

which he will have actual use, and thus the creditor is required to deduct from the funds advanced any compensating balance the creditor requires to be maintained with him. Consequently, the term does not apply to a deposit balance or deposit investment maintained by the customer with a financial institution other than the creditor, which is taken by the creditor as collateral for the advance made. The reference to "any investment" refers to deposit-type investments such as "share accounts" maintained with savings and loan associations, credit unions or mutual savings banks. The term "investment" in s. 421.301 (38), Stats., does not include investment securities of the type defined in ch. 408, Stats.

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.201 Finance charge for consumer credit transactions; per diem charge.** Charges under s. 422.201, Stats., on consumer transactions other than those pursuant to an open-end plan where the finance charge is computed on the declining unpaid principal balance from time to time outstanding may be computed on actual unpaid balances at  $1/360$ th of the annual rate for the actual number of days outstanding provided the use of this method shall be disclosed conspicuously together with all other disclosures required by subch. III of ch. 422, Stats., and provided the finance charge obtained by the application of this method does not exceed the maximum charge permissible under the act.

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.210 Finance charge for consumer credit transactions; maximum rates under s. 422.201 (3), Stats.** The maximum discount rate on loans in which the principal (exclusive of interest) does not exceed \$3,000 is  $9-1/2\%$  per year on that part of the face amount of the note (total of payments) not exceeding \$1,000 and  $8\%$  per year on any remainder of the face amount. Discount loans may be made for any number of whole months (excluding any irregular first instalment period) up to the maximum maturity, e.g. loans of 6, 17, 24, etc. months are permitted. On contracts for periods which are less or greater than one year, or which are not a multiple of one year, the discount rate shall be computed proportionately ( $1/12$  of the annual discount rate) for each month. See s. 138.09 (7) (b) 1, Stats.

**Note:** Example: Total of payments = \$1345.20 ( $24 \times \$56.05$ ); Interest (Finance Charge) = \$245.23 ( $9-1/2\% \times 2 \text{ yrs.} \times \$1,000$  plus  $8\% \times 2 \text{ yrs.} \times \$345.20$ ); Amount Financed = \$1,099.97 ( $\$1345.20 - \$245.23$ ); Annual percentage Rate = 20.13%

**History:** Cr. Register, June, 1973, No. 210, eff. 7-1-73; reprinted to correct error, Register, January, 1981, No. 301.

**Bkg 80.22 Finance charge for consumer credit transaction; credit cards and coupon books.** With respect to a consumer credit transaction involving the receipt or acceptance by a customer of any credit card, plate, merchandise certificate, letter of credit, coupon book or other like credit device, except gift certificates purchased by a customer for use by a person other than the customer, the unpaid balance in such transaction within the meaning of s. 422.201, Stats., shall include only the cash value of any money, property, labor or services, not including the credit device itself, acquired by the actual use or redemption of such credit device together with authorized additional charges. For example, where a customer receives a coupon book or several merchandise certificates in the amount of \$200 and subsequently redeems one coupon or certificate in the amount of \$25, the customer's unpaid balance upon which a finance charge may be assessed is limited to the \$25 cash value

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of the goods or services which the customer has actually received. This rule shall not apply to merchandise certificates acquired by a customer pursuant to an open end plan if:

- (1) Acquisition of certificates is not a condition of the extension of credit to the customer,
- (2) Unused certificates may be returned at any time for full credit to the customer's account,
- (3) The acquisition cost is not billed to the customer for at least one month, and does not bear a finance charge for a minimum period of 2 months, after the certificate is acquired, and
- (4) The customer is given notice, at least 15 days prior to the imposition of a finance charge, of the date by which any unused certificates must be returned to avoid imposition of finance charges on the price thereof.

History: Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.221 Finance charge for consumer credit transactions; actuarial method-compounding.** The term "actuarial method" as used in s. 422.201, Stats., shall mean the method by which that portion of each payment not applicable to an escrow account is applied first to any finance charge or permitted additional charge accrued from the time of any prior payment or from the time credit is extended and the remainder, if any, is applied to the unpaid amount financed. With the exception of the calculation of delinquency charges, amounts remitted may be applied to interest and charges and then to principal on the most delinquent instalment due and then to interest and charges on the next instalment proceeding to more current installments until the amount remitted is exhausted. For purposes of computing the finance charge under s. 422.201 (9), a merchant may calculate the finance charge on an unpaid balance which includes unpaid finance charges.

History: Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.23 Maximum charges; precision and rounding.** When preparing charts and tables, programming electronic devices or performing numerical calculations in connection with ss. 422.201, 422.204, and 422.209, Stats., any number of decimal places may be used to express the multiplying factor, provided that such factor shall be carried out at least to the nearest ten-thousandth or if expressed as a per cent to the nearest one-hundredth of a percent. Where the number of decimal places used exceeds the minimum, the final digit may be rounded. In any case, the same multiplier must be used consistently with regard to all calculations in the transaction, including computation of interest, deferrals or rebates. Where the multiplier complies with this rule, the final product may be rounded to the nearest cent provided that products of 5 mills and over shall be rounded upward.

History: Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Bkg 80.231 Finance charge for consumer credit transactions; rate for licensees.** Section 422.201 (3), Stats., refers to ss. 138.09 and 218.01, Stats., for the determination of finance charges under the Wisconsin consumer act receivable by licensees. The language of ss. 138.09 (7) and 218.01 (6) with respect to finance charges receivable by licensees is both comprehensive and preemptive. Therefore, although these sections provide for finance charges which, in various situations, are less

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