

than or greater than those permitted by s. 422.201 (2), licensees under s. 218.01 with respect to the sale of motor vehicles, and licensees under s. 138.09 with respect to any loan are limited in each case by s. 422.201 (3) to that finance charge receivable according to the applicable provisions of the appropriate licensing act, except as the election to receive a minimum finance charge is limited by s. 422.201 (8).

History: Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.24 Finance charge for consumer credit transactions; rate on sale of farm equipment.** Section 422.201 (4), Stats., refers to the class 2 rate for motor vehicles, as specified in s. 218.01 (6) for determination of the maximum finance charges in consumer credit transactions other than those pursuant to an open-end plan receivable by sellers of farm equipment, farm implements and farm tractors, other than s. 218.01 licensees, under the Wisconsin consumer act. As s. 422.201 (4) contemplates finance charges which, in various situations, are less than or greater than those permitted by s. 422.201 (2), sellers within s. 422.201 (4) are limited in the sale of farm equipment, farm implements and farm tractors to the finance charge receivable according to the class 2 rate in s. 218.01 (6). See s. 422.201 (8) for election to receive a minimum finance charge. On sales of other goods and services by such sellers the rates described in s. 422.201 (2) or (3) will apply, as appropriate. Licensees under s. 218.01 shall apply the rates set out in s. 218.01 (6) to the sale of all motor vehicles, but shall be limited to the class 2 rate in s. 218.01 (6) as to the sale of all other farm equipment and implements.

History: Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.241 Finance charges for consumer credit transactions; minimum finance charge.** Section 422.201 (8) provides for the election of a minimum finance charge by any merchant, including licensees under s. 218.01, who are limited to the election provided by this section notwithstanding the minimum time price differential provisions of s. 218.01 (6) (a) 6.

History: Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.25 Open end credit; maximum periodic rate; licensed lenders.** A licensee under s. 138.09, Stats., may pursuant to s. 422.201 (10m) (d), Stats., charge a monthly periodic rate on the balance of an open end credit plan subject to finance charge not to exceed the greater of the "standard periodic rate" or the "alternative periodic rate."

(1) The standard periodic rate is 1/12th of the annual rate of interest described in s. 138.09 (7) (bn) 1.a., Stats., (currently 1.9166%) if the balance subject to finance charge is less than \$3,000 and the customer's requested and contracted for credit limit under the plan is less than \$3,000. On all other accounts the standard periodic rate shall not exceed the 1/12th of the annual rate of interest described in s. 138.09 (7) (bn) 2.a., Stats., (currently 1.75%). The equivalent daily standard periodic rate is 1/365th of the annual rates in this subparagraph.

(2) The alternative periodic rate is 1/12th of the annual rate of interest described in s. 138.09 (7) (bn) 1.b., Stats. The alternative periodic rate may be assessed during the quarterly period in which the rate is effective on credit transactions entered into 15 days or more following notice to the customer of a rate increase. The notice shall contain the disclosures described in s. 422.201 (10m) (b) 3.a. to c., Stats. The

## Bkg 80

equivalent daily alternative periodic rate is 1/365th of the annual rate in this subparagraph.

(3) If a licensee provides notice in accordance with sub. (2) and the alternative periodic rate permitted in succeeding quarterly periods is equal to or greater than the alternative periodic rate assessed by the licensee in a given quarterly period, a licensee may continue to assess that alternative periodic rate on subsequent credit transactions entered into during such succeeding quarterly periods without further notice to the customer. If a licensee provides notice in accordance with sub. (2) and the alternative periodic rate in a succeeding quarterly period is less than the alternative periodic rate assessed by a licensee, a licensee may assess the lower alternative periodic rate on extensions of credit during the quarterly period in which such rate is effective without further notice to the customer.

(4) A licensee may not assess an alternative periodic rate on any extension of credit entered into during any quarterly period in which the alternative periodic rate exceeded the standard periodic rate which exceeds the alternative periodic rate in effect at the beginning of the billing cycle covered by the periodic statement evidencing the finance charge or the standard periodic rate, if it is higher.

(5) The rate limitations of this rule do not apply during those periods in which rate ceilings on open end credit plans are removed pursuant to s. 422.201 (10n), Stats.

*History:* Cr. Register, December, 1977, No. 264, eff. 1-1-78; r. and recr. Register, September, 1982, No. 321, eff. 10-1-82.

**Bkg 80.26 Additional charges; cost of insurance.** Disclosure of the cost of insurance as an additional charge under s. 422.202 (1) (b) and (c), must include written notice to the customer of the term of such insurance together with the dollar charge for such term. Where the term of the insurance is the same as the term of the transaction a disclosure of that fact shall be an adequate disclosure of the term of the insurance.

*History:* Cr. Register, June, 1973, No. 210, eff. 7-1-73; am. Register, October, 1980, No. 298, eff. 11-1-80.

**Bkg 80.261 Additional charges; equivalent security interest.** The term "equivalent security interest" as used in s. 422.202 (2) (b) shall include a seller's interest under a land contract or a first lien deed of trust, and a second mortgage where there are no intervening liens and the mortgagee holds the first mortgage on the subject property. For cross reference application of this definition, see also ss. 422.303 (4), 422.306 (2), 422.408 (6), 422.409 (2) and 422.411 (2), Stats.

*History:* Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.262 Additional charges; title examinations.** Title examinations within the meaning of s. 422.202 (2) (a), Stats., shall include the fee for a written title opinion prepared by an attorney upon examination of the abstract of title to the real property which is the subject of the consumer credit transaction on which the charge is assessed.

*History:* Cr. Register, June, 1973, No. 210, eff. 7-1-73; am. Register, October, 1980, No. 298, eff. 11-1-80.

**Bkg 80.263 Additional charges, appraisals, copies.** A creditor shall provide the customer, before any payment is due, with a copy of any Register, September, 1982, No. 321

appraisal for which the customer, in connection with a consumer credit transaction, is assessed an additional charge pursuant to s. 422.202 (2) (d), Stats.

**History:** Cr. Register, October, 1980, No. 298, eff. 11-1-80.

**Bkg 80.27 Additional charges; substantial improvement of real property.** The term "substantial improvement of real property" as used in s. 422.202 (2) (b) shall mean any improvement to real property, the cash price of which shall be at least \$1,400.

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.271 Delinquency charges; deferred instalment.** Where the parties have agreed to a delinquency charge in accordance with s. 422.203 and instalments have subsequently been deferred, the merchant may collect a delinquency charge on any deferred installment which is not paid in full on or before the 10th day after its deferred due date unless such instalment is again deferred.

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.28 Deferral charges; unilateral deferral at no cost.** Notwithstanding s. 422.204, Stats., any number of the instalments may be deferred unilaterally by the creditor without the notice that would otherwise be required provided there is no charge for such deferral.

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.281 Deferral charges; alternative computation.** The methods for computing deferral charges described in s. 422.204 (1) (a) and (b), Stats., are alternatives and a creditor may elect to use either method to the extent that he can apply it to the particular transaction. However, if the transaction is not one to which sub. (1) (a) could apply, for example, because of irregular payments, then the creditor must compute the deferral pursuant to sub. (1) (b).

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.29 Deferral charges; "Rule of 78".** The portion of the precomputed finance charge attributable to the final instalment of the original schedule of payments as used in s. 422.204 (1) (a), Stats., shall mean the pre-payment rebate calculated according to the Rule of 78 if the contract were prepaid in full on the payment date immediately preceding final originally scheduled maturity.

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73.