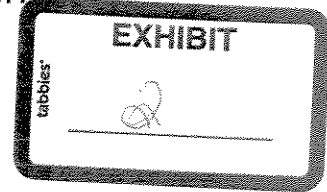


Table of contents

Exhibit 2

Loan Company Applications and Regulations  
(Payday Loans, Check Loans or Payroll Advance Loans)



<b>Tab #</b>	<b>Subject</b>
1	Frequently Asked Questions
2	Fees
3	Application
4	License Application Instructions
5	Application – Add On Office
6	Loan Company Office Application Instructions
7	Bond
8	Consumer Loan Agreement
9	Annual Report
10	Press Release – Predatory Lending Bill
11	Press Release – Payday Loans
12	State Statutes and Rules – 138.052, 138.056 and 138.09
13	WCA Chapter 421
14	WCA Chapter 422
15	WCA Chapter 423
16	WCA Chapter 424
17	WCA Chapter 425
18	WCA Chapter 426
19	WCA Chapter 427
20	Chapter 766 – Property Rights of Married Persons; Marital Property
21	Chapter 428 – First Lien Real Estate and Other Mortgage Loans
22	
23	
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DFI  
(608) 261.951

## Loan Companies

### How do I obtain a license?

Submit a completed, signed application to this Department along with the appropriate fees and the other information requested on the "Loan Company License Application Instructions" included with the application.

### Where should I send the completed application?

#### Mailing Address:

PO Box 7876  
Madison, WI 53707-7876

#### Courier Address:

345 W. Washington Ave.  
4th Floor  
Madison, WI 53703

### What is the licensing year?

The licensing year is from January 1 to December 31.

### Do I need an office within the state of Wisconsin to qualify for a license?

No, however, all loans must be consummated at the licensed location. If loans are transacted by mail, the proceeds check must be mailed to the customer from the licensed location.

### What reports need to be filed by a licensed loan company?

The registration statement is due by March 15 of each year. The report form is provided by this Department. Companies that originate consumer transactions may need to file a registration statement. The report is due in our Department by February 28 of each year.

### What is the maximum interest rate that can be assessed on a consumer credit transaction?

There is no maximum interest rate.

**What other state statutes and rules, besides Section 138.09, should be reviewed?**

Chapters 421-427, Wisconsin Statutes (Wisconsin Consumer Act); Chapter Bkg 80 of the Wisconsin Administrative Code; Chapter 766, Wisconsin Statutes (Marital Property Act); Section 138.052, Wisconsin Statutes; Section 138.056, Wisconsin Statutes; and Chapter 428, Wisconsin Statutes.

**Is there a source for these statutes on the Internet?**

Yes, go to [www.legis.state.wi.us](http://www.legis.state.wi.us) and select the Statutes and Administrative Code.



2

C

Home &gt; Licensed Financial Services

**Licensed Financial Services Fees**

License	Fee
Loan company	\$500 <small>(note 1)</small>
Insurance premium finance company	\$500 <small>(note 1)</small>
Seller of checks	\$500 <small>(note 2)</small>
Sales finance company	\$50 on gross volume of \$100,000 or less, plus \$15 on each \$100,000 or part of \$100,000 over \$100,000
Motor Vehicle Dealer	\$20 if all vehicles sold on cash basis. \$100 if dealer finances vehicles. <small>(note 4)</small>
Adjustment service company	\$200 <small>(note 3)</small>
Collection agency	\$200 <small>(note 5)</small>
Collector or solicitor	\$15
Community currency exchange	\$300 <small>(note 1)</small>

**Note 1:** Plus a \$300 non-refundable investigation fee.

**Note 2:** Plus \$5 for each location in the state where checks are sold to a maximum of \$1,500.  
Plus a \$300 non-refundable investigation fee.

**Note 3:** Plus a \$200 non-refundable investigation fee.

**Note 4:** Renewal is due every other year. If greater than \$100,000 (within a year) of the contracts or leases are retained by the dealership, then dealer falls under the rules of a sales finance company.

**Note 5:** Plus a \$1,000 non-refundable investigation fee.

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Section 138.09, Wis. Stats.

# STATE OF WISCONSIN Department of Financial Institutions

Division of Banking

**Courier Address:**  
345 W. Washington Ave.  
4<sup>th</sup> Floor  
Madison, WI 53703



**Mailing Address:**  
PO Box 7876  
Madison, WI 53707-7876

[www.wdfi.org](http://www.wdfi.org)

## LOAN COMPANY APPLICATION

Telephone: (608) 261-7578  
Fax: (608) 267-6889  
TTY: (608) 266- 8818

Please refer to the accompanying instructions while completing this application.

### APPLICANT INFORMATION

Print or type the information requested in the spaces provided.

1. **Name of applicant** If your company uses a trade name or DBA (doing business as) name, include that as well.

--

2. **Address and phone number of applicant's headquarters office**

Street:			Telephone Number:
			( )
City:	State:	Zip:	FAX Number:
			( )

3. **Mailing address of applicant's headquarters office (if different than above)**

Street:		PO Box:
City:	State:	Zip:



**GENERAL INFORMATION**

6. Name, title, address, phone number and e-mail address of person to whom questions regarding this application should be addressed:

7. List state(s) in which the applicant currently holds a license to conduct business as a lender. For each state, identify the license number and type of license issued by that state. Attach additional pages as necessary.

8. Indicate the type of organization with an "X."

Corporation

Partnership

Limited Liability Company

Sole Proprietorship

Limited Partnership

Other (Please Specify)

9. Provide the date and state of Incorporation/Organization.

Date:

State:

10. Provide the applicant's Federal Employer Identification Number:

If the applicant is an individual, provide Social Security Number (s):

**PERSONNEL INFORMATION**

11. Provide information relevant to the applicant. Attach additional pages, if necessary.

Corporation: List all key officers and the percentage of common stock owned. In addition, list all other stockholders who own 10% or more of the outstanding shares. "Key Officers" include the chief executive officer, chief operating officer, president, executive or senior vice president, secretary and treasurer. If the corporation does not have an officer who holds one of the above positions, please indicate that fact below.

Limited Liability Company (LLC): List all key members and each member's interest. In addition, list all other members whose interest in the LLC is 10% or more.

Limited Partnership: List all general partners and each partner's interest. In addition, list all limited partners whose interest in the limited partnership is 10% or more.

Partnership: List all partners and indicate percentage of ownership.

Sole Proprietorship: List proprietor.

Name and Title	Residence Address	% Ownership

**EDUCATION AND EXPERIENCE**

12. For each key officer, member, partner or owner, provide a summary of any education and employment experience related to the loan company industry or a loan company business. Attach additional pages as necessary. "Key Officers" include the chief executive officer, chief operating officer, president, executive or senior vice president, secretary and treasurer.

Name and Title	Summary

**APPLICANT BACKGROUND INFORMATION QUESTIONNAIRE**

13. This questionnaire must be completed by a key officer, member or partner of the Applicant. Mark an "X" in the appropriate box. If you answer "Yes" to any question, give all details on a separate sheet. If any event or action arises after completing these questions and before action is taken by the department on this application that would cause the applicant to answer "Yes" to any question, the applicant must immediately provide all details in writing to the department.

Yes No

- Has the applicant ever been the subject of disciplinary action including, but not limited to, civil forfeitures, cease and desist orders, injunctions, license suspensions, denials, revocations, warnings, reprimands, enforcement actions, probation and limitations by any regulatory agency in this state or any other state? Provide details about the disciplinary action, including but not limited to date, regulatory agency and type of discipline.
- Is disciplinary action pending against the applicant in this state or any other state? Provide details, including but not limited to action, regulatory agency and state.
- Has the applicant ever surrendered, resigned, cancelled or been denied a professional license or other credential in this state or any other state? Provide details, including but not limited to date, credential and state.
- Has the applicant been the subject of derogatory credit (bankruptcy, judgment, tax lien, collections, etc.) within the past 7 years? Provide details, including but not limited to date, circumstances and court or agency.
- Has the applicant been denied credit within the past 7 years? Provide details, including but not limited to entity denying credit and date.
- Has the applicant been the subject of any suit, claim, or other civil action in this state or any other state within the last five years that was settled, or included a ruling or decision not in the applicant's favor? Provide a description of the suit, claim, or other civil action, agency or court, date filed, and outcome.
- Is a suit, claim or other civil action pending in this state or any other state against the applicant? Provide details, including but not limited to a description of the suit, claim, or other civil action, agency or court, date filed, and current status.

I, , the undersigned, being a key officer, member or partner  
(Print Name)

of  hereby certify that each statement and  
(Name of Applicant)

representation in the Applicant Background Information Questionnaire is true and correct to the best of my knowledge.

(Signature) (Title) (Date)

**INDIVIDUAL BACKGROUND INFORMATION QUESTIONNAIRE**

14. This questionnaire must be completed by each key officer, member, partner or owner of the Applicant. "Key Officers" include the chief executive officer, chief operating officer, president, executive or senior vice president, secretary and treasurer. Mark an "X" in the appropriate box. If you answer "Yes" to any question, give all details on a separate sheet. Copies of this form may be made. If any event or action arises after completing these questions and before action is taken by the department on this application that would cause the individual to answer "Yes" to any question, the individual must immediately provide all details in writing to the department.

Yes      No

           Have you ever been convicted of any misdemeanor or felony (other than minor traffic offenses) in this state or any other state? Provide details about the misdemeanor or felony, including but not limited to conviction, conviction date, penalty and court.

           Are there any felony or misdemeanor charges (other than minor traffic offenses) pending against you in this state or any other state? Provide details about the pending charges, including but not limited to charge, date and court.

           Have you ever been the subject of disciplinary action including, but not limited to, civil forfeitures, cease and desist orders, injunctions, license suspensions, denials, revocations, warnings, reprimands, enforcement actions, probation and limitations by any regulatory agency in this state or any other state? Provide details about the disciplinary action, including but not limited to date, regulatory agency and type of discipline.

           Is disciplinary action pending against you in this state or any other state? Provide details, including but not limited to action, regulatory agency and state.

           Have you ever surrendered, resigned, cancelled or been denied a professional license or other credential in this or any other state? Provide details, including but not limited to date, credential and state.

           Has your employment involuntarily been suspended or terminated in this state or any other state? Provide details about the suspension or termination, including but not limited to name and location of employer, reason and date.

           Have you been the subject of derogatory credit (bankruptcy, judgment, tax lien, collections, etc.) within the past 7 years? Provide details, including but not limited to date, circumstances and court or agency.

           Have you been denied credit within the past 7 years? Provide details, including but not limited to entity denying credit and date.

           Have you been the subject of any suit, claim, or other civil action in this state or any other state within the last five years that was settled, or included a ruling or decision not in your favor? Provide a description of the suit, claim, or other civil action, agency or court, date filed, and outcome.

Initials of individual signing this questionnaire: \_\_\_\_\_

Yes No

Is a suit, claim or other civil action pending in this state or any other state against you? Provide details, including but not limited to a description of the suit, claim, or other civil action, agency or court, date filed, and current status.

Have you been the key officer, member, partner or owner of any company that failed in business or filed bankruptcy while you were a key officer, member, partner or owner? Provide details, including company name(s), your position with the company, dates, and circumstances.

Have you been the key officer, member, partner or owner of any company that was the subject of disciplinary action including, but not limited to, civil forfeitures, cease and desist orders, injunctions, license suspensions, denials, revocations, warnings, reprimands, enforcement actions, probation and limitations by any regulatory agency in this state or any other state while you were a key officer, member, partner or owner? Provide details about the disciplinary action, including but not limited to company name, date, regulatory agency and type of discipline.

I, , the undersigned, being a key officer, member, partner or  
(Print Name)

owner of  hereby certify that each statement and  
(Name of Applicant)

representation in the Individual Background Information Questionnaire is true and correct to the best of my knowledge.

(Signature)

(Title)

(Date)



**AUTHORIZATION FOR BACKGROUND INVESTIGATION**

- 15. A separate "Authorization For Background Investigation" form must be completed and signed by each key officer, member, partner or owner. "Key Officers" include the chief executive officer, chief operating officer, president, executive or senior vice president, secretary and treasurer. Copies of the form may be made.

By signing this Authorization, you are agreeing to allow the Department of Financial Institutions to conduct a criminal background investigation.

<b>Applicant Company:</b>
---------------------------

<b>Full Name:</b>
-------------------

<b>Social Security Number:</b>	<b>Birth Date:</b>	<b>Sex:</b> Male <input type="checkbox"/> Female <input type="checkbox"/>
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<b>Home Address:</b>		
Street:		
City:	State:	Zip Code:

<b>Signature:</b>	<b>Date:</b>
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**ATTACHMENTS**

16. Attach the following to your application. Refer to the instructions for additional details.

- A) Surety Bond
- B) Financial Statement
- C) Fees
- D) Certificate of Good Standing (if applicable)

**AFFIDAVIT**

17. I, \_\_\_\_\_, the undersigned, being the duly authorized representative of  
(Print Name)  
\_\_\_\_\_ hereby certify that each statement and  
(Name of Applicant)  
representation in this application is true and correct to the best of my knowledge.

\_\_\_\_\_  
(Signature) (Title) (Date)

\_\_\_\_\_  
(Name of Witness) (Signature of Witness)

This form is required under Section 138.09, Wisconsin Statutes. Refusal to provide this information may result in the denial of a license. Personally identifiable information on this form may be matched against tax information, outstanding child and family support data and law enforcement agencies. Failure to complete this application completely and accurately may result in denial or revocation of license, and any other penalties as provided by law.

This document can be made available in alternate formats upon request to qualifying individuals with disabilities.

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loan company license, complete this area to disclose "None."

8. Indicate with an "X" the type of organization of the applicant. If you checked "Other," identify the type of organization.

9. If the applicant is a corporation, limited liability company, or limited partnership, complete the application to indicate the date and state of incorporation or organization.

10. If the applicant is not an individual, provide the applicant's Federal Employer Identification Number (FEIN).

If the applicant is an individual, provide the applicant's social security number.

Note: Pursuant to Section 138.09 (1m)(b), Wis. Stats., this Department is required to obtain this information from all applicants. The information will be shared with other state agencies for the purpose of matching against tax information and outstanding child and family support data.

---

### PERSONNEL INFORMATION

11. Print or type the information requested in the space provided and/or attach additional pages as necessary.

---

### EDUCATION AND EXPERIENCE

12. Print or type the name and title of each key officer, member, partner or owner. For each person, provide a summary indicating any educational or employment experience related to the loan company industry or a loan company business. The summary should include the dates of experience, position held, name of company, and description of duties. Attach additional pages as necessary.

---

### APPLICANT BACKGROUND INFORMATION QUESTIONNAIRE

13. Mark an "X" in the appropriate box. This questionnaire must be completed for the applicant listed on line 1 of the application. If the answer to any question is **yes**, use a separate sheet to explain the circumstances fully. Do not complete this questionnaire if you are a sole proprietor or general partnership.

Note: A key officer, member or partner must complete and sign this portion of the application.

Note: This Department may independently conduct checks into background, experience and related matters in conjunction with the filing of this application and representations therein. Failure to complete this application completely and accurately may result in denial or revocation of the license, and any other penalties as provided by law.

---

### INDIVIDUAL BACKGROUND INFORMATION QUESTIONNAIRE

14. A separate "Individual Background Information Questionnaire" must be completed and signed by each key officer, member, partner or owner. Copies of the form may be made.

Mark an "X" in the appropriate box. If the answer to any question is **yes**, use a separate sheet to explain the circumstances fully.

Note: This Department may independently conduct checks into background, experience and related matters in conjunction with the filing of this application and representations therein. Failure to complete this application completely and accurately may result in denial or revocation of the license, and any other penalties as provided by law.

---

## AUTHORIZATION FOR BACKGROUND INVESTIGATION

15. A separate "Authorization for Background Investigation" form must be completed and signed by each key officer, member, partner or owner. Copies of the form may be made.

---

## ATTACHMENTS

16. The following items must be submitted with your completed "Loan Company Application" form.

- A) Surety Bond
- B) Financial Statement
- C) Fees
- D) Certificate of Good Standing (if applicable)

### A) Surety Bond

The applicant must provide a surety bond in the amount of \$5,000 per proposed licensed location, or \$50,000, whichever is less.

The bond must be written on the form provided by this Department. The bond form is attached to the application packet or may be downloaded from our website at [www.wdfi.org](http://www.wdfi.org).

The surety bond must be completed to indicate the exact name of the Applicant (refer to #1 of the application.)

Because the bond covers the applicant at all licensed locations, the bond may not reference a street address.

The original surety bond and the original power of attorney must be submitted to this Department.

The bond must be signed and witnessed or sealed.

### B) Financial Statement

Submit a balance sheet and income statement certified by a senior officer or financially responsible party and dated no more than 90 days prior to the date of this application. If your company is audited annually by an independent public accountant at the end of each fiscal year, also submit financial statements certified by said accountant for your latest fiscal year.

If the applicant is a sole proprietorship, provide a personal financial statement dated no more than 90 days prior to the date of this application.

If the applicant is a partnership, each partner must submit a financial statement dated no more than 90 days prior to the date of this application.

The financial statements must be prepared according to Generally Accepted Accounting Principles using accrual basis accounting.

The balance sheet must show a minimum net worth of \$50,000 and positive net working capital for the application to be considered.

If your company is presently involved in any lawsuit as a defendant that may materially affect the company's financial position, provide details including the name of the plaintiff(s), amount(s) sued for, basis for the litigation, and its current status.

When evaluating a financial statement, this Department typically discounts intangible assets, leasehold improvements, and loans/receivables from officers. This Department may also discount goodwill and loans/receivables from related parties.

Note: This Department takes all details provided into consideration when evaluating a financial statement. You should, therefore, provide the following information if it will assist us in determining the accurate financial position of the applicant.

- If the balance sheet includes an "Other Assets" category, provide a detailed list of these assets and their values.
- If cash accounts for a significant portion (over 20%) of the total assets, submit documentation of the cash balance listed.
- If your company's equity is at or near the minimum amounts required by this Department, explain how your company will maintain a net worth of \$50,000 once it begins to operate.

**C) Fees**

The fee is \$800 for each location where business as a loan company will be conducted. The \$800 fee consists of a \$500 license fee and a \$300 nonrefundable investigation fee.

- Make checks payable to the Department of Financial Institutions.

Calculate the fee due as follows:	
a) # of locations to be licensed	# _____
b) Multiply by \$800	X \$800
c) Total Fee Due	\$ _____

**D) Certificate of Good Standing (if applicable)**

If the applicant is organized or incorporated in a state other than Wisconsin, provide this Department with a certificate of status/certificate of good standing from the state where the applicant is organized or incorporated. The status/certificate should be dated within the previous 90 days and reflect the correct name and the date of organization or incorporation.

---

**AFFIDAVIT**

17. A duly authorized representative for the applicant should complete and sign the affidavit.

Have a witness certify the signature of the person signing the affidavit.

---

**FOR YOUR INFORMATION  
Wisconsin Consumer Act**

Enclosed is a Wisconsin Consumer Act registration form. It may also be downloaded from our web site at [www.wdfi.org](http://www.wdfi.org).

Under Section 426.201, Wis. Stats., a business that makes consumer credit transactions is required to register with the Wisconsin Consumer Act Section of the Department of Financial Institutions.

**A registration must be filed, and a \$25.00 fee submitted, within 30 days of commencing business in Wisconsin.**

The provisions of the consumer loan agreement used by your company must comply with the Wisconsin Consumer Act and Section 138.09 of the Wisconsin Statutes. Sections 421 through 427 of the Wisconsin Statutes are known as the Wisconsin Consumer Act (WCA). Although you are not required to submit your loan agreement in connection with your loan company application, you may forward an original form plus three copies to us and this Department will review it for compliance with the WCA.

Once the initial WCA registration has been filed with the \$25.00 fee, the service of reviewing your forms is free.

For more information regarding Wisconsin Consumer Act Registration contact:

Department of Financial Institutions  
Division of Corporate and Consumer Services  
(608) 264-7969

## RETURN APPLICATION MATERIALS TO:

Department of Financial Institutions  
Division of Banking


*Mailing Address:*

PO Box 7876  
Madison, Wisconsin 53707-7876

*Street Address:*

345 West Washington Avenue, 4<sup>th</sup> Floor  
Madison, Wisconsin 53703

## HOW TO OBTAIN HELP AND ADDITIONAL FORMS:

 **INTERNET** - Access the Department of Financial Institutions Internet Web Site at: [www.wdfi.org](http://www.wdfi.org) to do the following:

- Download Applications, Instructions and Forms
- See Answers to Frequently Asked Questions
- See List of Loan Companies licensed under Section 138.09, Wisconsin Statutes

### **TELEPHONE**

Licensed Financial Services Section (608) 267-1708

or:

Department of Financial Institutions  
Division of Banking (608) 261-7578

TTY Phone Number (608) 266-8818

### **FAX**

Division of Banking  
(608) 267-6889

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STATE OF WISCONSIN  
Department of Financial Institutions

Division of Banking

Courier Address:  
345 W. Washington Ave.  
4<sup>th</sup> Floor  
Madison, WI 53703



Mailing Address:  
PO Box 7876  
Madison, WI 53707-7876

www.wdfl.org

Telephone: (608) 261-7578  
Fax: (608) 267-6889  
TTY: (608) 266-8818

LOAN COMPANY OFFICE  
APPLICATION

Please refer to the accompanying instructions while completing this application.

LOAN COMPANY OFFICE

Provide the following information for **each** proposed loan company office location. Copies of this form may be made to accommodate additional office locations.

1.

Name of Applicant			
Street Address			
City	State	Zip Code	Telephone (    )

2. List other types of business conducted at this location and identify who is conducting the business:

[Empty box for listing other types of business]

3. Proposed date of business opening:

[Empty box for proposed date of business opening]

**ATTACHMENTS**

4. Attach the following to your application. Refer to the instructions for additional details.

A) Surety Bond Rider (if applicable)

B) Fees

**AFFIDAVIT**

5. I, \_\_\_\_\_, the undersigned, being the duly authorized representative of  
(Print Name)

\_\_\_\_\_, hereby certify that each statement and  
(Name of Applicant)

representation in this application is true and correct to the best of my knowledge.

\_\_\_\_\_  
(Signature) (Title) (Date)

\_\_\_\_\_  
(Name of Witness) (Signature of Witness)

This form is required under Section 138.09, Wisconsin Statutes. Refusal to provide this information may result in the denial of a license. Failure to complete this application completely and accurately may result in denial or revocation of license, and any other penalties as provided by law.

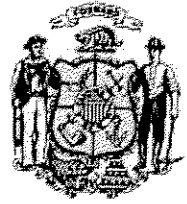
This document can be made available in alternate formats upon request to qualifying individuals with disabilities.

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STATE OF WISCONSIN  
Department of Financial Institutions  
Division of Banking



## LOAN COMPANY OFFICE APPLICATION INSTRUCTIONS

**Purpose:** A completed Loan Company Office Application should be submitted to the Department of Financial Institutions – Division of Banking (“DFI”) for consideration of licensure of additional office(s).

*The sections and numbers below correspond to the sections and numbers on the application.*

### LOAN COMPANY OFFICE

A separate “loan company office application” must be completed for each proposed licensed office location. Copies of the form may be made to accommodate additional locations.

1. Print or type the complete name, street address, and telephone number of the proposed loan company office location in the spaces provided.
2. List the other types of business conducted at the proposed location.

Section 138.09(3)(e)(1), Wis. Stats., indicates the other types of business that a licensee may conduct, and permit others to conduct, at the location specified in its license. A copy of this statute may be accessed from our website at [www.wdfi.org](http://www.wdfi.org).

If you are requesting authorization to share office quarters or to conduct other types of business at the licensed location, provide a detailed explanation of the proposed business and/or activities and identify who is conducting the business and/or activities.

3. Indicate the proposed date of business opening.

### ATTACHMENTS

4. The following items must be submitted with your completed “Loan Company Office Application” form.

- A) Surety Bond Rider
- B) Fees

#### A) Surety Bond Rider

Requirements vary depending on your company’s current bond. Identify the status of your company’s current bond from the options listed below and submit the items indicated.

- If your company already has a \$50,000 bond in place, there is no additional bonding requirement for this application.
- If your company has a bond in place in an amount less than \$50,000, provide a rider to the bond increasing the amount by \$5,000 for each additional office location to be licensed, or to \$50,000, whichever is less.

The rider must be completed to indicate the **exact** name of the Applicant (refer to #1 of the application.)

Because the bond covers the applicant at all licensed locations, the rider may not reference a street address.

The original rider must be signed and submitted to this Department.

## **B) Fees**

The fee is \$800 for each location where business as a loan company will be conducted. The \$800 fee consists of a \$500 license fee and a \$300 nonrefundable investigation fee. The full \$500 annual license fee is due for each office regardless of when in the year a license is issued. **Make checks payable to the Department of Financial Institutions .**

---

## **AFFIDAVIT**

5. A duly authorized representative for the applicant should complete and sign the affidavit.

Have a witness certify the signature of the person signing the affidavit.

---

## **RETURN APPLICATION MATERIALS TO:**


Department of Financial Institutions  
Division of Banking

*Mailing Address:*  
PO Box 7876  
Madison, Wisconsin 53707-7876

*Street Address:*  
345 West Washington Avenue, 4<sup>th</sup> Floor  
Madison, Wisconsin 53703

---

## **HOW TO OBTAIN HELP AND ADDITIONAL FORMS:**

 **INTERNET** - Access the Department of Financial Institutions Internet Web Site at: **www.wdfi.org** to do the following:

- Download Applications, Instructions and Forms
- See Answers to Frequently Asked Questions
- See List of Loan Companies licensed under Section 138.09, Wisconsin Statutes


 **TELEPHONE**

Licensed Financial Services Section  
(608) 267-1708

or:

Department of Financial Institutions  
Division of Banking  
(608) 261-7578

TTY Phone Number  
(608) 266-8818

 **FAX**

Division of Banking  
(608) 267-6889

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STATE OF WISCONSIN



LOAN COMPANY BOND

KNOW ALL, that \_\_\_\_\_, at all locations licensed under  
(Name of Loan Company)

Section 138.09, Wisconsin Statutes, as principal, and \_\_\_\_\_ as  
surety, are held and firmly bound unto the STATE OF WISCONSIN, through the Department of Financial Institutions, in  
the sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) for the payment of  
which, well and truly to be made, we jointly and severally, bind ourselves, our heirs, executors, administrators, assigns and  
successors firmly by these presents this \_\_\_\_\_ day of \_\_\_\_\_.

Effective date of this bond is \_\_\_\_\_.  
**This bond is continuous until cancelled, as provided below.**

THE CONDITIONS OF THIS OBLIGATION ARE SUCH THAT, if above bounden loan company shall be  
licensed pursuant to the provisions of Section 138.09 of the Wisconsin Statutes and shall comply with the provisions of  
Section 138.09, Wis. Stats., or any subsequent amendment(s) thereof and all lawful orders, rules and regulations in effect or  
which may be issued thereunder, and shall pay any and all moneys that may become due or owing to any person(s) under and  
by virtue of the provisions of said Section 138.09, Wis. Stats., and shall pay any examination costs incurred by the  
Department of Financial Institutions for Wisconsin under Section 138.09, Wis. Stats., which costs shall be considered a  
preferred claim, then this obligation to be null and void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, AND THIS BOND IS EXECUTED UPON THE FOLLOWING EXPRESS  
CONDITIONS:

1. That this bond is effective continuously until cancelled by giving sixty (60) days written notice via certified mail to the Department of Financial Institutions for Wisconsin that the liability of said surety for any future act or omission of said principal shall cease at the expiration of said sixty (60) days after receipt of notice of cancellation is received by the Department of Financial Institutions for Wisconsin, the said surety remaining liable for any or all acts of commission or omission covered by this bond, which have or may have occurred up to and including said cancellation date.
2. That claimants hereunder shall give written notice of their claims to surety within twelve (12) months from the date of cancellation.
3. That the amount of this bond may be decreased only if the surety sends written notice of such decrease by certified mail (return receipt requested) to the Department of Financial Institutions, P.O. Box 7876, Madison, Wisconsin 53707-7876, at least 30 days prior to the effective date of the decrease.
4. That within six (6) months after the receipt of a claim, the surety shall, by registered mail, deny liability on the claim, unless said claim has been paid in full or settled.

5. That within ten (10) days after any written demand for payment or satisfaction of any claim arising under this bond is made upon surety, said surety shall mail to the Department of Financial Institutions for Wisconsin, a statement which shall include the name and address of the claimant and the amount of claim. Upon denial of liability or disposition of any claim the surety shall also notify the Department of Financial Institutions for Wisconsin as to the manner of disposition thereof and the amount, if any, paid to the claimant.
6. That regardless of the number of claimants or the amounts of the claims, the aggregate liability of the surety on this bond in the event of a default on the part of the principal shall be limited to the above stated sum.
7. If the claims for which the surety acknowledges liability exceed the above stated sum, the surety may discharge itself from all further liability hereunder by paying said sum to the Department of Financial Institutions for Wisconsin for the benefit of the claimants.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on the day above written.

Signed in the presence of:

\_\_\_\_\_  
(Print name of loan company)

\_\_\_\_\_  
(Witness to Principal signature)

By: \_\_\_\_\_ (Seal)  
(Owner, partner or officer)

\_\_\_\_\_  
(Surety)

\_\_\_\_\_  
(Witness of Surety signature)

\_\_\_\_\_  
(Attorney-In-Fact) (Seal)

**IMPORTANT NOTE TO BONDING COMPANY**  
PLEASE FURNISH THE FOLLOWING INFORMATION:

1. A Power of Attorney/Certificate of Authority or Attorney-in-Fact, attached to the bond.
2. The name and address of the claims agent with whom claims against this bond are to be filed:

\_\_\_\_\_  
(Name) (Mailing Address)





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(Only use with Payday Loans)

### CONSUMER LOAN AGREEMENT

Date \_\_\_\_\_

Account # \_\_\_\_\_

(Lender Name)  
(Lender Address)  
(Lender City, State Zip)  
(Lender Phone Number)

(Customer Name)  
(Customer Address)  
(Customer City, State Zip)  
(Customer Phone Number)

In this Consumer Loan Agreement (hereinafter referred to as the "Agreement") the words "you," and "your" mean each and all customers who have signed it. The words "we," "us," and "our" mean (Lender Name).

#### YOUR PROMISE TO PAY

You promise to pay us the Total of Payments shown below and other charges identified in this Agreement. On the date stated in your Payment Schedule you will pay us, at the address indicated above, or at such address as we direct you in writing, the amounts stated. Any unpaid balance of the Amount Financed after the final installment due date will bear interest at the same Annual Percentage Rate as was assessed before maturity.

#### FEDERAL TRUTH IN LENDING DISCLOSURES

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
%	\$	\$	\$

Your Payment Schedule will be:

One Payment in the Amount of \$ \_\_\_\_\_ is due on: \_\_\_\_\_ (date)

**Security Interest:** Your check is security for this Agreement.

**Prepayment:** If you pay off early, you may be entitled to a refund of part of the finance charge.

**Late Payment:** If you fail to make all or any part of a scheduled installment on or before the 10<sup>th</sup> day after its scheduled or deferred due date, you may be charged \$10.00 or 5% of the unpaid amount of the installment, whichever is less. If interest is assessed after maturity, no late payment fee will be charged on the final installment.

See the contract provisions on the reverse side for any additional information about nonpayment, default and prepayment refunds.

**Itemization of Amount Financed:** Amount given to you \$ \_\_\_\_\_, Amount paid on your account \$ \_\_\_\_\_.

You warrant and represent that you are not a debtor under any proceeding in bankruptcy, insolvency or reorganization and have no intention to file a petition for relief under any chapter of the United States Bankruptcy Code.

For Wisconsin Residents Only: You are  married  unmarried  legally separated. If you are married and your spouse is not signing below, the name of your spouse is \_\_\_\_\_ and your spouse resides at  the address shown above  or at \_\_\_\_\_

#### NOTICE TO CUSTOMER

- A) DO NOT SIGN THIS BEFORE YOU READ THE WRITING ON THE REVERSE SIDE, EVEN IF OTHERWISE ADVISED.
- B) DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES.
- C) YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN.
- D) YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT AND YOU MAY BE ENTITLED TO A PARTIAL REFUND OF THE FINANCE CHARGE.

x \_\_\_\_\_  
Customer Signature Date

x \_\_\_\_\_  
Customer Signature Date

SEE REVERSE SIDE FOR ADDITIONAL PROVISIONS

## ADDITIONAL PROVISIONS

**METHOD OF PAYMENT:** Your personal check in the amount of the Total of Payments stated in the federal Truth in Lending Disclosures will be held by us as security on this Agreement. You agree that we may deposit this check on the payment date if you have not paid us in cash, cashiers check, money order or other immediately available funds in the amount of the Total of Payments before close of business on the payment date. If full payment is made prior to the deposit of your personal check, we will return the check to you at the time we receive full payment.

**RETURNED CHECK CHARGES:** Pursuant to section 422.202(1)(d) of the Wisconsin Statutes, you agree to pay a fee of \$15 for each check presented for payment that is returned unsatisfied because drawer does not have sufficient funds in drawer's account, drawer does not have an account with the drawee bank or drawer does not have sufficient credit with the drawee bank.

**PREPAYMENT:** You may prepay this agreement in full or in part at any time without penalty, except you may be assessed a minimum finance charge of \$5 when the amount financed is \$75 or less and \$7.50 when the amount financed is greater than \$75. Earned finance charges are determined by applying the annual percentage rate to the unpaid balance of the amount financed for the actual time those balances were unpaid.

**DEFAULT:** A customer shall be in default under this Agreement when the payment remains unpaid for more than 40 days after its scheduled or deferred due date, or if the customer fails to comply with any of the terms of this Agreement if the failure materially impairs the condition, value or protection of or the Lender's right to the collateral or materially impairs the customer's ability to pay the obligation due under this Agreement.

**LENDER'S RIGHTS IN THE EVENT OF DEFAULT:** In the event of default, and if you have the right to cure the default pursuant to sec. 425.105, Wis. Stats., you fail to cure the default within 15 days after you are given notice of the default, the lender may declare the whole outstanding balance due under this agreement payable at once and proceed to collect it, including commencing legal action.

**TIME:** It is essential that you make your payment on time.

**WAIVER:** You agree to be liable for the repayment of this Agreement even if we do not give you notices such as presentment, protest, demand, and notice of dishonor. We shall not waive any of our rights under this Agreement by making an accommodation for you or someone else. No waiver, consent or approval by us or changes or amendment of this Agreement shall be effective unless it is in writing and you and we have signed it.

**CREDIT REPORTING:** We may report your performance under this Agreement to credit reporting agencies. You agree and hereby authorize us to obtain credit reports on you at any time any portion of the Total of Payments remains owed to us. You specifically acknowledge and agree that we may disclose any default by you under this Agreement, along with any other relevant information, to credit reporting agencies.

**JOINT AND SEVERAL:** If this Agreement is signed by more than one customer, you each agree to be liable to us jointly, and each of you will also be liable to us individually for the loan and other obligations under this Agreement. We may require that either of you pay the amounts due without asking the other to pay. We may file suit against any one or more of you without giving up any of our rights against the others. This Agreement is also binding upon the heirs and personal representatives in probate of all signers and upon anyone to whom any signor assigns his assets or who succeeds to him or her in any other way.

**GOVERNING LAW:** This Agreement shall be construed, applied and governed by the laws of State of Wisconsin. Unless otherwise required by the Wisconsin Consumer Act, the unenforceability or invalidity of any portion of this Agreement shall not render unenforceable or invalid any other portions.

**ASSIGNMENT:** We may assign or transfer this Agreement or any of our rights hereunder. Your obligations under this Agreement cannot be assigned to a third party without our prior written consent.

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# LOAN COMPANY ANNUAL REPORT

Due Date:  
March 15, 2005



State of Wisconsin  
Department of Financial Institutions  
Division of Banking  
PO Box 7876  
Madison, WI 53707-7876  
Telephone: (608) 261-7578

345 W. Washington, 4<sup>th</sup> Floor  
Madison, WI 53703  
FAX: (608) 267-6889

TTY: (608) 266-8818

[www.wdfl.org](http://www.wdfl.org)

FOR YEAR ENDING DECEMBER 31, 2004

## SCHEDULE A: GENERAL INFORMATION

- Name of Licensee: \_\_\_\_\_
- Name, title, address, phone and FAX number of person to whom questions concerning this report should be addressed:  
\_\_\_\_\_

E-mail address: \_\_\_\_\_

- Are office quarters of any licensed location shared with any other business? \_\_\_\_\_ If yes, explain the type(s) of other business.  
\_\_\_\_\_

- Please provide the following information:

Corporation: List all key officers and the percentage of common stock owned. In addition, list all other stockholders who own 10% or more of the outstanding shares. "Key Officers" include the chief executive officer, chief operating officer, president, executive or senior vice president, secretary and treasurer.

Limited Liability Company: List all key members and each member's interest. In addition, list all other members whose interest in the LLC is 10% or more.

Limited Partnership: List all general partners and each partner's interest. In addition, list all limited partners whose interest in the limited partnership is 10% or more.

Partnership: List all partners and the percentage of ownership.

Sole Proprietorship: List name of proprietor.

<u>OFFICER, MEMBER, PARTNER, OWNER</u>	<u>TITLE OR POSITION</u>	<u>% OWNERSHIP</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<u>OTHER SHAREHOLDERS/OWNERS</u>	<u>% OWNERSHIP</u>	
_____	_____	
_____	_____	
_____	_____	

## SCHEDULE A: GENERAL INFORMATION (CONTINUED)

5. The following questions must be answered by marking an "X" in the appropriate box. If you answer "Yes" to any question, give all details on a separate sheet. "Key Officers" include the chief executive officer, chief operating officer, president, executive or senior vice president, secretary and treasurer. If your company has not previously filed an annual report with the Division of Banking, the questions should be answered for the time period since your license application was submitted.

Yes No

Since filing your previous annual report, has any key officer, member, partner or owner been convicted of any misdemeanor or felony (other than minor traffic offenses) in this state or any other state? Provide details about the misdemeanor or felony, including but not limited to conviction, conviction date, penalty and court.

Are there any felony or misdemeanor charges (other than minor traffic offenses) pending against any key officer, member, partner or owner in this state or any other state? Provide details about the pending charges, including but not limited to charge, date and court.

Since filing your previous annual report, has the licensee or any key officer, member, partner or owner been the subject of disciplinary action including, but not limited to, civil forfeitures, cease and desist orders, injunctions, license suspensions, denials, revocations, warnings, reprimands, enforcement actions, probation and limitations by any regulatory agency in this state or any other state? Provide details about the disciplinary action, including but not limited to date, regulatory agency and type of discipline.

Is disciplinary action pending against the licensee or any key officer, member, partner or owner in this state or any other state? Provide details, including but not limited to action, regulatory agency and state.

Since filing your previous annual report, has the licensee or any key officer, member, partner or owner surrendered, resigned, cancelled or been denied a professional license or other credential in this state or any other state? Provide details, including but not limited to date, credential and state.

Since filing your previous annual report, has the licensee or any key officer, member, partner or owner been the subject of derogatory credit (bankruptcy, judgment, tax lien, collections, etc.)? Provide details, including but not limited to date, circumstances and court or agency.

Since filing your previous annual report, has the licensee or any key officer, member, partner or owner been the subject of any suit, claim, or other civil action in this state or any other state that was settled, or included a ruling or decision not in the licensee's or individual's favor? Provide a description of the suit, claim, or other civil action, agency or court, date filed, and outcome.

Is a suit, claim or other civil action pending against the licensee or any key officer, member, partner or owner in this state or any other state? Provide details, including but not limited to agency or court and date.

**SCHEDULE B: WISCONSIN LENDING ACTIVITY**

This schedule applies only to direct loans and indirect sales contracts made with **Wisconsin customers**. Loan and contract balances should be reported **net of unearned finance charges**.

	<u>NUMBER</u>	<u>NET BALANCE</u>
1. Outstanding loan and contract balances as of 12/31/04:		
a) Consumer Loans		
Standard Consumer Loans .....	# _____	\$ _____
Payday Loans .....	# _____	\$ _____
Pawn Loans .....	# _____	\$ _____
Total Consumer Loans .....	# _____	\$ _____
Estimated percent of total consumer loans with an APR > 18% .....	_____ %	
b) Sales Contracts .....	# _____	\$ _____
c) Other Loans (1 <sup>st</sup> mortgages, commercial, or loans > \$25,000) .....	# _____	\$ _____
2. Loans and contracts contractually delinquent 90 days or more as of 12/31/04:		
a) Consumer Loans		
Standard Consumer Loans .....	# _____	\$ _____
Payday Loans .....	# _____	\$ _____
Pawn Loans .....	# _____	\$ _____
Total Consumer Loans .....	# _____	\$ _____
Percentage of total consumer loans charged off to bad debt during the year ..	_____ %	
b) Sales Contracts .....	# _____	\$ _____
c) Other Loans (1 <sup>st</sup> mortgages, commercial, or loans > \$25,000) .....	# _____	\$ _____
3. Loans and contracts originated or purchased between 1/1/04 and 12/31/04:		
a) Consumer Loans		
Standard Consumer Loans .....	# _____	\$ _____
Payday Loans .....	# _____	\$ _____
Pawn Loans .....	# _____	\$ _____
Total Consumer Loans .....	# _____	\$ _____
Estimated percent of total consumer loans with an APR > 18% .....	_____ %	
b) Sales Contracts .....	# _____	\$ _____
c) Other Loans (1 <sup>st</sup> mortgages, commercial, or loans > \$25,000) .....	# _____	\$ _____

SCHEDULE B: WISCONSIN LENDING ACTIVITY (CONTINUED)

4. Number of **consumer loans** originated between 1/1/04 and 12/31/04 where the following products were sold. If none, please indicate "None."

- a) Credit life insurance .....# \_\_\_\_\_
- b) Credit accident and health insurance.....# \_\_\_\_\_
- c) Credit unemployment insurance.....# \_\_\_\_\_
- d) Property insurance.....# \_\_\_\_\_
- e) Automobile insurance .....# \_\_\_\_\_
- f) Life (non-credit) insurance.....# \_\_\_\_\_
- g) Auto club or thrift club.....# \_\_\_\_\_
- h) Other (specify)  
\_\_\_\_\_# \_\_\_\_\_  
\_\_\_\_\_# \_\_\_\_\_  
\_\_\_\_\_# \_\_\_\_\_

5. Excluding lending and the items listed in item 4, list any other activities conducted, services provided, or products sold at any licensed location. If none, please indicate "None."

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. COMPLETE ONLY IF PAYDAY LOANS ARE OFFERED

a) Do you permit borrowers to "rollover" the loan by paying only the finance charge and refinancing the loan balance in a new loan? \_\_\_\_\_

If yes, how many times in a row can a borrower "rollover" and refinance a loan before you require the borrower to pay the loan in full? Note: If a borrower is permitted to "rollover" four times before paying the loan in full, four new loans would be made to that borrower **after** the initial transaction. \_\_\_\_\_

b) Do you permit borrowers to payoff a loan and take out a new loan on the same day? \_\_\_\_\_



**SCHEDULE C: STATEMENT OF ASSETS, LIABILITIES AND EQUITY**  
**FOR THE LICENSED LEGAL ENTITY**  
**AS OF DECEMBER 31, 2004**

**ASSETS**

Cash and Cash Equivalents .....	\$	
Finance Receivables – Consumer Loans * .....	\$	
Finance Receivables – Sales Contracts .....	\$	
Finance Receivables – Other Loans .....	\$	
Less: Loan Loss Reserve .....	(\$	
Less: Unearned Income .....	(\$	
Net Finance Receivables .....	\$	
Net Leasehold Improvements .....	\$	
Net Fixed Assets .....	\$	
Notes Receivable From Related Parties (Identify Related Parties) .....	\$	
Intangible Assets .....	\$	
Other Assets (Specify and Include Itemization) .....	\$	
Total Assets .....	\$	

**LIABILITIES AND EQUITY**

Notes Payable to Related Parties .....	\$	
Other Notes Payable .....	\$	
Other Liabilities (Specify and Include Itemization) .....	\$	
Total Liabilities .....	\$	
Capital Stock (if Corporation) .....	\$	
Additional Paid in Capital .....	\$	
Retained Earnings .....	\$	
Less Treasury Stock .....	(\$	
Net Income/Loss .....	\$	
Total Equity .....	\$	
Total Liabilities and Equity .....	\$	

\* Consumer Loans include loans subject to Section 138.09, Wis. Stats.

**SCHEDULE D: STATEMENT OF INCOME AND EXPENSE  
FOR THE LICENSED LEGAL ENTITY  
FOR THE YEAR ENDING DECEMBER 31, 2004**

**INCOME**

Finance Income ..... \$ \_\_\_\_\_  
Collection on Accounts Previously Charged Off ..... \$ \_\_\_\_\_  
Other Income (Specify and Include Itemization) ..... \$ \_\_\_\_\_  
Total Income ..... \$ \_\_\_\_\_

**EXPENSE**

Interest Expense ..... \$ \_\_\_\_\_  
Bad Debt Expense ..... \$ \_\_\_\_\_  
Other Operating Expenses ..... \$ \_\_\_\_\_  
Income Tax Expense ..... \$ \_\_\_\_\_  
Total Expenses ..... \$ \_\_\_\_\_

**NET INCOME (LOSS)** ..... \$ \_\_\_\_\_

**AFFIDAVIT**

I, \_\_\_\_\_, the undersigned, being the duly authorized representative of  
(Print Name of Key Officer/Member/Partner/Owner)

\_\_\_\_\_ hereby certify that each statement and representation in this  
(Name of Licensee)  
annual report is true and correct to the best of my knowledge.

\_\_\_\_\_  
(Signature of Key Officer/Member/Partner/Owner) (Title) (Date)

SUBSCRIBED AND SWORN TO BEFORE ME

THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Notary Public)

My Commission Expires: \_\_\_\_\_

**Notice:** Completion of this form is required under Section 138.09, Wisconsin Statutes. Failure to comply may result in further action by our Department. Personal information you provide may be used for secondary purposes.

This document can be made available in alternate formats upon request to qualifying individuals with disabilities.

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**Wisconsin Department of Financial Institutions**  
Strengthening Wisconsin's Financial Future[Home](#) > [Newsroom](#) > [Press Releases](#)[Legislative Issues](#)**Press Releases**[Press Releases](#)[Administrative Orders  
Issued](#)**For Immediate Release**

April 16, 2004

Contact: Cheryl Weiss  
(608) 264-7875[Weekly Securities Filings](#) [Index](#)**Predatory Lending Bill Signed into Law*****Governor Doyle signs bill increasing restrictions on lenders who make high cost mortgage loans***

(Madison) - Governor Doyle drew applause from industry representatives and consumer advocates when he signed Assembly Bill 792, the predatory lending bill. The Secretary of the Department of Financial Institutions, Lorrie Keating Heinemann, congratulated the Governor saying, "Assembly Bill 792 is a great example of meaningful legislation combating an issue that negatively impacts our communities," and added, "I am so pleased that all the interested parties worked with the legislators to deliver this bill to Governor Doyle."

Among other provisions, Assembly Bill 792:

- Increases the number of loans that fall under the new restrictions by expanding the definition of a "high cost mortgage loan";
- Requires a lender to consider a borrower's ability to repay the high cost loan, not merely the equity in their home;
- Limits prepayment penalties to within the first 36 months of the loan and requires the option of a loan without a prepayment penalty;
- Prohibits balloon payments, the financing of single premium credit insurance, the refinancing of zero interest loans, loan flipping and the enforcement of security interests on household goods;
- Provides parity for state-chartered, federally insured depository institutions.

"Homeowners are the cornerstone of our economy and these new

restrictions help prevent them from being taken advantage of," Keating Heinemann added.

Governor Doyle also vetoed Assembly Bill 665, which made some changes to the regulations of the payday lending industry. Secretary Keating Heinemann stated, "We did not feel that AB 665 would be an effective piece of legislation" and added, "many states have found a way to protect consumers from getting trapped into long-term payday debt while maintaining a profitable payday lending sector. We can achieve that type of compromise in Wisconsin."

Wisconsin is one of only a few states that do not have stricter regulations on the payday lending industry. For example, Assembly Bill 665 included a maximum loan amount of \$5,000 whereas the average maximum amount across other states with payday lending laws is around \$500. The bill included a limit on loan rollovers but not an enforcement mechanism for that limit or a limit on the number of loans a borrower may have out at one time.

Also enacted were:

- Assembly Bill 793, which exempts all intangible property, such as bank accounts, of a nonresident decedent from Wisconsin's estate tax.
- Assembly Bill 890, which allows members of a nonprofit corporations to meet and vote by electronic communications.
- Assembly Bill 279, which sets competency exam and continuing education requirements for loan originators.
- Senate Bill 320, which puts in place safeguards in annuity transactions involving senior citizens.
- Senate Bill 326, which bans the deceptive or misleading use of logos from a state bank, savings and loan or credit union in marketing materials.
- Senate Bill 381, which allows state banking regulators to accept federal regulatory examinations of state savings banks, as allowed in current law for other state-chartered institutions.
- Senate Bill 492, which the "Uniform Prudent Investor Act" in Wisconsin giving personal representatives, trustees, conservators and guardians of estates more investment flexibility.



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approval thereto. Notwithstanding s. 625.22 (1), the commissioner, within 30 days after the filing of any such form, may disapprove such form or rate schedule if the benefits provided are unreasonable in relation to the premiums to be charged, or if the form contains a provision which is unjust, unfair, inequitable, misleading, deceptive or encourages misrepresentation of the policy, or is contrary to chs. 600 to 646 or any rule adopted thereunder.

The benefits provided by any such policy shall be presumed reasonable in relation to the premium to be charged if the ratio of losses incurred to premiums earned is, or may reasonably be expected to be, 50% for credit life insurance and 60% for credit accident and sickness insurance, or such lower loss ratios as designated by the commissioner to afford reasonable allowance for expenses for a particular plan of coverage. If the ratio of losses incurred to premiums earned is less than or can reasonably be expected to be less than the prescribed standards, the benefits provided shall be presumed unreasonable in relation to the premiums charged. Determination of the reasonable relation of benefits to premiums shall be made by the commissioner for each policy form filed for such approval. Premium rate standards for other benefit plans shall be actuarially consistent with the prescribed rate standards. The commissioner may limit the use of any such form for those creditors or customers whose experience was the basis for approval and such other creditors or customers likely to experience similar mortality or morbidity.

(2) Not later than 6 months after March 1, 1973, the commissioner of insurance, by rule, shall adopt premium rates for credit life and credit accident and sickness insurance based upon the loss ratio standards set forth in sub. (1), which rates shall be acceptable without further justification. No charge may be made for credit life or credit accident and sickness insurance which exceeds such premium rates except as provided in this subsection. The commissioner of insurance from time to time shall raise or lower the acceptable premium charges permitted for such insurance for any particular creditor, class of creditor or class of transaction whenever the commissioner determines that the actual loss experience for that particular creditor, class of creditor or class of transactions produces a ratio of losses to premiums which differs substantially, based on credible data for a relevant period of time, from the loss ratio standards established by sub. (1).

(3) No individual policy of credit accident and sickness insurance or group policy of credit accident and sickness insurance may be delivered or issued for delivery in this state if the benefits are payable after a waiting period of less than 14 days, regardless of whether the payment of benefits is retroactive to the first day of disability.

(4) If a group credit life insurance policy or group credit accident and sickness insurance policy is delivered to a policyholder which is not a Wisconsin corporation or other resident and does not have its principal office in Wisconsin, the forms to be filed by the insurer with the commissioner of insurance are the group certificates and notices of proposed insurance. The commissioner of insurance shall approve them if:

(a) They provide the information that would be required if the group policy were delivered in this state;

(b) The applicable premium rates or charges do not exceed those established by chs. 421 to 427 or by rules adopted thereunder; and

(c) They do not contain provisions which are unjust, unfair, inequitable or deceptive, or encourage misrepresentation of the coverages, or are contrary to chs. 600 to 646, or of any rule adopted thereunder.

History: 1971 c. 239; 1973 c. 3; 1977 c. 339 s. 43; 1979 c. 89; 1991 a. 316; 1993 a. 325.

### SUBCHAPTER III

### PROPERTY INSURANCE

**424.301 Restrictions on property insurance.** (1) A creditor may not contract for a separate charge or receive a separate charge for insurance against loss of or damage to property in which the creditor holds a security interest or to property leased under a motor vehicle consumer lease unless all of the following conditions are met:

(a) The insurance covers a substantial risk of loss or damage to property which is allowable collateral under s. 422.417 for the credit transaction.

(b) The amount of the insurance does not exceed any of the following:

1. The actual cash value or stated value of any motor vehicle or mobile home in which the creditor holds a security interest.

2. The cash value or replacement value of any property in which the creditor holds a purchase money security interest.

3. The stated amount of the customer's credit line if the purchase money security interest secures transactions pursuant to an open-end credit plan.

5. In any other transaction, the total payments or, if the transaction is for a term of 49 months or more, the amount financed.

(c) The term of the insurance is reasonable in relation to the terms of credit.

(1m) The limitations of subs. (1) and (2) and s. 422.202 (1) (b) do not apply to property insurance on some or all of the property in which the creditor holds a security interest if the creditor does not require any insurance on the property and if the creditor is not designated a loss payee in the policy. Subsection (3) does not apply to a credit transaction solely to finance the purchase of such property insurance.

(2) The term of the insurance is reasonable if it is customary and does not extend substantially beyond a scheduled maturity.

(3) A creditor may not contract for or receive a separate charge for insurance against loss of or damage to property unless the amount financed exclusive of charges for the insurance is \$800 or more, and the value of the property is \$800 or more.

(4) (a) A creditor may not contract for or receive a separate charge for insurance against loss of or damage to the customer's property in which the creditor does not hold a security interest if any of the following apply:

1. The creditor sells the customer insurance described in sub. (1) covering some or all of the same property, except as provided in sub. (1m).

2. The amount of the insurance exceeds the amount by which the value of the property exceeds the amount of insurance against loss or damage to the property which the customer has in force at the time the consumer credit transaction is consummated.

(b) If the customer purchases property insurance in addition to that already in force, the value of the customer's property shall be verified by the customer's written statement or an appraisal or a bill of sale.

(5) A violation of this section is subject to s. 425.303.

History: 1971 c. 239; 1973 c. 3; 1985 a. 256; 1995 a. 329; 1997 a. 302.

**Legislative Council Note, 1973:** [As to sub. (1) (a)] Clarifies the scope of allowable property insurance. This paragraph sets forth one of the conditions necessary for property insurance. However, as it reads prior to amendment, no insurance could be taken on any household furnishings, regardless of whether the transaction involved a security interest in them. The effect of the amendment is to allow insurance on any permitted collateral, regardless of its nature. Therefore, if a creditor has a security interest in household furnishings, he will be able to protect his interest by the use of insurance against loss or damage. [Bill 432-A]

**424.302 Insurance on creditor's interest only.** If a creditor contracts for or receives a separate charge for insurance against loss of or damage to property, the risk of loss or damage not willfully caused by the customer is on the debtor only to the extent of any deficiency in the effective coverage of the insurance, even though the insurance covers only the interest of the creditor.

History: 1971 c. 239.

424.303 INSURANCE

**424.303 Cancellation by creditor.** (1) A creditor shall not request cancellation of a policy of property or liability insurance except after the customer's default (s. 425.103), or in accordance with a written agreement by the customer at any time other than when the original transaction is entered into. In either case the cancellation does not take effect until written notice is delivered to the customer or mailed to the customer at an address as stated by the customer. The notice shall state that the policy may be canceled on a date not less than 30 days after the notice is delivered, or, if the notice is mailed, not less than 33 days after it is mailed.

(2) Following cancellation, the customer shall be entitled to a rebate or credit for any prepaid charges which represent the premium for a period following cancellation.

(3) This section shall not apply to a contract issued by an insurance premium finance company licensed under s. 138.12.

History: 1971 c. 239; 1973 c. 3; 1991 a. 316.

**424.304 Cancellation by customer.** (1) Following the sale of any insurance product under s. 422.202 (1) (b), the customer has the right to cancel the insurance until 30 days after the policy is mailed or otherwise delivered to the customer. The creditor shall provide the customer a notice in duplicate in the form set forth in subs. (2) and (3).

(2) The notice required by sub. (1) shall be in substantially the following form:

CUSTOMER'S RIGHT TO SUBSTITUTE PROPERTY OR LIABILITY INSURANCE

You may cancel the property or liability insurance which you purchased through .... (name and address of lender) to insure the collateral securing your loan dated .... (date). To cancel, you must mail or deliver a written notice, together with the original policy for the property or liability insurance, to us before midnight of the 30th day after the date our policy was mailed or otherwise delivered to you. In addition, you must include a copy of a policy or endorsement for substitute insurance from another insurance company, such as the company insuring your home, that provides the same coverage and that names our company as loss payee. If you cancel and you do not provide evidence of substitute insurance to us with your notice or within 7 days after sending a cancellation notice to us, we may purchase other insurance to cover our risk and charge you for it.

If you wish, you may use this page as your written notice by writing "I hereby cancel this insurance" and adding your name, address and the date. This page, the original policy and a copy of the substitute policy or endorsement showing our company as loss payee must be sent or delivered to us before midnight on the 30th day after the date our policy was mailed or otherwise delivered to you. Keep the copy of this page for your records.

If you cancel this insurance, you may elect to receive either a check for the insurance premiums or a credit against your loan balance in the amount of the insurance premiums and the amount of applicable finance charge. Check which of the following you elect:

1. .... I want you to send me a check in the amount of \$.... (amount of insurance premiums) for the insurance premiums.

2. .... I want you to credit my loan balance in the amount of \$.... (amount of insurance premiums) which is the amount of the insurance premiums, plus the amount of applicable finance charge.

(3) A creditor may elect to provide only a credit to a customer who cancels insurance under this section. If a creditor so elects, the creditor shall delete the last paragraph of the notice under sub. (2) and shall substitute the following: "If you cancel this insurance, we will credit your loan balance in the amount of \$.... (amount of insurance premiums), which is the amount of the insurance premiums, plus the amount of applicable finance charge."

(4) Any customer who cancels and substitutes insurance within the 30-day period under sub. (1) is entitled to a credit or

payment under s. 424.402. Any insurance policy covered by the notice shall be void as of the date of purchase, unless a loss has occurred, upon mailing or delivery of the notice of cancellation by the customer and all rights under the policy shall terminate. The creditor shall promptly provide the customer with a credit or payment, as applicable, even if the original policy does not accompany the notice of cancellation.

(5) A violation of this section is subject to s. 425.303.

History: 1985 a. 256.

SUBCHAPTER IV

OTHER INSURANCE PRODUCTS

**424.401 Cancellation by customer.** (1) Following the sale of any insurance product under s. 422.202 (2s) (a) 2., including insurance described in s. 424.301 (1m), or, if for a term of more than one year, any future service or motor club service contracts under s. 422.202 (2s) (a) 3., the customer has the right to cancel the products or contracts until 30 days after the insurance policy, future service contract or motor club service contract is mailed or otherwise delivered to the customer. The creditor shall provide the customer a notice in duplicate in the form set forth in subs. (2) and (3).

(2) The notice required by sub. (1) shall be in substantially the following form:

CUSTOMER'S RIGHT TO CANCEL OPTIONAL .... (INSURANCE, FUTURE SERVICE CONTRACT OR MOTOR CLUB SERVICE CONTRACT)

You may cancel the optional .... (insurance, future service contract or motor club service contract) which you purchased and financed through .... (name and address of lender) on .... (date). To cancel, you must mail or deliver a written notice to us before midnight of the 30th day after the date this .... (insurance policy or service contract) was mailed or otherwise delivered to you.

If you wish, you may use this page as your written notice by writing "I hereby cancel this .... (insurance or service contract)" and adding your name, address and the date. This page and the original .... (policy or contract) must be sent or delivered to us before midnight on the 30th day after the date the .... (insurance policy or service contract) was mailed or otherwise delivered to you. Keep the copy of this page for your records.

If you cancel this .... (insurance or service contract), you may elect to receive either a check for the .... (insurance premiums or service contract charges), or a credit against your loan balance in the amount of the .... (insurance premiums or service contract charges) plus the amount of applicable finance charge. Check which of the following you elect:

1. .... I want you to send me a check in the amount of \$.... (amount of insurance premiums or service contract charges) for the .... (insurance premiums or service contract charges).

2. .... I want you to credit my loan balance in the amount of \$.... (amount of insurance premiums or service contract charges), which is the amount of the .... (insurance premiums or service contract charges), plus the amount of applicable finance charge.

(3) A creditor may elect to provide only a credit to a customer who cancels insurance or a service contract under this section. If a creditor so elects, the creditor shall delete the last paragraph of the notice under sub. (2) and shall substitute the following: "If you cancel this .... (insurance or service contract), we will credit your loan balance in the amount of \$.... (amount of insurance premiums or service contract charges), which is the amount of \$.... (insurance premiums or service contract charges), plus the amount of applicable finance charge."

(4) Any person who cancels insurance or a service contract within the 30-day period under sub. (1) is entitled to a credit or payment under s. 424.402. Any insurance policy or service contract covered by the notice is void as of the date of purchase upon mailing or delivery of the notice of cancellation by the customer



and all rights under the policy or contract shall terminate. The creditor shall promptly provide the customer with a refund or credit, as applicable, even if the original policy or contract does not accompany the notice of cancellation.

(5) A violation of this section is subject to s. 425.303.  
History: 1985 a. 256.

**424.402 Insurance cancellation credit or payment.**

(1) Any customer who cancels insurance or a service contract under s. 424.304 or 424.401 shall receive one of the following:

(a) A credit against the balance of the customer's obligation or account in the amount of the insurance premiums or service contract charges plus that portion of the finance charge attributable to the insurance premiums or service contract charges.

(b) A payment in the amount of the full amount of the insurance premiums or service contract charges, which amount shall continue to be part of the customer's obligation, if the creditor offers and the customer elects this option.

(2) With respect to the application of a credit under sub. (1) (a) to a customer's obligation for a consumer credit transaction other than one pursuant to an open-end credit plan, a merchant shall do one of the following:

(a) If the obligation is for a consumer credit transaction other than a precomputed consumer loan, apply the credit in one of the following ways:

1. First against the final installment due on the customer's obligation and then to the preceding installments in the reverse order in which they are due.

2. Against the balance of the customer's obligation and proportionately reduce the amount of each remaining installment.

(b) If the obligation is for a precomputed consumer loan, apply the credit against the balance of the customer's obligation, compute and apply a refund of the finance charge, less the portion included in the credit, in the manner described in s. 422.209 (2) as of the date of the loan or the nearest scheduled installment due date, and thereafter charge interest at a rate not to exceed the annual percentage rate of finance charge which was disclosed to the customer when the loan was made.

(3) If a credit under sub. (1) (a) is applied to a precomputed consumer loan, the finance charge resulting after application of the credit shall be the finance charge for the precomputed consumer loan, but the cancellation shall not otherwise alter the customer's obligation for the precomputed consumer loan.

(4) A contract between an insurer and a creditor may not provide for a refund to the creditor upon cancellation by a customer under s. 424.304 or 424.401 in an amount less than the amount of the insurance premiums that the creditor must credit to the customer's account or pay to the customer under sub. (1).

(5) A violation of this section is subject to s. 425.303.  
History: 1985 a. 256.

SUBCHAPTER V

INSURANCE PRACTICES

**424.501 False, misleading or deceptive insurance solicitation.** (1) A creditor may not solicit or offer for sale any insurance product in connection with a consumer credit transaction in any manner that is false, misleading or deceptive or that omits to state material information with respect to the insurance or the consumer credit transaction that is necessary to make the solicitation or offer not false, misleading or deceptive.

(2) It is not a violation of sub. (1) to use printed materials or forms that have been approved for use by the office of the commissioner of insurance.

(3) A violation of this section is subject to s. 425.304.  
History: 1985 a. 256.

**424.502 Insurance commissions; limitations.** A creditor or insurer may not pay to an employee of the creditor who participates in the processing of consumer credit transactions any commission or bonus that exceeds an amount equal to 25% of the employee's annual earnings for the sale of insurance in connection with those consumer credit transactions. Insurance does not include a warranty plan for which the commissioner of insurance has issued a limited certificate of authority pursuant to rule promulgated under s. 600.01 (1) (b) 5.

History: 1985 a. 256.

SUBCHAPTER VI

ADMINISTRATION

**424.601 Cooperation between administrator and commissioner of insurance.** The administrator and the commissioner of insurance shall consult and assist one another in maintaining compliance with this chapter. They may jointly or severally pursue investigations, prosecute suits and take other official action, as may seem to them appropriate, if either of them is otherwise empowered to take the action. If the administrator is informed of a violation or suspected violation by an insurer of this chapter, or of chs. 600 to 646, rules and regulations of this state, the administrator shall advise the commissioner of insurance of the circumstances, and the commissioner of insurance may act under the laws of this state.

History: 1971 c. 239; 1973 c. 3; 1977 c. 339 s. 43; 1979 c. 89; 1985 a. 256 s. 14; Stats. 1985 s. 424.601.

**424.602 Administrative action of commissioner of insurance.** To the extent that the commissioner of insurance's responsibility under this chapter requires, the commissioner shall issue rules with respect to insurers and with respect to refunds (s. 424.205), forms, schedules of premium rates and charges (s. 424.209), and the commissioner's approval or disapproval thereof and, in case of violation, may make an order for compliance.

History: 1971 c. 239; 1985 a. 256 s. 16; Stats. 1985 s. 424.602; 1991 a. 316.

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# Wisconsin Department of Financial Institutions

Strengthening Wisconsin's Financial Future

Home > Your Money Matters > Brochures > Financing



Financing

## Payday Loans

You've probably heard the advertisements on the radio or seen them in the newspaper:

**NEED CASH UNTIL PAYDAY?  
YOU CAN GET \$50 TO \$500 WITHIN 15 MINUTES!  
NO CREDIT CHECKS.**

**SOUND APPEALING?** Today there are many companies offering to make "payday loans," "check loans," or "payroll advance loans." These are all just different terms for the same type of loan transaction.

If you are considering a "payday loan," keep reading.....

### Before You Begin....

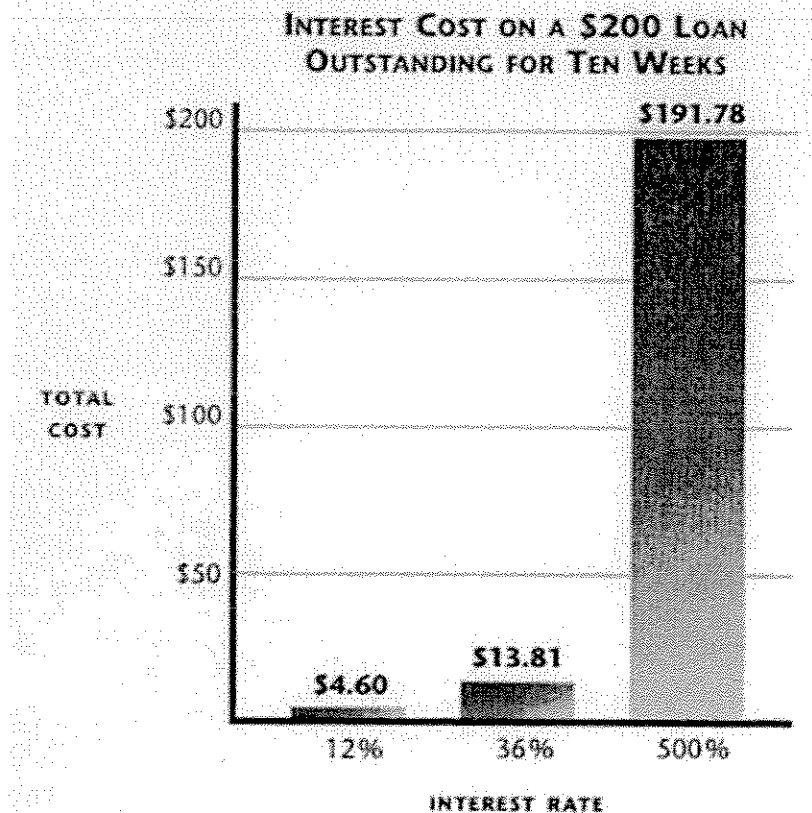
**These loans are not an effective solution for your long term monetary needs!**

Payday loans may be helpful when you are having temporary cash flow problems or are facing a financial emergency and need money on a **short-term** basis. You should attempt to pay your loan in full when it matures. If you are unable to do that, you should make every effort to pay at least part of the amount financed before you renew the transaction.

### Interest Costs you money!

It's important to pay particular attention to the interest rate on payday loans. The rate on a payday loan may be 500% per year or more. Borrowing \$200 for 2 weeks at 500% will cost you \$38.36. Compare this to borrowing \$200 for 2 weeks at 36% (\$2.76) or 12% (\$.92).

If this loan is refinanced four times, the cost difference increases dramatically! In fact, it will cost you nearly \$200 to borrow \$200 for ten weeks:



### **YOU SHOULD AVOID TAKING OUT MULTIPLE PAYDAY LOANS!**

If you already have one payday loan outstanding, you should avoid taking out another such loan. When you have more than one payday loan outstanding, you may find it very difficult to pay the required finance charge payments, much less paying all or a portion of the amount financed when the loan comes due. If you need a larger, longer-term loan, you should seek other, more traditional, lending sources.

### **PAYDAY LOANS: HOW THEY WORK**

Payday loans work like this:

- You fill out an application and provide the lender with items such as paycheck stubs and a photo ID.
- You sign a loan agreement, write a postdated check to the lender, and receive your money.
- Your check is held until your loan payment is due - usually two

weeks. The lender then deposits your check - unless you have replaced the check or have already repaid the loan.

The loan agreement that you are required to sign is a legal document that obligates you to repay the loan. It also sets forth a lot of important information. Be sure to take note of the following items:

**Amount Financed:** The amount of credit provided to you or on your behalf. (This is typically the amount of cash you will receive.)

**Finance Charge:** The **dollar amount** the credit will cost you, or the amount of interest you pay for receiving the credit.

**Annual Percentage Rate (APR):** The cost of your credit as a yearly rate. Because these loans are small, short-term transactions, the APR is typically quite high. In Wisconsin, there are no laws that limit the interest rate that a lender can charge.

**Total of Payments:** The amount you will have paid after you have made all payments as scheduled. (This is the amount that you will write your postdated check out for.)

## YOUR RESPONSIBILITIES

The loan agreement you sign legally obligates you to repay the loan. Make sure to read the contract before signing it and retain your copy for your records.

If you have not renewed the loan or paid it in full, make sure you have sufficient funds in your checking account on the due date of the loan so your check clears when the lender deposits it.

If you cannot or do not repay the loan, the lender can seek a money judgment against you for the face amount of the check and court costs; and, if they were disclosed in the contract, any late charges, interest after maturity, and NSF fees. Once a money judgment is obtained, a lender may attempt to garnish your wages.

Many lenders also list past due accounts with the credit bureau. This may affect your ability to get credit in the future.

## OTHER CONSIDERATIONS

If you pay the loan in full prior to its due date you are entitled to a partial

refund of the finance charge.

If you are married and your spouse does not sign the loan agreement, the lender is required to give your spouse a written notice that you obtained the loan.

## **IF YOU HAVE QUESTIONS**

The Department of Financial Institutions (DFI) is a state agency that licenses and regulates companies that make consumer loans in Wisconsin where the interest rate is over 18% per annum. This includes the payday loan companies. You may contact DFI Licensed Financial Services at 608-261-9555.

DFI also licenses and regulates adjustment service companies, commonly referred to as debt counselors or consumer credit counselors. These companies help debtors set up and keep on a budget. A list of the [adjustment service companies licensed by DFI](#). You may also contact DFI Licensed Financial Services at 608-261-9555 for the name of the adjustment service company nearest you.

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