 (4) (d) The cost of any investigation, examination, or hearing, including  
21 witness fees or any other expenses, conducted by the division under this section shall  
22 be paid by the licensee so examined within 30 days after demand therefor by the  
23 division, and the state may maintain an action for the recovery of such costs and  
24 expenses.

25           **SECTION 8.** 138.12 (5m) of the statutes is created to read:

**BILL**

1           138.12 (5m) DISCIPLINARY ORDERS. (a) In this subsection:

2           1. “General order” means an order of the division other than a special order.

3           2. “Special order” means an order of the division to or affecting a person.

4           (b) The division may issue general orders or special orders necessary to prevent  
5 or correct actions by an insurance premium finance company that constitute cause  
6 under this section for revoking, suspending, or restricting a license.

7           **SECTION 9.** 180.1911 (1) of the statutes is amended to read:

8           180.1911 (1) Except as provided in s. ss. 180.1903 (1m) and 180.1913, each  
9 shareholder, director and officer of a service corporation must at all times be licensed,  
10 certified or registered by a state agency in the same field of endeavor or be a health  
11 care professional. An individual who is not so licensed, certified or registered may  
12 not have any part in the ownership or control of the service corporation, except that  
13 the nonparticipant spouse of a married individual has the rights of ownership  
14 provided under ch. 766. A proxy to vote any shares of the service corporation may  
15 not be given to a person who is not so licensed, certified or registered.

16           **SECTION 10.** 180.1919 (1) (b) of the statutes is renumbered 180.1919 (1) (b) 1.  
17 and amended to read:

18           180.1919 (1) (b) 1. If Except as provided in subd. 2., if all shareholders of a  
19 service corporation cease at any one time and for any reason to be licensed, certified  
20 or registered in the particular field of endeavor for which the service corporation was  
21 organized, the service corporation is converted into and shall operate solely as a  
22 business corporation under applicable provisions of this chapter, exclusive of ss.  
23 180.1901 to 180.1921.

24           **SECTION 11.** 180.1919 (1) (b) 2. of the statutes is created to read:

**BILL**

1           180.1919 (1) (b) 2. If not more than 50 percent of the shareholders in a service  
2 corporation described in s. 180.1903 (1m) at any one time are not certified public  
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6           **SECTION 12.** 220.02 (2) (g) of the statutes is created to read:

7           220.02 (2) (g) Insurance premium finance companies under s. 138.12.

8           **SECTION 13.** 220.02 (2) (h) of the statutes is created to read:

9           220.02 (2) (h) Mortgage bankers, loan originators, and mortgage brokers under  
10 subch. III of ch. 224.

11          **SECTION 14.** 220.02 (3) of the statutes is amended to read:

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

22          **SECTION 15.** 220.04 (10) of the statutes is amended to read:

23          220.04 (10) If it appears to the division that a person has engaged or is about  
24 to engage in an act or practice constituting a violation of the laws of this state relating  
25 to banks and banking, including this chapter, chs. 217, 218 and 221 to 224 and s. ss.



**BILL**

1 138.09 and 138.12, or a rule promulgated or order issued under those laws, the  
2 division may bring an action in the name of the state in the circuit court of the  
3 appropriate county to enjoin the acts or practices and to enforce compliance with the  
4 laws, rules or orders, or the division may refer the matter to the district attorney of  
5 the appropriate county or, if the alleged violation may be enforced by the attorney  
6 general under sub. (12) or s. 220.12, 221.1005 or 224.06 (7) or is statewide in nature,  
7 to the attorney general. Upon a proper showing, the court may grant a permanent  
8 or temporary injunction or restraining order, appoint a receiver for the defendant or  
9 the defendant's assets or order rescission of any acts determined to be unlawful. The  
10 court may not require the division to post a bond.

11 **SECTION 16.** 220.06 (1) of the statutes is amended to read:

12 220.06 (1) In this section, "licensee" means a person licensed by the division  
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14 224.72.

15 **SECTION 17.** 220.285 (1) of the statutes is amended to read:

16 220.285 (1) Any state bank, trust company bank, licensee under ss. 138.09,  
17 138.12, 218.0101 to 218.0163, 218.02, 218.04 or 218.05 or ch. 217, or person  
18 registered under s. 224.72 may cause any or all records kept by such bank ~~or~~, licensee,  
19 or registered person to be recorded, copied or reproduced by any photostatic,  
20 photographic or miniature photographic process or by optical imaging if the process  
21 employed correctly, accurately and permanently copies, reproduces or forms a  
22 medium for copying, reproducing or recording the original record on a film or other  
23 durable material. A bank ~~or~~, licensee, or registered person may thereafter dispose  
24 of the original record after first obtaining the written consent of the division. This  
25 section, excepting that part of it which requires written consent of the division, is

**BILL**

1 applicable to national banking associations insofar as it does not contravene federal  
2 law.

3 **SECTION 18.** 220.285 (2) of the statutes is amended to read:

4 220.285 (2) Any photographic, photostatic or miniature photographic copy or  
5 reproduction or copy reproduced from a film record or any copy of a record generated  
6 from optical disk storage of a bank record or record of a licensee or registered person  
7 is considered to be an original record for all purposes and shall be treated as an  
8 original record in all courts or administrative agencies for the purpose of its  
9 admissibility in evidence. A facsimile, exemplification or certified copy of any such  
10 photographic copy or reproduction, copy reproduced from a film record or copy  
11 generated from optical disk storage of a record shall, for all purposes, be considered  
12 a facsimile, exemplification or certified copy of the original record.

13 **SECTION 19.** 421.202 (intro.), (1), (2), (3), (4), (5), (6), (7) and (8) of the statutes  
14 are amended to read:

15 **421.202 Exclusions.** (intro.) Chapters 421 to 427 do not apply to any of the  
16 following:

- 17 (1) Extensions of credit to organizations (s. 421.301 (28));  
18 (2) Transactions in which all parties are organizations (s. 421.301 (28));  
19 (3) Charges for delayed payment and any discount allowed for early payment  
20 in transactions under public utility or common carrier tariffs if a subdivision or  
21 agency of this state or of the United States regulates such charges or discounts, or  
22 if such charges or discounts are made in connection with the furnishing of electric  
23 service by an electric cooperative organized and operating on a nonprofit basis under  
24 ch. 185;

**BILL**

1           (4) The ceilings on rates and charges of a licensed pawnbroker if these ceilings  
2 are established by statute or ordinance;

3           (5) The sale of insurance by an insurer, except as otherwise provided in ch. 424;

4           (6) Consumer credit transactions in which the amount financed exceeds  
5 \$25,000, motor vehicle consumer leases in which the total lease obligation exceeds  
6 \$25,000 or other consumer transactions in which the cash price exceeds \$25,000;

7           (7) Transactions ~~subject to ch. 428;~~ secured by a first lien real estate mortgage  
8 or equivalent security interest.

9           (8) Transactions in securities accounts or securities transactions by or with a  
10 broker-dealer, as defined in s. 551.02 (3), licensed under ch. 551; ~~or.~~

11           **SECTION 20.** 428.101 (3) of the statutes, as affected by 2003 Wisconsin Act 257,  
12 is amended to read:

13           428.101 (3) Loans made on or after November 1, 1981, by a creditor to a  
14 customer and which are secured by a first lien real estate mortgage or equivalent  
15 security interest if the amount financed is \$25,000 or less and if the loan is not subject  
16 to subch. II.

17           **SECTION 21. Initial applicability.**

18           (1) The treatment of section 138.056 (4) (c) of the statutes first applies to ~~loans~~  
19 ~~made~~ on the effective date of this subsection.

20           (2) The treatment of section 138.09 (4) (a) (intro.), 1., and 2. of the statutes first  
21 applies to notices made by the division of banking on the effective date of this  
22 subsection.

23           (3) The treatment of section 138.09 (4) (d) of the statutes first applies to costs  
24 incurred on the effective date of this subsection.

*changes in interest rates that occur*  
*(a) 10 and 20 and*

