

State of Misconsin 1995 - 1996 LEGISLATURE

## SENATE SUBSTITUTE AMENDMENT 1, TO 1995 SENATE BILL 481

February 14, 1996 – Offered by Committee on Education and Financial Institutions.

1	AN ACT to renumber and amend 422.209 (5); to amend 421.301 (20) (intro.);
2	and <i>to create</i> 422.209 (5) (b) of the statutes; <b>relating to:</b> prepayment fees in
3	consumer credit transactions.

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

4 **SECTION 1.** 421.301 (20) (intro.) of the statutes is amended to read:

421.301 (20) (intro.) "Finance charge" means the sum of all charges, payable 5 6 directly or indirectly by the customer as an incident to or as a condition of the 7 extension of credit, whether paid or payable by the customer, the creditor or any other 8 person on behalf of the customer to the creditor or to a 3rd party unless the creditor had no notice or knowledge of the charges paid or payable to the 3rd party. The term 9 10 includes the following types of charges to the extent they are not permitted 11 additional charges under s. 422.202 or, delinquency charges (under s. 422.203) or, 12deferral charges (under s. 422.204) or charges permitted to be collected or retained 13<u>under s. 422.209 (5)</u>:

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1	<b>SECTION 2.</b> 422.209 (5) of the statutes is renumbered 422.209 (5) (intro.) and
2	amended to read:
3	422.209 (5) (intro.) This section does not preclude the collection or retention by
4	the creditor of <del>delinquency</del> <u>any of the following:</u>
5	(a) Delinquency charges under s. 422.203 for delinquencies or payments due
6	prior to prepayment.
7	<b>SECTION 3.</b> 422.209 (5) (b) of the statutes is created to read:
8	422.209 (5) (b) A prepayment fee, if all of the following requirements are met:
9	1. The loan for which the fee is assessed is prepaid within 6 months of its
10	origination.
11	2. The parties have agreed in writing to the imposition of the fee.
12	3. The fee does not exceed \$150 or $2\%$ of the balance of the loan at the time the
13	loan is prepaid, whichever is less.
14	SECTION 4. Initial applicability.
15	(1) This act first applies to consumer credit transactions and loan agreements
16	entered into, renewed, extended or modified on the effective date of this subsection.
17	(END)

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