

No. 573, A.]

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CHAPTER 302

AN ACT to amend 218.01 (1) (i), (3) (d), (5) (a) and (6) (b), (d), (e) and (g); to repeal and recreate 85.09 (5) (e) and 218.01 (6) (c); and to create 218.01 (1) (ha) of the statutes, relating to the regulation of finance companies and automobile dealers.

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

SECTION 1. 218.01 (1) (ha) of the statutes is created to read:

218.01 (1) (ha) "Time price" means the total amount which the buyer contracts to pay under a retail instalment contract.

SECTION 2. 218.01 (1) (i), (3) (d), (5) (a) and (6) (b) of the statutes are amended to read:

218.01 (1) (i) " * * * *Time price differential*" means that part of the total price in the retail instalment contract of sale in excess of the cash price, and includes * * * *all charges of any nature whatsoever which may be assessed the retail buyer by the seller for costs, charges, examinations, appraisal, service, brokerage, commission, expense, fees, fines, penalties exclusive of insurance premium costs and except those charges which may be specifically provided for in this section, or in the lawful orders issued by the licensor.*

(3) (d) The licensor may inspect the pertinent books, records, letters and contracts of a licensee, * * * the actual cost of each such examination shall be paid by such licensee so examined within 30 days after demand therefor by the licensor, and the licensor may maintain an action for the recovery of such costs in any court of competent jurisdiction.

(5) (a) The licensor shall promote the interests of retail buyers of motor vehicles relating to default, delinquency, repossession or collection charges and the refund of the time price differential and insurance premium on prepayment of the instalment contract. It shall have power to define unfair practices in the motor vehicle industry and trade between licensees or between any licensees and retail buyers of motor vehicles, but such power shall not include the power to limit the price at which licensees may sell, assign or transfer receivables, contracts or other evidence of any obligation arising out of an instalment sale made pursuant to this section.

(6) (b) Prior to or concurrent with any instalment sale, the seller shall deliver to the buyer a written statement describing clearly the motor vehicle sold to the buyer, the cash sale price thereof, the cash paid down by the buyer, the amount credited the buyer for any trade-in and a description thereof, *the cost to the retail buyer of any insurance, the unpaid balance to be financed which may include the cost of insurance*, the amount of the * * * *time price differential*, the amount of any other charge specifying its purpose, the * * * *time balance* due from the buyer, the terms of the payment of such * * * *time balance*, *the amount and date of each payment necessary finally to pay the time balance* and a summary of any insurance coverage to be effected. The commissioner may determine the form of such statement to be included therein. In the event that a written order is taken from a prospective purchaser in connection with any such instalment sale, then shall the written statement above provided for be given to such purchaser prior to or concurrent with the signing of such order by such purchaser. *The time price differential in a retail instalment sale excluding the cost of insurance shall not exceed the following rates:*

1. *Class 1: Any new motor vehicle — \$7 per \$100 per annum.*
2. *Class 2: Any used motor vehicle designated by the manufacturer by a year model of the same or 2 years prior to the year in which the sale is made — \$9 per \$100 per annum.*
3. *Class 3: Any used motor vehicle not in Class 2 and designated by the manufacturer*

by a year model not more than 5 years prior to the year in which the sale is made — \$12 per \$100 per annum.

4. *Class 4: Any used motor vehicle not in Class 2 or Class 3 and designated by the manufacturer by a year model more than 5 years prior to the year in which the sale is made — \$15 per \$100 per annum.*

5. *The time price differential shall be computed on the unpaid balance to be financed as determined under the introductory paragraph hereof at the annual rates provided for in the above classes which are payable by instalment payments, extending for a period of one year. On instalment sales contracts providing for equal instalment payments extending for a period which is less than or greater than one year the time price differential shall be computed proportionately. On contracts payable in one instalment or in unequal instalments the seller may receive a rate that will not yield more than would be received by the use of the rates permitted in classes 1 to 4. The time price differential shall be computed on the basis of a full month for any fractional month period in excess of 15 days.*

6. *A minimum time price differential of \$15 may be charged on any instalment sales contract in which the time price differential, when computed at the rates indicated, results in a total charge of less than this amount.*

SECTION 3. 218.01 (6) (c) of the statutes is repealed and recreated to read:

218.01 (6) (c) An exact copy of the instalment sale contract and any note or notes given in connection therewith shall be furnished by the seller to the buyer at the time the buyer signs such contract. The buyer's copy of the contract shall contain the signature of the seller identical with the signature on the original contract. No contract shall be signed in blank except that a detailed description of the motor vehicle including the serial number or other identifying marks of the vehicle sold which are not available at the time of execution of such contract may be filled in before final delivery of the motor vehicle.

SECTION 4. 218.01 (6) (d), (e) and (g) of the statutes are amended to read:

218.01 (6) (d) A violation of par. (a) or (b) * * * shall bar recovery of any * * * *time balance*, or any interest on the deferred balance by the seller, or an assignee of the seller who, at the time of the assignment, had knowledge of such violation, in any suit upon a sales contract arising from the sale where such violation occurred.

(e) Prior to 30 days after acquisition of any retail instalment contract from a retail seller, every finance company shall mail or deliver to the retail buyer a notice in writing that it has acquired the retail instalment contract from the retail seller thereunder, and shall also mail or cause to be mailed therewith a statement of the particulars of the retail instalment contract price, hereinbefore required to be stated by the retail seller, in accordance with the finance company's records respecting such particulars, including the amount of the * * * *time price differential*. Every finance company, if insurance is provided by it, shall also within the time stated send or cause to be sent to the retail buyer a policy or policies or certificate of insurance clearly setting forth the exact nature of the insurance coverage and the amount of the premiums which shall not exceed the rates as fixed in the published manual of a recognized standard rating bureau * * *.

(g) Any retail buyer of a motor vehicle, resident of the state of Wisconsin at the time of the purchase thereof, under a retail instalment contract made in this state, shall have a valid defense against the recovery of the principal, * * * *time price differential*, interest and other fees included in such contract, in any action or proceeding at law to enforce said contract by any person * * * who has purchased or otherwise acquired said contract, if such person * * * has failed or refused prior to such purchase or acquisition to be licensed as a sales finance company under the provisions of this section, and such person * * * is actually engaged, in business, in whole or in part as a sales finance company as defined in this section.

SECTION 5. 85.09 (5) (e) of the statutes is created to read:

85.09 (5) (e) *Notice of insurance to buyer under instalment sales contract.* Every person who shall sell or agree to sell any motor vehicle at retail under a retail instalment contract as defined in s. 218.01 (1) (e) wherein provision is made for insurance coverage, or a charge is made therefor, such policy so issued or provided for, shall include public liability coverage protecting the driver of such motor vehicle against damages resulting from the negligent use thereof, or the seller shall, in writing, notify the buyer at the time of making such contract that the motor vehicle is not covered by public liability insurance protecting the driver against damages resulting from the negligent use thereof, and shall obtain a dated, written receipt for such notice signed by the buyer.

Approved June 17, 1953.