



State of Wisconsin
2017 - 2018 LEGISLATURE

LRBs0405/1
ARG:all

**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 637**

March 12, 2018 - Offered by Senator MOULTON.

1 **AN ACT** *to amend* 20.144 (1) (g); and *to create* 20.144 (1) (jm), 409.109 (4) (n),
2 chapter 420 and 421.202 (11) of the statutes; **relating to:** regulation of
3 rental-purchase agreements, granting rule-making authority, and making an
4 appropriation.

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

5 **SECTION 1d.** 20.144 (1) (g) of the statutes, as affected by 2017 Wisconsin Act
6 59, is amended to read:

7 20.144 (1) (g) *General program operations.* The amounts in the schedule for
8 the general program operations of the department of financial institutions. Except
9 as provided in pars. (a), (h), (i), (j), (jm), and (u) and sub. (3), all moneys received by
10 the department, other than by the office of credit unions and the division of banking,
11 and 88 percent of all moneys received by the office of credit unions and the

1 department's division of banking shall be credited to this appropriation, but any
2 balance at the close of a fiscal year under this appropriation shall lapse to the general
3 fund. Annually, \$150,000 of the amounts received under this appropriation account
4 shall be transferred to the appropriation account under s. 20.575 (1) (g).

5 **SECTION 1g.** 20.144 (1) (jm) of the statutes is created to read:

6 20.144 (1) (jm) *Rental-purchase company payments funding financial literacy.*

7 All moneys received under s. 420.12 (4) for promoting financial literacy.

8 **SECTION 1m.** 409.109 (4) (n) of the statutes is created to read:

9 409.109 (4) (n) Rental-purchase agreements entered into by a rental-purchase
10 company that has provided notice to the department of financial institutions under
11 ch. 420.

12 **SECTION 2.** Chapter 420 of the statutes is created to read:

13 **CHAPTER 420**

14 **RENTAL-PURCHASE COMPANIES**

15 **420.01 Definitions.** In this chapter:

16 (1g) "Balloon payment" means any payment for the purchase or use of rental
17 property that is more than the regularly scheduled periodic payment amount but not
18 including any optional fees or charges permitted under the rental-purchase
19 agreement.

20 (1m) "Cash price" means the price at which a rental-purchase company would
21 sell rental property to the lessee of the rental property if the lessee were to pay for
22 the rental property in full on the date on which the rental-purchase agreement is
23 executed.

24 (2) "Charge-back fee" means a charge or fee for a payment that is denied or
25 dishonored by a credit card provider.

1 **(3)** “Department” means the department of financial institutions.

2 **(4)** “Displayed or offered primarily for rental–purchase,” with respect to rental
3 property, means rental property displayed or offered at a physical location that
4 derives 50 percent or more of its revenues from rental–purchase agreements.

5 **(5)** “Insufficient funds fee” means a charge or fee for the return of a check,
6 electronic funds transfer, or other payment instrument that is denied or dishonored.

7 **(6)** “Rental property” means property rented under a rental–purchase
8 agreement but does not include any motor vehicle, as defined in s. 340.01 (35).

9 **(7)** “Rental–purchase agreement” means an agreement between a
10 rental–purchase company and a lessee for the use of rental property if all of the
11 following apply:

12 (a) The rental property is of the type typically used for personal, family, or
13 household purposes.

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

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

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

20 **(8)** “Rental–purchase company” means a person engaged in the business of
21 entering into rental–purchase agreements in this state or acquiring rental–purchase
22 agreements that are entered into in this state, but does not include a person only in
23 the business of renting musical instruments that are intended to be used in whole
24 or in part in an elementary school or high school.

1 **420.02 General requirements of disclosure. (1) FORM, LOCATION, SIZE, AND**
2 **TIME OF DISCLOSURE.** The information that is required to be disclosed under s. 420.03
3 shall satisfy all of the following:

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

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

6 (c) Except as provided in par. (f), the information shall be disclosed in the
7 rental-purchase agreement above the line for the lessee's signature. Multiple pages
8 or backs of pages may be used as long as the final page of the rental-purchase
9 agreement is signed by the lessee and other pages are signed or initialed by the
10 lessee.

11 (d) Except as provided in par. (f), the information shall be disclosed in not less
12 than 8-point standard type.

13 (e) The information shall be disclosed before the time that the lessee becomes
14 legally obligated under the rental-purchase agreement.

15 (f) The disclosures required by s. 420.03 (2), (3), (4), and (5) shall be printed in
16 at least 10-point boldface type on the face of the rental-purchase agreement, and
17 shall be grouped together in a box, in the form and order prescribed by the
18 department.

19 **(2) ACCURACY OF DISCLOSURE.** The information required under s. 420.03 must
20 be accurate as of the time that it is disclosed to the lessee. If any information
21 subsequently becomes inaccurate as a result of any act, occurrence, or agreement by
22 the lessee, the resulting inaccuracy is not a violation of any provision of this chapter
23 relating to rental-purchase agreements.

24 **(3) COPY OF RENTAL-PURCHASE AGREEMENT.** The rental-purchase company shall
25 provide the lessee with a copy of the completed rental-purchase agreement signed

1 by the lessee. If more than one lessee is legally obligated under the same
2 rental-purchase agreement, delivery of a copy of the completed rental-purchase
3 agreement to one of the lessees shall satisfy this subsection.

4 **420.03 Required provisions of rental-purchase agreement.** A
5 rental-purchase company shall include all of the following information, to the extent
6 applicable, in every rental-purchase agreement:

7 (1) DESCRIPTION. A brief description of the rental property, sufficient to identify
8 the rental property to the lessee and the rental-purchase company, including any
9 identification number, and a statement indicating whether the rental property is
10 new or used. A statement that new rental property is used shall not be a violation
11 of this chapter.

12 (2) CASH PRICE. The cash price of the rental property.

13 (3) RENTAL PAYMENTS TO ACQUIRE OWNERSHIP. The total number, total dollar
14 amount, and timing of all rental payments necessary to acquire ownership of the
15 rental property, excluding any applicable taxes, application or processing charge,
16 delivery fee, liability damage waiver fee, and fees for optional services.

17 (4) COST OF RENTAL SERVICES. The difference between the total dollar amount
18 of payments necessary to acquire ownership of the rental property disclosed under
19 sub. (3) and the cash price of the property disclosed under sub. (2). The
20 rental-purchase company shall also include a statement substantially similar to the
21 following: "The cost of rental services is the amount you will pay in addition to the
22 cash price if you acquire ownership of the rented goods by making all payments
23 necessary to acquire ownership."

1 **(5) PERIODIC RENEWAL PAYMENT.** The rental payment necessary to renew the
2 rental-purchase agreement, not including any applicable taxes and fees for optional
3 services to which the lessee agrees.

4 **(6) INITIAL PAYMENT.** The total amount of the initial payment to be made by the
5 lessee at the time that the rental-purchase agreement is executed or the rental
6 property is delivered, including the initial rental payment, any application or
7 processing charge, any delivery fee, and fees for other optional services to which the
8 lessee agrees.

9 **(7) OTHER CHARGES.** An itemized description of any other charges or fees that
10 the rental-purchase company may charge upon the occurrence of a contingency
11 specified in the rental-purchase agreement, such as, subject to s. 420.06 (2), a
12 reinstatement fee or, subject to s. 420.07 (1), a charge-back fee or insufficient funds
13 fee, as well as any applicable taxes, fees for optional services, application or
14 processing charges, and delivery fees that are not included in the initial payment
15 under sub. (6).

16 **(8) SUMMARY OF EARLY-PURCHASE OPTION.** A statement that the lessee has an
17 early purchase option to purchase the property at any time during the period that
18 the rental-purchase agreement is in effect. The statement must specify the price or
19 the formula or other method for determining the price at which the property may be
20 purchased.

21 **(9) RESPONSIBILITY FOR THEFT OR DAMAGE.** A statement that, unless otherwise
22 agreed, in the event the rental property is stolen, damaged, or destroyed while in the
23 possession of, or subject to the control of, the lessee, the lessee is responsible for an
24 amount equal to the lesser of the amount required to exercise the early-purchase

1 option as provided in sub. (8) or 55 percent of the scheduled remaining periodic
2 payments, but in no event in an amount greater than the cash price.

3 **(10) SERVICE AND WARRANTY.** A statement that, during the term of the rental-
4 purchase agreement, the rental-purchase company is required to service the rental
5 property and maintain it in good working condition, as long as no other person has
6 serviced the rental property. In lieu of servicing the rental property, the
7 rental-purchase company may, at its option, replace the rental property with
8 substitute property of comparable quality and condition. The rental-purchase
9 company's obligation to provide service is limited to defects in the property not
10 caused by improper use or neglect by the lessee or harmful conditions outside the
11 control of the rental-purchase company or manufacturer.

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

15 **(12) RIGHT TO REINSTATE.** A brief explanation of the lessee's right to reinstate
16 a rental-purchase agreement under s. 420.06.

17 **(13) RENTAL, NOT PURCHASE.** A statement reading substantially as follows: "You
18 are renting this property. You will not own the property until you make all payments
19 necessary to acquire ownership or until you exercise your early-purchase option. If
20 you do not make your payments as scheduled or exercise your early-purchase option,
21 the rental-purchase company is entitled to immediate possession of the property."

22 **(14) INFORMATION ABOUT RENTAL-PURCHASE COMPANY AND LESSEE.** The names of
23 the rental-purchase company and the lessee, the rental-purchase company's
24 business address and telephone number, the lessee's address, and the date on which
25 the rental-purchase agreement is executed.

1 **(15) OPTIONAL SERVICES.** Space for a specific, separately signed or initialed,
2 affirmative, written indication of the lessee's desire for any optional service for which
3 a charge is assessed. The lessee's request must be obtained after a written disclosure
4 of the cost of the optional service is made, and the disclosure of the cost and purpose
5 of such service must be listed at or near the affirmation space. This requirement is
6 satisfied by a separate written agreement for an optional service that meets the
7 requirements of this subsection.

8 **420.04 Prohibited provisions of rental-purchase agreements.** A
9 rental-purchase agreement may not contain any of the following:

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

11 **(2) REPOSSESSION.** A provision authorizing a rental-purchase company, or an
12 agent of the rental-purchase company, to enter the lessee's residence without the
13 lessee's permission, or to commit a breach of the peace in the repossession of rental
14 property provided by the rental-purchase company under the rental-purchase
15 agreement.

16 **(3) WAIVER.** A waiver of a defense or counterclaim, a waiver of any right to
17 assert any claim that the lessee may have against the rental-purchase company or
18 an agent of the rental-purchase company, or a waiver of any provision of this chapter
19 relating to rental-purchase agreements.

20 **(4) OVERPAYMENT.** A provision requiring rental payments totaling more than
21 the total dollar amount of all rental payments necessary to acquire ownership, as
22 disclosed in the rental-purchase agreement.

23 **(5) INSURANCE.** A provision requiring the lessee to purchase insurance from the
24 rental-purchase company to insure the rental property.

1 **(6) BALLOON PAYMENTS.** Any provision that requires the lessee to make a balloon
2 payment to acquire ownership of the rental property, not including any payment
3 necessary to exercise an early-purchase option.

4 **420.05 Disclosures for certain rental-purchase agreements. (1)**

5 DISCLOSURE FOR PROPERTY NOT DISPLAYED OR OFFERED PRIMARILY FOR RENTAL-PURCHASE.

6 When property that is not displayed or offered primarily for rental-purchase is
7 offered for rental-purchase, all of the following shall be separately disclosed prior to
8 displaying or presenting a rental-purchase agreement to a lessee for execution:

9 (a) The cash price of the property.

10 (b) The amount of the periodic renewal payment.

11 (c) The total dollar amount of all periodic rental payments necessary to acquire
12 ownership if the lessee makes all scheduled payments.

13 **(2) ADDITIONAL DISCLOSURES FOR PROPERTY NOT DISPLAYED OR OFFERED PRIMARILY**
14 **FOR RENTAL-PURCHASE.** In addition to the disclosures required by s. 420.03, if the
15 property that is the subject of a rental-purchase agreement was not displayed or
16 offered primarily for rental-purchase prior to the rental-purchase transaction, all
17 of the following additional disclosures shall be made on a separate page titled
18 “Acknowledgment of Rental-Purchase Transaction” and signed by the lessee:

19 (a) The agreement is a rental-purchase agreement and the lessee does not own
20 the property, but can obtain ownership by using ownership options provided in the
21 agreement.

22 (b) The agreement is not a credit transaction.

23 (c) The lessee has the right to return the property to the lessor without
24 additional charge or penalty at any time and will owe nothing further except unpaid
25 rental charges and fees.

1 (d) If the lessee returns the property, the agreement offers reinstatement rights
2 that allow the lessee to get the property back if the lessee has complied with the
3 agreement and the law.

4 (e) The lessee has reviewed and understands the agreement, including the
5 purchase option rights and the total cost if all scheduled payments are made.

6 **420.06 Reinstatement of a rental-purchase agreement. (1)**

7 REINSTATEMENT GENERALLY. Subject to sub. (2), a lessee may reinstate a
8 rental-purchase agreement that has ended without losing any rights or options
9 previously acquired if all of the following apply:

10 (a) The lessee voluntarily returned or surrendered the rental property within
11 7 days after the expiration of the rental-purchase agreement.

12 (b) Not more than 365 days have passed after the date on which the
13 rental-purchase agreement ended.

14 **(2) AUTHORIZED CONDITIONS ON REINSTATEMENT.** As a condition of reinstatement
15 under sub. (1), the rental-purchase company may require the payment of all
16 past-due rental charges, the rental payment for the next term, and a reinstatement
17 fee not to exceed \$8 for agreements renewed on a monthly basis or \$5 for agreements
18 renewed more frequently than monthly. However, no reinstatement fee may be
19 charged unless a periodic payment is delinquent for more than 7 days if the payment
20 is due monthly or unless a periodic payment is delinquent for more than 3 days if the
21 payment is due more frequently than monthly.

22 **(3) EFFECT OF REPOSSESSION ON REINSTATEMENT.** Subject to s. 420.04 (2), and
23 except as provided in s. 420.16, nothing in this section prohibits a rental-purchase
24 company from repossessing or attempting to repossess rental property when a
25 rental-purchase agreement is not renewed, but such efforts do not affect the lessee's

1 right to reinstate as long as the rental property is voluntarily returned or
2 surrendered within 7 days after the rental-purchase agreement expires.

3 (4) PROPERTY AVAILABLE UPON REINSTATEMENT. Upon reinstatement, the
4 rental-purchase company shall provide the lessee with the same rental property, if
5 the property is available and is in the same condition as when it was returned to the
6 rental-purchase company, or with substitute property of comparable quality and
7 condition.

8 **420.07 Limitation on certain fees and returned payments.** (1) CERTAIN
9 FEES PROHIBITED. A rental-purchase company may not charge a lessee any late fee
10 in connection with any past-due rental charges or reinstatement of a
11 rental-purchase agreement and may not charge a lessee any charge-back fee or
12 insufficient funds fee that exceeds \$15 for each attempted payment that is denied or
13 dishonored.

14 (2) LIMITATION ON RESUBMISSION OF CERTAIN PAYMENT TRANSACTIONS. If a payment
15 under a rental-purchase agreement processed through the Automated Clearing
16 House network is returned for reasons of insufficient or uncollected funds, the
17 transaction may be reinitiated a maximum of 2 times in an attempt to collect the
18 funds.

19 **420.08 Receipts and statements.** (1) RECEIPTS. A rental-purchase company
20 shall provide a written receipt to the lessee for any payment made by the lessee in
21 cash or, upon the request of the lessee, for any other type of payment.

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

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

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

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

16 **420.09 Liability damage waiver. (1) WAIVER PERMISSIBLE.** A
17 rental-purchase company and a lessee may contract for a liability damage waiver.
18 A rental-purchase company may charge a periodic fee for a liability damage waiver
19 in an amount not to exceed 10 percent of the periodic rental payment.

20 **(2) REQUIREMENTS FOR WAIVER.** A rental-purchase company may not sell a
21 liability damage waiver unless all of the following apply:

22 (a) The contract containing the waiver is provided to the lessee in writing,
23 either by incorporating it into the rental-purchase agreement or by providing it as
24 a separate document.

1 (b) The face of the writing under par. (a) clearly discloses that the lessee is not
2 required to purchase the waiver.

3 (c) The contract clearly discloses the dollar amount of the fee to be paid with
4 each rental payment.

5 (d) The lessee expressly agrees to the waiver in writing.

6 **(3) SCOPE OF WAIVER.** The liability damage waiver may exclude only loss or
7 damage to the property that is the subject of the rental-purchase agreement caused
8 by moisture, scratches, mysterious disappearance, vandalism, abandonment of the
9 property, or any other damage intentionally caused by the lessee or that results from
10 the lessee's willful or wanton misconduct.

11 **(4) WAIVER CANCELLATION.** The lessee is entitled to cancel the waiver at the end
12 of any rental term.

13 **(5) WAIVER IS NOT INSURANCE.** A liability damage waiver is not insurance.

14 **420.10 Advertising disclosure required.** If an advertisement for a
15 rental-purchase agreement states the amount of a payment for a specific item of
16 property, the advertisement shall also clearly and conspicuously state all of the
17 following:

18 **(1)** That the transaction advertised is a rental-purchase agreement.

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

21 **(3)** That the lessee does not acquire ownership of the property if the lessee fails
22 to make all payments necessary to acquire ownership of the property.

23 **420.11 Price cards displayed. (1) PRICE CARDS GENERALLY.** Except as
24 provided in sub. (2), a card or tag that clearly and conspicuously states all of the
25 following shall be displayed on or next to any property displayed or offered primarily

1 for rental-purchase by a rental-purchase company for rent under a rental-purchase
2 agreement:

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

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

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

7 (d) Whether the property is new or used.

8 **(2) EXCEPTIONS.** If property is offered for rent under a rental-purchase
9 agreement through a catalog, whether print or electronic, or if the size of the property
10 is such that displaying a card or tag on or next to the property would be impractical,
11 a rental-purchase company may make the disclosures required under sub. (1) in a
12 catalog, list, or disclosure sheet if the catalog, list, or disclosure sheet is readily
13 available to prospective lessees and provided upon request.

14 **420.12 Notice to the department. (1) INITIAL NOTICE.** A rental-purchase
15 company shall file notice with the department, in the form and manner prescribed
16 by the department, within 30 days after commencing business in this state. The
17 notice shall set forth the location of each place of business in this state where the
18 rental-purchase company conducts any operations regulated under this chapter.

19 **(2) ANNUAL NOTICE.** After filing the initial notice in sub. (1), a rental-purchase
20 company shall file annually, on or before January 31 of each year, in the form and
21 manner prescribed by the department, a list setting forth the location of each place
22 of business in this state where the rental-purchase company conducts any
23 operations regulated under this chapter.

1 **(3) ANNUAL FEE.** (a) A rental-purchase company shall remit an annual fee with
2 the report required by sub. (2). The amount of the annual fee shall be calculated
3 according to the sum of the following, but may not exceed \$2,500:

4 1. One hundred dollars for each of the first 10 locations in the state.

5 2. Fifty dollars for each additional location in this state.

6 (b) If a rental-purchase company fails to timely pay the annual fee on or before
7 January 31, the department shall provide written notice to the rental-purchase
8 company. If the rental-purchase company fails to pay within 30 days after issuance
9 of this notice, the department may order the rental-purchase company to cease
10 operating until the annual fee is paid.

11 **(4) ADDITIONAL PAYMENT FUNDING FINANCIAL LITERACY.** In addition to the annual
12 fee under sub. (3), a rental-purchase company shall pay to the department with the
13 annual fee an amount equal to \$1 for each original rental-purchase agreement, not
14 including reinstatement of a rental-purchase agreement, entered into by the
15 rental-purchase company during the 12-month period covered by the report under
16 sub. (2). All payments received under this subsection shall be credited to the
17 appropriation account under s. 20.144 (1) (jm).

18 **420.13 Rule making. (1) GENERALLY.** Subject to subs. (2) and (3), the
19 department may promulgate rules under ch. 227 necessary to administer and
20 enforce the requirements of this chapter.

21 **(2) MODEL AGREEMENT.** A rule promulgated by the department may include a
22 model rental-purchase agreement that meets the requirements of this chapter. The
23 department may not require a rental-purchase company to use this form, but if a
24 rental-purchase company does use this form, the form is conclusively presumed to
25 have been executed in compliance with ss. 420.02, 420.03, and 420.04.

1 **(3) PROHIBITED RULES.** No rule promulgated by the department may do any of
2 the following:

3 (a) Require disclosures not explicitly required or permitted by this chapter.

4 (b) Establish a requirement for, or limitation on, the pricing offered to a
5 consumer by a rental-purchase company.

6 (c) Establish any other requirement for, or limitation on, a rental-purchase
7 agreement not explicitly required or permitted by this chapter or that is more
8 restrictive than this chapter.

9 **420.14 Penalties. (1) AWARD OF DAMAGES.** Subject to subs. (3) and (6), a
10 rental-purchase company that violates any provision of this chapter, rule
11 promulgated under this chapter, or order issued under this chapter pertaining to a
12 lessee is liable to the lessee in an amount equal to the greater of the following:

13 (a) The actual damages sustained by the lessee as a result of the violation.

14 (b) If the action is not brought as a class action, 25 percent of the total payments
15 necessary for the lessee to acquire ownership of the rental property, but not less than
16 \$100 nor more than \$1,000.

17 (c) If the action is brought as a class action, the amount the court determines
18 to be appropriate, subject to sub. (2).

19 **(2) DAMAGE LIMITATIONS IN CLASS ACTIONS.** The total recovery by all lessees in
20 any class action or series of class actions arising out of the same violation may not
21 be more than the lesser of \$500,000 or 1 percent of the net worth of the
22 rental-purchase company. In determining the amount of any award in a class action,
23 the court shall consider, among other relevant factors, the amount of actual damages
24 awarded, the frequency and persistence of the violation, the rental-purchase

1 company's resources, and the extent to which the rental-purchase company's
2 violation was intentional.

3 **(3) UNINTENTIONAL VIOLATIONS.** A rental-purchase company is not liable for any
4 violation of this chapter if the rental-purchase company shows by a preponderance
5 of the evidence that the violation was not intentional and resulted from a bona fide
6 error, and the rental-purchase company maintained procedures reasonably adapted
7 to avoid such an error.

8 **(4) COSTS AND ATTORNEY FEES.** If a court awards any monetary amount under
9 sub. (1) to a lessee, the rental-purchase company shall also be liable to the lessee for
10 the costs of the action and, notwithstanding s. 814.04 (1), for reasonable attorney fees
11 as determined by the court.

12 **(5) EXCLUSIVE PENALTIES FOR VIOLATIONS OF THIS CHAPTER; APPLICABILITY OF OTHER**
13 **LAWS.** (a) The penalties under this section and ss. 100.18 and 100.20 provide the
14 exclusive remedies for a violation of any provision of this chapter, rule promulgated
15 under this chapter, or order issued under this chapter. The application of the
16 penalties under this section and ss. 100.18 and 100.20 are all subject to subs. (3) and
17 (6).

18 (b) Except as provided in par. (a) and s. 420.15, laws other than this chapter
19 that relate to a transaction governed by this chapter are not preempted by this
20 chapter.

21 **(6) CURE OF NONCOMPLIANCE.** A rental-purchase company is not liable for any
22 violation of any provision of this chapter, rule promulgated under this chapter, or
23 order issued under this chapter if the rental-purchase company notifies the
24 consumer of its noncompliance with this chapter, rule promulgated under this

1 chapter, or order issued under this chapter and corrects the noncompliance within
2 45 days of the earliest of any of the following:

3 (a) The receipt of a written notice of the noncompliance from the consumer.

4 (b) The discovery of the noncompliance by the rental-purchase company.

5 **420.15 Inapplicability of Consumer Act and ch. 409.** A rental-purchase
6 company that has provided notice to the department under this chapter is not, with
7 respect to rental-purchase agreements entered into by the rental-purchase
8 company, subject to the Wisconsin Consumer Act, chs. 421 to 427, or any related rule
9 or order adopted under chs. 421 to 427, or to any provision of ch. 409, and any
10 rental-purchase agreement entered into by such a rental-purchase company shall
11 not be construed or regulated as a security interest, credit sale, retail installment
12 sale, conditional sale, or any other form of consumer credit, nor considered to be the
13 creation of a debt or extension of credit.

14 **420.16 Notice to lessee prior to replevin.** (1) Before a rental-purchase
15 company may commence a replevin action, the rental-purchase company must
16 deliver a written notice to the lessee at least 7 days prior to the filing of the action.

17 (2) The notice under sub. (1) shall include all of the following information:

18 (a) The date the rental-purchase agreement expired.

19 (b) The amount of any reinstatement fee that has been or may be assessed.

20 (c) The total amount of periodic payments necessary to reinstate the
21 rental-purchase agreement as of the date of the notice, including any reinstatement
22 fee.

23 (d) That the lessee may voluntarily surrender the rental property to the
24 rental-purchase company at the lessee's residence or other location as agreed upon
25 by both parties.

1 (e) That the rental-purchase company is requesting that the rental property
2 be voluntarily surrendered prior to seeking legal action for return of the property.

3 **SECTION 3.** 421.202 (11) of the statutes is created to read:

4 421.202 (11) Rental-purchase agreements entered into by a rental-purchase
5 company that has provided notice to the department of financial institutions under
6 ch. 420.

7 **SECTION 4. Initial applicability.**

8 (1) This act first applies to rental-purchase agreements, and conduct pursuant
9 to those agreements, that are entered into on the effective date of this subsection.

10 **SECTION 5. Effective date.**

11 (1) This act takes effect on the first day of the 7th month beginning after
12 publication.

13 (END)