

**2009 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB447)**

Received: **02/16/2010**

Received By: **agary**

Wanted: **As time permits**

Identical to LRB:

For: **Mark Gottlieb (608) 267-2369**

By/Representing: **Diane Handrick**

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

Drafter: **mkunkel**

May Contact:

Addl. Drafters:

Subject: **Fin. Inst. - int. rates/loans**

Extra Copies: **MDK**

Submit via email: **YES**

Requester's email: **Rep.Gottlieb@legis.wisconsin.gov**

Carbon copy (CC:) to: **aaron.gary@legis.wisconsin.gov**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Payday lenders

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**Instructions:**

See attached

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**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>
/1	agary 02/16/2010 mkunkel 02/16/2010	csicilia 02/16/2010	rschluet 02/16/2010	_____ _____ _____	lparisi 02/16/2010	lparisi 02/16/2010	

FE Sent For:

<END>

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/1	agary						
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1 2/16/10  
MD  
2/16/10  
<END>

FE Sent For:

**Kunkel, Mark**

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**From:** Handrick, Diane  
**Sent:** Tuesday, February 16, 2010 2:15 PM  
**To:** Kunkel, Mark  
**Subject:** AMendment to ASA 1 to AB 447

**Importance:** High

Hi, Mark. I'm sending this to you also, because I don't know which of you would draft it. Thanks.

---

**From:** Handrick, Diane  
**Sent:** Tuesday, February 16, 2010 2:12 PM  
**To:** Gary, Aaron  
**Cc:** Solie, Denise  
**Subject:** AMendment to ASA 1 to AB 447  
**Importance:** High

Rep. Gottlieb requests the following draft (RUSH) thanks! Diane Handrick 7-2369

**Draft a simple amendment to ASA 1 to AB 447 as follows:**

Delete Section 1 ✓ 20.144(1)(g), (j)

Delete Section 2 ✓

Delete Section 4 ✓ 138.09(8)(g), (h)

Delete Section 5 ✓

✓ Page 7, line 17 delete "\$600 or 35 percent of the applicant's gross biweekly income, whichever is less" and substitute "\$900"

✓ Page 7, delete lines 19 through 25 ✓

✓ Page 8, delete line 9 substitute the material from page 5, lines 17 to 20 of AB 447.

✓ Page 8, delete lines 10 through 16 and substitute the material from page 5 line 21 to page 6 line 11.

✓ Page 11, line 18 delete from this line to Page 13, line 25 inclusive

✓ Page 14, line 2 delete this line and substitute "nor more than \$1,000." AB 447  
138.14(8)(9), (10)

✓ Delete Section 7 14-6 → 14-15 138.15

✓ Incorporate LR Ba1539/1 into this amendment (that is Rep. Huebsch's amendment re: social security benefits recipients)

✓ Delete the non-statutory provisions that apply to the sections deleted by this amendment



ASSEMBLY AMENDMENT ,  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 2009 ASSEMBLY BILL 447

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

2 1. Page 7, line 15: after that line insert:

3 "(2m) APPLICATIONS; SOCIAL SECURITY BENEFITS RECIPIENTS. A payday loan  
4 provider shall require an applicant to disclose whether the applicant is the recipient  
5 of benefits under Title II or Title XVI of the federal social security act for whom a  
6 representative payee has been appointed and, if a representative payee has been  
7 appointed, the identity of the representative payee. If an applicant discloses the  
8 identity of a representative payee, the payday loan provider shall notify the  
9 representative payee in writing that the applicant has applied for a payday loan."

10

(END)

## ASSEMBLY BILL 447

1           3. Provide to the applicant a copy of the written informational materials  
2 specified in sub. (4).

3           4. Disclose to the applicant that he or she has the right to rescind the loan  
4 transaction as provided in sub. (6).

5           (b) A payday loan provider shall retain, for at least 3 years after the origination  
6 date of any payday loan, a record of compliance with par. (a) with respect to the loan.

7           **(3) LOAN RESTRICTIONS.** (a) No payday loan provider may require the payment  
8 of any interest on a payday loan that accrues after the maturity date of the payday  
9 loan.

10           (b) Except as provided in pars. (e) and (f), no payday loan provider may impose  
11 any penalty on a customer arising from the customer's default or late payment on a  
12 payday loan.

13           (c) No payday loan provider may accept from a customer a check or  
14 authorization to initiate an electronic fund transfer if the amount of the check or  
15 authorization exceeds the principal amount of the payday loan plus the finance  
16 charge on the payday loan.

17           (d) A payday loan provider may not rollover a payday loan unless the customer  
18 enters into a new payday loan transaction with the payday loan provider, including  
19 issuing a new check or executing a new authorization to initiate an electronic fund  
20 transfer.

21           (e) A payday loan provider may present a customer's check for payment no more  
22 than 2 times. The payday loan provider may make a second presentment of the check  
23 only if at least 3 business days have elapsed since the first presentment and the  
24 payday loan provider has made a good faith effort to contact the customer since the

**ASSEMBLY BILL 447****SECTION 2**

1 first presentment. The only charge the payday loan provider may impose for  
2 dishonor of the customer's check is that specified in s. 422.202 (1) (d).

3 (f) For each customer authorization to initiate an electronic fund transfer from  
4 the customer's account, a payday loan provider may initiate an electronic fund  
5 transfer no more than 2 times. The payday loan provider may initiate an electronic  
6 fund transfer a second time only if at least 3 business days have elapsed since the  
7 payday loan provider initiated an electronic fund transfer the first time and the  
8 payday loan provider has made a good faith effort to contact the customer since the  
9 payday loan provider initiated an electronic fund transfer the first time. The only  
10 charge the payday loan provider may impose if its instruction to execute an electronic  
11 fund transfer is denied is a charge equivalent to that specified in s. 422.202 (1) (d).

12 **(4) INFORMATIONAL MATERIALS.** (a) The division shall develop written  
13 informational materials on payday loans and the payday loan industry. These  
14 informational materials shall be designed to educate individuals regarding the  
15 operation and potential costs of payday loans and of other options for borrowing  
16 funds that may be available.

17 (b) The informational materials under par. (a) shall include a clear and  
18 conspicuous notice containing all of the following:

- 19 1. A payday loan is not intended to meet long-term financial needs.
- 20 2. A payday loan applicant should use a payday loan only to provide funds in  
21 a financial emergency.
- 22 3. A payday loan applicant will be required to pay additional interest if a  
23 payday loan is refinanced rather than paid in full when due.
- 24 4. Refinancing a payday loan or entering into consecutive payday loans to pay  
25 an existing payday loan may cause financial hardship for the applicant.



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRBa1562/1  
MDK:kff8

cjs

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RUN

Now

ASSEMBLY AMENDMENT,  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 2009 ASSEMBLY BILL 447

for wtr

INSERT 1-5

INSERT 1-1

- 1 At the locations indicated, amend the substitute amendment as follows:
- 2 1. Page 1, line 6: delete "making an appropriation,".
- 3 2. Page 4, line 1: delete the material beginning with that line and ending with
- 4 page 5, line 2.
- 5 3. Page 7, line 19: delete lines 19 to 25.
- 6 4. Page 11, line 18: delete the material beginning with that line and ending
- 7 with page 13, line 25.
- 8 5. Page 14, line 20: delete "(8) (b) 7. and (e) and".
- 9 6. Page 14, line 24: delete "(8) (b) 7. and".
- 10 7. Page 14, line 25: delete "(e) and".

(END)

INSERT  
1-6

INSERT 1-7

INSERT  
1-10

⑨ # Page 7, line 11: delete  $\frac{1}{4}$ (g)  $\frac{1}{2}$  and substitute  $\frac{1}{4}$ (gg) and (gr)  $\frac{1}{2}$   $\frac{1}{2}$

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**INSERT 1-1:**

- 1. Page 1, line 3: delete "requiring reporting of certain loans to credit reporting". ✓
- 2. Page 1, line 4: delete that line. ✓
- 3. Page 1, line 5: delete "motor vehicle title loans." ✓

**INSERT 1-5:**

- 4. Page 5, line 6: delete lines 6 to 13. ✓
- 5. Page 7, line 15: after that line insert:

“(2m) APPLICATIONS; SOCIAL SECURITY BENEFITS RECIPIENTS. A payday loan provider shall require an applicant to disclose whether the applicant is the recipient of benefits under Title II or Title XVI of the federal social security act for whom a representative payee has been appointed and, if a representative payee has been appointed, the identity of the representative payee. If an applicant discloses the identity of a representative payee, the payday loan provider shall notify the representative payee in writing that the applicant has applied for a payday loan.” ✓

- 6. Page 7, line 17: delete lines 17 and 18 and substitute "that exceeds, in principal amount and interest, \$900." ✓

**INSERT 1-6:**

- 7. Page 8, line 9: delete lines 9 to 16 and substitute:

“(fm) A payday loan provider may not rollover a payday loan unless the customer enters into a new payday loan transaction with the payday loan provider,

⑨ # Page 8, line 3: delete  $\frac{1}{4}$ (g)  $\frac{1}{2}$  par. and substitute  $\frac{1}{4}$ (gg) and (gr)  $\frac{1}{2}$   $\frac{1}{2}$  pars.



1 including issuing a new check or executing a new authorization to initiate an  
2 electronic fund transfer.

3 (gg) A payday loan provider may present a customer's check for payment no  
4 more than 2 times. The payday loan provider may make a <sup>2nd</sup> ~~second~~ presentment of the  
5 check only if at least 3 business days have elapsed since the first presentment and  
6 the payday loan provider has made a good faith effort to contact the customer since  
7 the first presentment. The only charge the payday loan provider may impose for  
8 dishonor of the customer's check is that specified in s. 422.202 (1) (d). ✓

9 (gr) For each customer authorization to initiate an electronic fund transfer  
10 from the customer's account, a payday loan provider may initiate an electronic fund  
11 transfer no more than 2 times. The payday loan provider may initiate an electronic  
12 fund transfer a <sup>2nd</sup> ~~second~~ time only if at least 3 business days have elapsed since the  
13 payday loan provider initiated an electronic fund transfer the first time and the  
14 payday loan provider has made a good faith effort to contact the customer since the  
15 payday loan provider initiated an electronic fund transfer the first time. The only  
16 charge the payday loan provider may impose if its instruction to execute an electronic  
17 fund transfer is denied is a charge equivalent to that specified in s. 422.202 (1) (d). ✓

**INSERT 1-7:** ✓

19 **8.** Page 14, line 2: delete that line and substitute "nor more than \$1,000." ✓

20 **9.** Page 14, line 6: delete lines 6 to 15. ✓

**INSERT 1-10:**

22 **10.** Page 15, line 12: delete lines 12 and 13. ✓

23 **11.** Page 15, line 16: delete lines 16 and 17. ✓