



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1995 ASSEMBLY BILL 834**

January 30, 1996 - Offered by Representative KAUFERT.

1 **AN ACT to amend** 422.209 (1); and **to create** 138.09 (7) (jm) and 422.209 (1m) of
2 the statutes; **relating to:** loan administration fees charged by licensed lenders
3 and loan administration fees under the Wisconsin consumer act.

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

4 **SECTION 1.** 138.09 (7) (jm) of the statutes is created to read:

5 138.09 (7) (jm) 1. Subject to subd. 2., a licensee may charge, in addition to
6 interest, a loan administration fee on a consumer loan, including a refinancing or
7 loan consolidation, if all of the following conditions are met:

8 a. The loan administration fee does not exceed 2% of the principal in the
9 consumer loan, refinancing or consolidation.

10 b. The loan administration fee is charged for a consumer loan that is secured
11 primarily by an interest in real property or in a mobile home, as defined in s. 218.10
12 (2).

13 2. Notwithstanding subd. 1., if a licensee charges a loan administration fee on
14 a consumer loan that is prepaid from the proceeds of a new loan made by the same

1 licensee within 6 months after the prior loan, then the licensee shall reduce any loan
2 administration fee on the new loan by the amount of the loan administration fee on
3 the prior loan.

4 3. A loan administration fee charged under this paragraph may be included in
5 the amount financed in the consumer loan. The loan administration fee is earned
6 by the licensee when charged and need not be refunded under par. (gm) 3. or 4. A
7 licensee who charges a loan administration fee under this paragraph may not also
8 retain a loan administration fee under s. 422.209 (1m) in connection with the same
9 consumer loan transaction.

10 **SECTION 2.** 422.209 (1) of the statutes is amended to read:

11 422.209 (1) ~~Upon~~ Except as provided in sub. (1m), upon prepayment in full of
12 the unpaid balance of a precomputed consumer credit transaction, refinancing or
13 consolidation, an amount not less than the unearned portion of the finance charge
14 calculated according to this section shall be rebated to the customer. If the total of
15 all rebates, refunds and credits to be paid to the customer under chs. 421 to 427 is
16 less than \$1, no rebate need be made.

17 **SECTION 3.** 422.209 (1m) of the statutes is created to read:

18 422.209 (1m) (a) In the event of prepayment under sub. (1), a merchant may
19 retain a loan administration fee that meets all of the following conditions:

20 1. The loan administration fee does not exceed 2% of the amount financed in
21 the precomputed consumer credit transaction, refinancing or consolidation.

22 2. The loan administration fee is for a consumer loan that is secured primarily
23 by an interest in real property or in a mobile home, as defined in s. 218.10 (2).

24 (b) Notwithstanding par. (a), if a merchant retains any portion of a loan
25 administration fee charged on a loan that is prepaid from the proceeds of a new loan

