

## CHAPTER 425

## REMEDIES AND PENALTIES

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## SUBCHAPTER I

## CREDITORS' REMEDIES

**425.101 Short title.** This chapter shall be known and may be cited as the Wisconsin consumer act—remedies and penalties.

History: 1971 c. 239.

Note: See the note under s. 421.101 as to the effective date and applicability of the Wisconsin Consumer Act.

**425.102 Scope.** This subchapter applies to actions or other proceedings brought by a creditor to enforce rights arising from consumer credit transactions and to extortionate extensions of credit under s. 425.108.

History: 1971 c. 239.

Wisconsin consumer act—a critical analysis. Heiser, 57 MLR 389

Wisconsin consumer act—a freak out? Barrett, Jones, 57 MLR 483.

**425.103 Accrual of cause of action; "default".** (1) Notwithstanding any term or agreement to the contrary, no cause of action with respect to the obligation of a customer in a consumer credit transaction shall accrue in favor of a creditor except by reason of a default, as defined in sub. (2).

(2) "Default", with respect to a consumer credit transaction, means without justification under any law:

(a) With respect to a transaction other than one pursuant to an open-end plan, 1) if the interval between scheduled payments is 2

months or less, to have outstanding 2 or more scheduled payments which have remained unpaid for more than 10 days after their original or deferred due dates, or the failure to pay the first payment or the last payment, or in the case of a transaction for an agricultural purpose, the failure to pay any instalment within 40 days of its original or deferred due date, 2) if the interval between scheduled payments is more than 2 months, to have outstanding one scheduled payment which has remained unpaid for more than 60 days after its original or deferred due date, or 3) if the transaction is scheduled to be repaid in a single instalment, to have the instalment unpaid for more than 40 days after its scheduled or deferred due date;

(b) With respect to an open-end plan, failure to pay when due on 2 occasions within any 12-month period; or

(c) To observe any other covenant of the transaction, breach of which materially impairs the condition, value or protection of or the merchant's right in any collateral securing the transaction or goods subject to a consumer lease, or materially impairs the customer's ability to pay amounts due under the transaction.

(3) A cause of action with respect to the obligation of a customer in a consumer credit transaction shall be subject to this subchapter, including the provisions relating to cure of default (ss. 425.104 and 425.105).

(4) A cause of action arising from a transaction which resulted in the creation of a

security interest in personal property shall also be subject to the limitations provided in subch. II.

History: 1971 c. 239; 1973 c. 3; 1975 c. 407.  
 Creditor's remedies under the Wisconsin consumer act. 1973 WBB No. 6.

**425.104 Notice of customer's right to cure default.** (1) A merchant who believes that a customer is in default may give the customer written notice of the alleged default and, if applicable, of the customer's right to cure any such default (s. 425.105).

(2) Any notice given under this section shall contain the name, address and telephone number of the creditor, a brief identification of the consumer credit transaction, a statement of the nature of the alleged default and a clear statement of the total payment, including an itemization of any delinquency charges, or other performance necessary to cure the alleged default, the exact date by which the amount must be paid or performance tendered and the name, address and telephone number of the person to whom any payment must be made, if other than the creditor.

History: 1971 c. 239.

**425.105 Cure of default.** (1) A merchant may not accelerate the maturity of a consumer credit transaction, commence any action except as provided in s. 425.205 (6), or demand or take possession of collateral or goods subject to a consumer lease other than by accepting a voluntary surrender thereof (s. 425.204), unless the merchant believes the customer to be in default (s. 425.103), and then only upon the expiration of 15 days after a notice is given pursuant to s. 425.104 if the customer has the right to cure under this section.

(2) Except as provided in sub. (3), for 15 days after such notice is given, a customer may cure a default under a consumer credit transaction by tendering the amount of all unpaid instalments due at the time of the tender, without acceleration, plus any unpaid delinquency or deferral charges, and by tendering performance necessary to cure any default other than nonpayment of amounts due. The act of curing a default restores to the customer his rights under the agreement as though no default had occurred.

(3) A right to cure shall not exist if the following occurred twice during the preceding 12 months:

(a) The customer was in default on the same transaction or open-end credit plan;

(b) The creditor gave the customer notice of the right to cure such previous default in accordance with s. 425.104; and

(c) The customer cured the previous default.

(4) With respect to consumer credit transactions in which the creditor has a security interest in, and possession of, instruments or documents (s. 409.105) which threaten to decline speedily in value, this section does not restrict the creditor's rights to dispose of such property pursuant to s. 409.504 and the terms of his security agreement.

History: 1971 c. 239; 1975 c. 407, 421.

**425.106 Exempt property.** (1) Except to the extent that the merchant has a valid security interest which is permitted by this act or has a lien under ch. 289 in such property, or where the transaction is for medical or legal services and there has been no finance charge actually imposed, the following property of the customer shall be exempt from levy, execution, sale, and other similar process in satisfaction of a judgment for an obligation arising from a consumer credit transaction:

(a) Unpaid earnings equivalent to the greater of:

1. Seventy-five per cent of the customer's earnings remaining after all deductions required by law to be withheld; or

2. Fifteen dollars per dependent per week, other than the customer, as claimed by the customer for federal income tax withholding purposes, plus 40 times the federal minimum hourly wage prescribed by the fair labor standards act, 29 U.S.C. s. 206 (a) (1), as amended, at the time the earnings are payable.

3. In the case of earnings not payable by the week, the administrator shall prescribe by rule a multiple of the federal minimum hourly wage equivalent in effect to that set forth in subd. 2.

(b) Clothing of the customer or his dependents and the following: dining table and chairs, refrigerator, heating stove, cooking stove, radio, beds and bedding, couch and chairs, cooking utensils and kitchenware; and

(c) Real property used as the principal residence of the customer or his dependents, to the extent that the fair market value of such property, less all amounts secured by mortgages and liens outstanding against it, is \$15,000 or less.

(2) Nothing in this section shall be construed to displace other provisions of law which afford additional or greater protection to the customer.

(3) An order or process in violation of this section is void.

History: 1971 c. 239; 1973 c. 2, 3.

A proposal for monitoring the impact of increased wage garnishment exemptions under the Wisconsin consumer act 1974 WLR 466.

**425.107 Unconscionability.** (1) With respect to a consumer credit transaction, if the court as a matter of law finds that any aspect of

the transaction, any conduct directed against the customer by a party to the transaction, or any result of the transaction is unconscionable, the court shall, in addition to the remedy and penalty authorized in sub. (5), either refuse to enforce the transaction against the customer, or so limit the application of any unconscionable aspect or conduct to avoid any unconscionable result.

(2) Specific practices forbidden by the administrator in rules promulgated pursuant to s. 426.108 shall be presumed to be unconscionable.

(3) Without limiting the scope of sub. (1), the court may consider, among other things, the following as pertinent to the issue of unconscionability:

(a) That the practice unfairly takes advantage of the lack of knowledge, ability, experience or capacity of customers;

(b) That those engaging in the practice know of the inability of customers to receive benefits properly anticipated from the goods or services involved;

(c) That there exists a gross disparity between the price of goods or services and their value as measured by the price at which similar goods or services are readily obtainable by other customers, or by other tests of true value;

(d) That the practice may enable merchants to take advantage of the inability of customers reasonably to protect their interests by reason of physical or mental infirmities, illiteracy or inability to understand the language of the agreement, ignorance or lack of education or similar factors;

(e) That the terms of the transaction require customers to waive legal rights;

(f) That the terms of the transaction require customers to unreasonably jeopardize money or property beyond the money or property immediately at issue in the transaction;

(g) That the natural effect of the practice would reasonably cause or aid in causing customers to misunderstand the true nature of the transaction or their rights and duties thereunder;

(h) That the writing purporting to evidence the obligation of the customer in the transaction contains terms or provisions or authorizes practices prohibited by law; and

(i) Definitions of unconscionability in statutes, regulations, rulings and decisions of legislative, administrative or judicial bodies.

(4) Any charge or practice expressly permitted by this act is not in itself unconscionable but even though a practice or charge is authorized by this act, the totality of a creditor's conduct may show that such practice or charge is part of an unconscionable course of conduct.

(5) In addition to the protections afforded in sub. (1), the customer shall be entitled upon a finding of unconscionability to recover from the creditor or the person responsible for the unconscionable conduct a remedy and penalty in accordance with s. 425.303.

History: 1971 c. 239.

#### 425.108 Extortionate extensions of credit.

(1) If it is the understanding of the creditor and the customer during any time that an extension of credit is outstanding, that delay in making repayment could result in the use of violence to cause harm to the person or property of any person, the extension of credit shall be unenforceable in accordance with s. 425.305 and the customer shall additionally recover triple the penalty provided in s. 425.304 (1).

(2) If it is shown that an extension of credit was made at an annual rate exceeding that permitted by or referred to in s. 422.201 on maximum charges and that the creditor had a reputation for the use or threat of use of violence to cause harm to the person or property of any person to collect extensions of credit or to punish the nonrepayment thereof, it shall be presumed that the extension of credit was a violation under this act under sub. (1).

History: 1971 c. 239.

**425.109 Pleading.** (1) A complaint by a creditor to enforce a cause of action shall set forth specifically the facts constituting the alleged default of the customer, the amount to which the creditor is allegedly entitled, and the figures necessary for computation of such amount and, in the case of a transaction other than one pursuant to an open-end plan, shall be accompanied by an accurate copy of the writing, if any, evidencing the transaction.

(2) No judgment shall be entered upon a complaint which fails to comply with this section.

History: 1971 c. 239.

#### 425.110 No discharge from employment for garnishment.

(1) No employer shall discharge an employe because a merchant has subjected or attempted to subject unpaid earnings of the employe to garnishment or like proceedings directed to the employer for the purpose of paying a judgment arising from a consumer credit transaction.

(2) If an employer violates this section, an employe shall recover back wages and be reinstated, if the employe files an action for such relief within 90 days of the employe's discharge.

History: 1971 c. 239.

**425.111 Levy before judgment.** (1) Prior to entry of judgment in an action subject to this subchapter, no process, other than a restraining order to protect collateral (s. 425.207), shall issue with respect to amounts that are owing or are claimed to be owing or may be owing to the customer by any 3rd person, whether by way of attachment, garnishment or other process.

(2) With respect to property of the customer other than that described in sub. (1), process may issue in accordance with ch. 811 to establish a lien, except that such process shall not be effective to take, or to divest the customer of possession of, the property until final judgment is entered.

(3) If the court finds that the creditor probably will recover on the action, and that the customer is acting, or is about to act, with respect to property of the customer upon which a lien has been established under sub. (2), in a manner which substantially impairs the creditor's prospects for satisfying the judgment against such property (s. 811.03), the court may issue an order restraining the customer from so acting with respect to that property until final judgment is entered.

**History:** 1971 c 239; 1973 c 2; Sup Ct Order, 67 W (2d) 776

**Legislative Council Note, 1973:** Clarifies applicability of this subsection. Section 425.111 (1) refers to property of the customer subject to garnishment, and prescribes limitations on creditors' actions in relation to it. Sub. (2) refers to other property of the customer; however, the language struck by this amendment appears to make sub. (2) refer back to the same property dealt with by sub. (1), so it is deleted. [Bill 355-A]

**425.112 Stay of execution.** At the time of or at any time after the entry of a judgment in favor of a creditor against a customer in an action arising from a consumer transaction, the court, for cause and upon motion of a party or on its own motion, may stay enforcement of the judgment by order upon just and equitable conditions, and continue, modify or revoke the order as the interests of justice may require.

**History:** 1971 c 239

**425.113 Body attachments.** (1) No merchant shall cause or permit a warrant against the person of a customer to issue under ch. 816 with respect to a claim arising from a consumer credit transaction. Any process issued in violation of this section is void.

(2) A violation of this section is subject to s. 425.305.

**History:** 1971 c 239; Sup Ct Order, 67 W (2d) 776

See note to art. VII, sec. 2, citing *Smith v. Burns*, 65 W (2d) 638, 223 NW (2d) 562.

## SUBCHAPTER II

### ENFORCEMENT OF SECURITY INTERESTS IN COLLATERAL

**425.201 Scope.** This subchapter applies to the enforcement by a creditor of security interests in collateral.

**History:** 1971 c 239

**425.202 Definition: "collateral".** For purposes of this chapter, "collateral" means goods subject to a security interest in favor of a merchant which secures a customer's obligations under a consumer credit transaction.

**History:** 1971 c 239; 1975 c 407

**425.203 Enforcement of merchant's rights in collateral and leased goods.** (1) At any time after default (s. 425.103) and the expiration of the period for cure of default (s. 425.105), if applicable, a merchant may commence an action to recover collateral or goods subject to a consumer lease pursuant to s. 425.205, or reduce the claim to a judgment by any available judicial procedure.

(2) In any action for a judgment under sub. (1) other than an action pursuant to s. 425.205, the judgment may provide for the right to possession of the collateral or leased goods by the merchant and for a deficiency, if the merchant would not be precluded from a deficiency judgment under s. 425.209 had the merchant initially proceeded against the collateral and if the judgment includes a finding that the merchant has the right to possession of any collateral securing the consumer credit transaction or goods subject to a consumer lease. Upon determining such judgment under this subsection the merchant shall have the right to:

(a) Have execution issue to require the sheriff in the county where the collateral or leased goods may be to take the same from the defendant and deliver it to the plaintiff; or

(b) Immediately exercise the right to nonjudicial recovery of the collateral or leased goods, subject to s. 425.206.

(3) Following recovery of collateral pursuant to a judgment under sub. (2), the merchant may either retain the collateral in full satisfaction of the customer's obligation pursuant to s. 409.505, in which event the merchant shall satisfy the judgment obtained pursuant to sub. (2); or shall dispose of the collateral pursuant to s. 409.504, in which event:

(a) The merchant shall apply to the court which entered the judgment pursuant to sub. (2) to confirm the sale or other disposition of the collateral upon 8 days' notice to all parties named in such action, either personally or by

certified or registered mail directed to the last-known address of the parties. Such notice shall state, in addition to any other matter required by law, the time and place of the hearing, the amount of the judgment, the proceeds received upon disposition of the collateral, the fair market value of the collateral claimed by the merchant if such standard is applicable under s. 425.210, the reasonable expenses incurred in disposition of collateral, the net amount proposed to be credited against the judgment, and any deficiency remaining. In addition, the notice directed to the customer shall conspicuously advise the customer of the right to appear at such hearing and to contest any matter set forth in the notice.

(b) At such a hearing on confirmation, the court shall determine on the basis of the evidence presented by the parties, by affidavit or otherwise, the commercial reasonableness of the merchant's disposition of the collateral, the reasonable expenses incurred by the merchant in disposition of the collateral, the compliance with s. 425.210 if applicable, the resulting amount to be credited against the judgment and the remaining deficiency. Following such hearing and determinations, the court shall enter an appropriate order to satisfy the judgment and provide such other relief as may be appropriate. Where the underlying transaction is a consumer credit sale of goods or services or a consumer loan in which the lender is subject to defenses arising from s. 422.408, this hearing shall be considered a proceeding for a deficiency judgment pursuant to s. 425.209 (1).

(4) Following recovery of goods subject to a consumer lease pursuant to a judgment under sub. (2), no deficiency shall be allowable unless the merchant disposes of the leased goods and applies the proceeds to the customer's obligation, in which event:

(a) The merchant shall apply to the court which entered the judgment pursuant to sub. (2) to confirm the sale or other disposition of the leased goods upon 8 days' notice to all parties named in the action, either personally or by certified or registered mail directed to the last known address of the parties. Such notice shall state, in addition to any other matter required by law, the time and place of the hearing, the amount of the judgment, the proceeds received upon disposition of the leased goods, the reasonable expenses incurred in disposition of the leased goods, the net amount proposed to be credited against the judgment, and any deficiency remaining. In addition, the notice directed to the customer shall conspicuously advise the customer of the right to appear at such hearing and to contest any matter set forth in the notice.

(b) At such a hearing on confirmation, the court shall determine on the basis of evidence presented by the parties, by affidavit or otherwise, the commercial reasonableness of the merchant's disposition of the leased goods, the reasonable expenses incurred by the merchant in disposition of the leased goods, and the resulting amount to be credited against the judgment entered pursuant to sub. (2). Following such hearing and determinations, the court shall enter an appropriate order to satisfy the judgment and provide such other relief as may be appropriate.

History: 1971 c. 239; 1975 c. 407, 421

#### **425.204 Voluntary surrender of collateral.**

(1) Notwithstanding a waiver by the creditor of the security interest in collateral under s. 425.203 (2) or any other law, the customer shall have the right at any time to voluntarily surrender all of his rights and interests in the collateral to the merchant.

(2) The rights and obligations of the merchant and customer with respect to collateral voluntarily surrendered as defined in this section shall be governed by ss. 409.504 to 409.507, and are not subject to this subchapter.

(3) The surrender of collateral by a customer is not a voluntary surrender if it is made pursuant to a request or demand by the merchant for the surrender of the collateral, or if it is made pursuant to a threat, statement or notice by the merchant that the merchant intends to take possession of the collateral.

History: 1971 c. 239

#### **425.205 Action to recover collateral. (1)**

Except as provided in s. 425.206, a creditor seeking to obtain possession of collateral or goods subject to a consumer lease shall commence an action for replevin of such collateral or leased goods. Such actions shall be conducted in accordance with ch. 299, notwithstanding s. 299.01 (3) and the value of the collateral or leased goods sought to be recovered, except that:

(a) Notwithstanding ss. 299.05 (2) and 299.06 (2) (a), process shall be issued by the clerk of court, and such action shall be commenced upon the request of an officer or employe of a merchant on the merchant's behalf;

(b) The summons shall be in the form prescribed in sub. (2), and a complaint in the form described in sub. (3) shall be served with the summons;

(c) When service is made pursuant to s. 299.12 (3) registered or certified mail shall be employed;

(d) On the return date of the summons or any adjournment date thereof the customer shall have the right to a hearing on the issue of default

or other matter which questions the validity of the merchant's claim to the collateral or leased goods, and the customer may answer, move to dismiss under s. 802.06 (2) or otherwise plead to the complaint orally, but if the customer fails to appear on the return day, judgment may be entered by the clerk or judge in accordance with the demands of the verified complaint, or upon an affidavit of the facts, or sworn testimony or other evidence to the clerk or judge; and

(e) Judgment in such action shall determine only the right to possession of the collateral or leased goods, but such judgment shall not bar any subsequent action for damages or deficiency to the extent permitted by this subchapter.

(2) The summons in such actions shall be in the following form:

State of Wisconsin

County Court

.... County

A. B. Plaintiff

V.

C. D. Defendant

SUMMONS (Small Claim)

THE STATE OF WISCONSIN

To said Defendant:

The Plaintiff named above has commenced an action to recover possession of the following property:

[Description of Collateral or Leased Goods]

This claim arises under a consumer credit transaction under which you are alleged to be in default, as described in the attached complaint.

IF YOU ARE NOT IN DEFAULT OR HAVE AN OBJECTION TO THE PLAINTIFF'S TAKING THE PROPERTY LISTED ABOVE, YOU MAY ARRANGE FOR A HEARING ON THESE ISSUES BY APPEARING IN THE COUNTY COURT OF .... COUNTY, IN THE COURTHOUSE IN THE CITY OF ....., BEFORE .... JUDGE .... OR ANY OTHER JUDGE OF SAID COURT TO WHOM THE ACTION MAY BE ASSIGNED, ON .... DAY OF .... A.D. 19.. AT .... O'CLOCK IN THE .... NOON. IF YOU DO NOT APPEAR AT THAT TIME, JUDGMENT WILL BE RENDERED AGAINST YOU FOR DELIVERY OF SUCH PROPERTY TO THE PLAINTIFF.

DATED ....., 19..

E. F.

Clerk of County Court

[or]

Plaintiff's Attorney

Plaintiff's P. O. Address

.....

.....

Plaintiff's Attorney (if any)

.....

Defendant's P. O. Address

.....

.....

(3) The complaint in such action shall contain:

(a) An identification of the consumer credit transaction;

(b) A description of the collateral or leased goods;

(c) A specification of the circumstances constituting the alleged default;

(d) Except in an action to recover leased goods, a statement that the customer will have the right to redeem pursuant to s. 425.208 and the actual or estimated total payments required for redemption of the collateral, itemized in accordance with s. 425.208 (1);

(e) Except in an action to recover leased goods, the estimated amount of any deficiency claim which may be available to the merchant (s. 425.209) and which the merchant intends to assert (s. 425.210) if the customer fails to redeem the collateral;

(f) If applicable, a statement that the customer has the right to cure, pursuant to a notice given under s. 425.104, and the total payment or other performance necessary to cure the alleged default and the exact date by which it must be made; and

(g) An accurate copy of the writing, if any, evidencing the transaction, except that with respect to claims arising under open-end credit plans, the complaint shall state that the merchant will produce writings evidencing the customer's obligation, upon receipt of the customer's written request therefor on or before the return day.

(4) Upon the written request of the customer, the merchant shall produce an accurate copy of writings evidencing any transactions pursuant to an open-end credit plan upon which the merchant's claim is made, and judgment shall not be entered for the merchant until the merchant does so.

(5) Upon entry of judgment for the plaintiff, the plaintiff shall have the right to:

(a) Have execution issue to require the sheriff of the county where the collateral or leased goods may be to take the same from the defendant and deliver it to the plaintiff; or

(b) Immediately exercise the right to nonjudicial recovery of the collateral or leased goods, subject to s. 425.206.

(6) Action pursuant to this section may be commenced at any time after the customer is in default, but the return day of process may not be set prior to the expiration of the period for cure of

the default by the customer (s. 425.105), if applicable.

**History:** 1971 c. 239; Sup. Ct. Order, 67 W (2d) 767, 776; 1975 c. 407, 421

**425.206 Nonjudicial enforcement limited.**

(1) Notwithstanding any other provision of law, no merchant may take possession of collateral or goods subject to a consumer lease in this state by means other than legal process in accordance with this subchapter except when:

(a) The customer has surrendered the collateral or leased goods;

(b) Judgment for the merchant has been entered in a proceeding for recovery of collateral or leased goods under s. 425.205, or for possession of the collateral or leased goods under s. 425.203 (2); or

(c) The merchant has taken possession of collateral or leased goods pursuant to s. 425.207 (2).

(2) In taking possession of collateral or leased goods, no merchant may a) commit a breach of the peace, or b) enter a dwelling used by the customer as a residence except at the voluntary request of a customer.

(3) A violation of this section is subject to s. 425.305.

**History:** 1971 c. 239; 1975 c. 94 s. 3; 1975 c. 407.

The abolition of self-help repossession; the poor pay even more. White, 1973 WLR 503.

The impact of denying self-help repossession of automobiles: a case study of the Wisconsin consumer act. Whitford, Laufer, 1975 WLR 607.

**425.207 Restraining order to protect collateral or leased goods; abandoned property.**

(1) If the court finds that the merchant probably will recover possession of the collateral or goods subject to a consumer lease, and the customer is acting, or is about to act, with respect to the collateral or leased goods in a manner which substantially impairs the merchant's prospect for realization of the merchant's security interest or the merchant's interest in the leased goods, the court may issue an order pursuant to s. 813.02 restraining the customer from so acting with respect to the collateral or leased goods, and need not require a bond by the merchant, notwithstanding s. 813.06.

(2) A merchant who reasonably believes that a customer has abandoned collateral or goods subject to a consumer lease may take possession of such collateral or leased goods and preserve it. However, the customer may recover such collateral or leased goods upon request unless at the time of request a) the customer has surrendered the collateral or leased goods; or b) judgment for the merchant has been entered in a proceeding for recovery of collateral or leased goods under s. 425.205 or in a judgment described in s. 425.203 (2). A merchant taking

possession of collateral or leased goods pursuant to this section shall promptly send notification to the customer's last-known address of such action and of the customer's right to recover such collateral or leased goods under this section. If the collateral or leased goods are recovered by the customer pursuant to this section, it shall be returned to the customer at the location where the merchant took possession of such collateral or leased goods pursuant to this section or, at the option of the merchant, at such other location designated by the customer; and any expense incurred by the merchant in taking possession of, holding and returning the collateral or leased goods to the customer shall be borne by the merchant. If after taking possession of collateral or leased goods pursuant to this subsection, the merchant perfects the right to possession through a surrender by the customer or a judgment under s. 425.203 (2) or 425.205, the customer is liable for the expenses set forth in s. 409.504 (1). In determining such expenses, leased goods shall be considered collateral under such subsection. However, a customer is not liable for expenses of holding the collateral or leased goods from the time the merchant takes possession until the merchant perfects the right to possession in the manner provided in this subsection.

**History:** 1971 c. 239; Sup. Ct. Order, 67 W (2d) 776; 1975 c. 407, 421, 422.

**425.208 Customer's right to redeem.**

(1) For a period of 15 days following exercise by the creditor of nonjudicial enforcement rights (s. 425.206) or issuance of process (s. 425.205) with regard to the collateral, the customer shall be entitled to redeem the goods by tendering:

(a) The total of all unpaid amounts, including any unpaid delinquency or deferral charges due at the time of tender, without acceleration; plus

(b) Performance necessary to cure any default other than nonpayment of amounts due; plus

(c) Any court costs, filing and service fees, and bond premium charges incurred by the creditor; plus

(d) A performance deposit, in the amount of 3 scheduled instalments (or minimum payments in the case of an open-end credit plan), or one-third of the total obligation remaining unpaid with respect to the consumer credit transaction, whichever is less.

(2) Tender of the payment and performance pursuant to sub. (1) restores to the customer his rights under the agreement as though all payments and performance had been made as scheduled.

(3) Upon such redemption, any process under which the collateral has been held shall be

vacated, any pending action shall be dismissed, and the collateral shall be returned to the customer.

(4) The performance deposit shall be held by the merchant to secure, and may be applied at any time to, the remaining obligations of the customer under the consumer transaction.

(5) The existence of the deposit does not cure any subsequent default of the customer, and the deposit need not be credited to the customer's account until the remaining unpaid balance of the transaction becomes equal to the deposit. In the event of a subsequent default, prepayment, or other occurrence (except deferral) which requires the computation under this act of the outstanding obligation of the customer, the deposit shall be credited to the amount paid for the purposes of such computation.

(6) The creditor shall not dispose of the collateral or enter into a contract for the disposition of the collateral, until the expiration of the period for redemption provided in this section, unless the collateral is perishable or threatens to decline speedily in value. Upon the expiration of such period any disposition of the collateral shall be subject to ss. 409.504, 409.505 and 409.506, except that the customer may be liable for a deficiency only to the extent provided in ss. 425.209 and 425.210.

History: 1971 c. 239.

**425.209 Restrictions on deficiency judgments.** (1) This section applies to a deficiency on a consumer credit sale of goods or services and on a consumer loan in which the lender is subject to defenses arising from sales (s. 422.408); a customer is not liable for a deficiency unless the merchant has disposed of the goods in good faith and in a commercially reasonable manner.

(2) If the merchant repossesses or accepts voluntary surrender of goods which were the subject of the sale and in which he has a security interest, the customer is not personally liable to the merchant for the unpaid balance of the debt arising from the sale of a commercial unit of the goods of which the amount owing at the time of default was \$1,000 or less, and the merchant is not obligated to resell the collateral unless the customer has paid 60% or more of the cash price and has not signed after default a statement renouncing his rights in the collateral.

(3) If the merchant repossesses or accepts voluntary surrender of goods which were not the subject of the sale but in which he has a security interest to secure a debt arising from a sale of goods or services or a combined sale of goods and services and the amount owing at the time of default was \$1,000 or less, the customer is not personally liable to the merchant for the unpaid balance of the debt arising from the sale, and the

merchant's duty to dispose of the collateral is governed by the provisions on disposition of collateral under chs. 401 to 409.

(4) If the lender takes possession or accepts voluntary surrender of goods in which he has a security interest to secure a debt arising from a consumer loan in which the lender is subject to defenses arising from sales (s. 422.408) and the amount owing at the time of default of the loan paid to or for the benefit of the customer were \$1,000 or less, the customer is not personally liable to the lender for the unpaid balance of the debt arising from the loan and the lender's duty to dispose of the collateral is governed by the provisions on disposition of collateral under chs. 401 to 409.

(5) The customer may be liable in damages to the merchant if the customer has wrongfully damaged the collateral or if, after judgment for the creditor has been entered in a proceeding for recovery of collateral under s. 425.205, the customer has wrongfully failed to make the collateral available to the merchant.

(6) If the merchant elects to bring an action against the customer for a debt arising from a consumer credit sale of goods or services or from a consumer loan in which the lender is subject to defenses arising from sales (s. 422.408), when under this section he would not be entitled to a deficiency judgment if he took possession of the collateral, and obtains judgment:

(a) He may not take possession of the collateral; and

(b) The collateral is not subject to levy or sale on execution or similar proceedings pursuant to the judgment.

History: 1971 c. 239; 1973 c. 2, 3

**425.210 Computation of deficiency.** If the creditor is entitled to a deficiency judgment pursuant to s. 425.209 (1), the creditor shall be entitled to recover from the customer the deficiency, if any, remaining after deducting the fair market value of the collateral from the unpaid balance.

History: 1971 c. 239

### SUBCHAPTER III

#### CUSTOMER'S REMEDIES

**425.301 Remedies to be liberally administered.** (1) The remedies provided by this subchapter shall be liberally administered to the end that the customer as the aggrieved party shall be put in at least as good a position as if the creditor had fully complied with this act. Recoveries under this act shall not in themselves preclude the award of punitive damages in appropriate cases.

(2) Any right or obligation declared by this act is enforceable by action unless the provision declaring it specifies a different and limited effect.

(3) Notwithstanding any other section of this act, a customer shall not be entitled to recover specific penalties provided in s. 425.302 (1) (a), 425.303 (1), 425.304 (1) or 425.305 (1) if the person violating this act shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid any such error.

(4) The liability of a merchant under this act is in lieu of and not in addition to any liability under the federal consumer credit protection act. An action by a person alleging a violation under this act may not be maintained if a final judgment has been rendered for or against that person with respect to the same violation under the federal consumer credit protection act. In the event that a final judgment is entered against any merchant under this act and the federal consumer credit protection act for the same violation, the merchant has a cause of action for appropriate relief to the extent necessary to avoid double liability.

History: 1971 c. 239; 1975 c. 407.

**425.302 Remedy and penalty for certain violations.** (1) A person who commits a violation to which this section applies is liable to the customer in an amount equal to:

(a) Twenty-five dollars; and

(b) The actual damages, including any incidental and consequential damages, sustained by the customer by reason of the violation.

(2) This section also applies to all violations for which no other remedy is specifically provided.

History: 1971 c. 239.

**425.303 Remedy and penalty for certain violations.** A person who commits a violation to which this section applies is liable to the customer in an amount equal to:

(1) One hundred dollars; and

(2) The actual damages, including any incidental and consequential damages, sustained by the customer by reason of the violation.

History: 1971 c. 239.

**425.304 Remedy and penalty for certain violations.** A person who commits a violation to which this section applies is liable to the customer in an amount equal to the greater of:

(1) Twice the amount of the finance charge in connection with the transaction, except that the liability under this subsection shall not be less than \$100 nor greater than \$1,000; or

(2) The actual damages, including any incidental and consequential damages, sustained by the customer by reason of the violation.

History: 1971 c. 239.

**425.305 Transactions which are void.** (1)

In a transaction to which this section applies, the customer shall be entitled to retain the goods, services or money received pursuant to the transaction without obligation to pay any amount.

(2) In addition, the customer shall be entitled to recover any sums paid to the merchant pursuant to the transaction.

History: 1971 c. 239; 1973 c. 2.

**425.306 Unenforceable obligations.** (1)

Any charge, practice, term, clause, provision, security interest or other action or conduct in violation of this act, to the extent that the same is in violation of this act, shall confer no rights or obligations enforceable by action.

(2) This section shall not affect the enforcement of any provision that is not prohibited by this act.

History: 1971 c. 239.

**425.307 Limitation of action.** (1) Any action brought by a customer to enforce rights pursuant to this act shall be commenced within one year after the date of the last violation of this act, 2 years after consummation of the agreement or one year after last payment, whichever is later, except with respect to transactions pursuant to open-end credit plans which shall be commenced within 2 years after the date of the last violation; but in no event shall an action be commenced more than 6 years after the date of the last violation.

(2) Rights under this act may be asserted as a defense, setoff or counterclaim to an action against the customer without regard to this time limitation.

History: 1971 c. 239.

**425.308 Reasonable attorney's fees.** (1)

If the customer prevails in an action arising from a consumer transaction, he shall recover the aggregate amount of costs and expenses determined by the court to have been reasonably incurred on his behalf in connection with the prosecution or defense of such action, together with a reasonable amount for attorney's fee.

(2) The award of attorney's fees shall be in an amount sufficient to compensate attorneys representing customers in actions arising from consumer transactions. In determining the amount of the fee, the court may consider:

(a) The time and labor required, the novelty and difficulty of the questions involved and the skill requisite properly to conduct the cause;

(b) The customary charges of the bar for similar services;

(c) The amount involved in the controversy and the benefits resulting to the client or clients from the services;

(d) The contingency or the certainty of the compensation;

(e) The character of the employment, whether casual or for an established and constant client; and

(f) The amount of the costs and expenses reasonably advanced by the attorney in the prosecution or defense of the action.

History: 1971 c. 239.

**425.309 Class actions.** Class actions are governed by s. 426.110.

History: 1971 c. 239.

**425.310 Liability of corporate officers.**

Damages or penalties awarded to a customer or the administrator for a violation of this act which cannot be collected from a corporation by reason of its insolvency or dissolution shall be recoverable against the principal agents of the corporation including, but not limited to, officers,

managers and assistant managers who knew of, should have known of or wilfully participated in such a violation, if a meaningful part of the corporation's activities were in violation of this act.

History: 1971 c. 239.

**425.311 Evidence of violation.** Section 402.202 and any other statute restricting admissibility of parol evidence shall be inoperative to exclude or limit the admissibility of evidence of an act or practice in violation of this act.

History: 1971 c. 239.

## SUBCHAPTER IV

### CRIMINAL PENALTIES

**425.401 Wilful violations: misdemeanor.**

A person who wilfully and knowingly engages in any conduct or practice in violation of this act may be fined not more than \$2,000.

History: 1971 c. 239.