

**Notice of Hearing**  
**Financial Institutions**  
**CR 1\_-\_\_**

NOTICE IS HEREBY GIVEN that the Wisconsin Department of Financial Institutions will hold a public hearing on a proposed rule to create ch. DFI—Bkg 78 relating to auto title loans.

**Hearing Information**

Date: Monday, October 1, 2012  
Time: 11:00 a.m.  
Location: Department of Financial Institutions  
345 W. Washington Avenue, 5<sup>th</sup> Floor  
Madison, WI 53703

**Accessibility**

If you need accommodations because of a disability, or need an interpreter or translator, at least one week prior to the hearing contact Eric Knight, Department of Financial Institutions, Office of the Secretary, 345 W. Washington Avenue, Madison, WI 53703, tel. (608) 267-1718, e-mail [eric.knight@wisconsin.gov](mailto:eric.knight@wisconsin.gov). Alternately hearing impaired callers may contact the DFI TTY at (608) 266-8818. The hearing facility is handicap accessible.

**Copies of the Rule and Fiscal Estimate**

A copy of the rule, fiscal estimate and related rule documents may be obtained at no charge from the department's website, [www.wdfi.org](http://www.wdfi.org); the Wisconsin Administrative Rules Website, <http://adminrules.wisconsin.gov>; or by contacting Eric Knight, Department of Financial Institutions, Office of the Secretary, 345 W. Washington Avenue, Madison, WI 53703, tel. (608) 267-1718, e-mail [eric.knight@wisconsin.gov](mailto:eric.knight@wisconsin.gov).

**Submitting Comments on the Rule**

Written comments on the rule should be submitted to Eric Knight, Department of Financial Institutions, Office of the Secretary, 345 W. Washington Avenue, Madison, WI 53703, e-mail [eric.knight@wisconsin.gov](mailto:eric.knight@wisconsin.gov). Comments may also be submitted through the Wisconsin Administrative Rule Website, <http://adminrules.wisconsin.gov>. The deadline for submitting comments is 4:30 p.m. on the 14<sup>th</sup> day after the date for the hearing.

**Analysis Prepared by the**  
**Department of Financial Institutions, Division of Banking**

**Statutes interpreted**

Section 138.16, Stats.

**Statutory authority and explanation of statutory authority**

The statutory authorities for the rule are the following:

Section 138.16(2), Stats., which states that “[t]he division shall promulgate rules for determining the retail value of a motor vehicle for purposes of this paragraph, including rules specifying nationally recognized pricing guides that may be used for determining retail value at the time of loan origination.”

### **Related statutes or rules**

Section 138.09, Stats.

### **Plain language analysis**

As a result of the passage of 2011 Wisconsin Act 32, a licensed lender that holds the proper certificate of authorization may make title loans. However, no licensed lender may make a title loan to a borrower that results in the borrower having liability for the loan, in principal, of more than 50 percent of the retail value of the motor vehicle used as security for the loan.

The objective is to promulgate a rule for determining the retail value of a motor vehicle, including specifying nationally recognized pricing guides that may be used for determining retail value at the time of loan origination.

### **Summary of and comparison with existing or proposed federal regulations**

DFI is unaware of any existing or proposed federal regulation that is intended to address the activities to be regulated by the rule.

### **Comparison with rules in adjacent states**

Michigan and Iowa have no title lending rules.

Illinois has rules on title lending; however they do not address determining the retail value of a motor vehicle.

Minnesota has a limited number of rules regarding licensed regulated lenders, which may include payday lenders. Their rules cover the following topics: licensed office, maximum loan applies to multiple offices, licensees to be responsible for acts of assignees, management and control, transferred accounts, and computing date and time.

### **Summary of factual data and analytical methodologies**

In developing these rules, the department reviewed title lending laws in states across the country. The department is engaged in outreach with title lenders and consumer organizations to gather input. Because the department regulates licensed financial services for the state, the division could rely on extensive staff expertise and experience in drafting regulations for these entities.

### **Analysis and supporting documents used to determine effect on small business**

N/A

### **Effect on small business**

N/A

**Summary of Fiscal Estimate and Economic Impact Analysis**

No impact.

**Small Business Regulatory Coordinator**

The agency's small business regulatory coordinator is Eric Knight, tel. (608) 267-1718, e-mail [eric.knight@wisconsin.gov](mailto:eric.knight@wisconsin.gov).