

# State of Wisconsin



2005 Assembly Bill 456

Date of enactment: **March 10, 2006**  
Date of publication\*: **March 24, 2006**

## 2005 WISCONSIN ACT 128

AN ACT *to repeal* 138.056 (3) (a); *to renumber* 138.056 (3) (b); *to amend* 138.056 (3) (title); and *to create* 138.056 (3m) of the statutes; **relating to:** prepayment penalties on variable rate residential mortgage loans.

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

**SECTION 1.** 138.056 (3) (title) of the statutes is amended to read:

138.056 (3) (title) FEES AND PENALTIES PROHIBITED.

**SECTION 2.** 138.056 (3) (a) of the statutes, as affected by [2003 Wisconsin Act 257](#), is repealed.

**SECTION 3.** 138.056 (3) (b) of the statutes is renumbered 138.056 (3).

**SECTION 4.** 138.056 (3m) of the statutes is created to read:

138.056 (3m) PREPAYMENT PENALTIES. (a) Notwithstanding s. 138.052 (2) (a), and except as provided in s. 428.207, a lender may not include a prepayment penalty in a variable rate loan using an approved index unless all of the following are satisfied:

1. The lender also makes variable rate loans without prepayment penalties and the lender provides the borrower with a written statement that the lender also makes variable rate loans without prepayment penalties.

2. At the time of the offer of the variable rate loan, and the borrower acknowledges, in writing, receipt of the statement specified in subd. 1.

3. The penalty is limited to prepayment that is made within 3 years of the date of the loan.

4. The prepayment is not made in connection with the sale of a dwelling or mobile home securing the loan.

(b) This subsection applies to variable rate loans made, refinanced, renewed, extended, or modified on or after the effective date of this paragraph .... [revisor inserts date].

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\* Section 991.11, WISCONSIN STATUTES 2003-04 : Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].