

Compliance Journal

January 2025

Special Focus

2025 Adjusted Regulatory Thresholds and Limits

As we enter the new year, regulatory agencies have announced adjustments to several loan, lease, and retirement account related thresholds and limits. The following is a listing of the adjustments effective **January 1, 2025**, including a link to pull each publication for reference.

Regulation Z, TILA

- The exemption threshold for Regulation Z (Truth in Lending Act) will increase to **\$71,900**, up from \$69,500.
<https://www.govinfo.gov/content/pkg/FR-2024-10-15/pdf/2024-23275.pdf>
- The exemption threshold under Regulation Z for HPML appraisals will increase to **\$33,500**, up from \$32,400.
<https://www.govinfo.gov/content/pkg/FR-2024-10-15/pdf/2024-23277.pdf>
- The asset-size threshold under Regulation Z which exempts creditors from the requirement to establish an escrow account for HPMLs will be:
 - o For creditors and their affiliates that regularly extended covered transactions secured by first liens, the asset-size threshold is adjusted to **\$2.717** billion, up from \$2.640 billion; and
 - o The exemption threshold for certain insured depository institutions with assets of \$10 billion or less is adjusted to **\$12.179** billion, up from \$11.835 billion.
<https://www.govinfo.gov/content/pkg/FR-2024-12-23/pdf/2024-30653.pdf>
- The dollar amount thresholds under Regulation Z for HOEPA and QM-related loans have been adjusted as follows:
 - o For HOEPA loans, the adjusted total loan amount threshold for high-cost mortgages will be **\$26,968**.
 - o The adjusted points-and-fees dollar trigger for high-cost mortgages will be **\$1,348**.
 - o For QMs under the General QM loan definition in § 1026.43(e)(2), the thresholds for the spread between the annual percentage rate (APR) and the average prime offer rate (APOR) will be:
 - 2.25 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to **\$134,841**;
 - 3.5 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to **\$80,905** but less than **\$134,841**;
 - 6.5 or more percentage points for a first-lien covered transaction with a loan amount less than **\$80,905**;
 - 6.5 or more percentage points for a first-lien covered transaction secured by a manufactured home with a loan amount less than **\$134,841**;
 - 3.5 or more percentage points for a subordinate-lien covered transaction with a loan amount greater than or equal to **\$80,905**; or
 - 6.5 or more percentage points for a subordinate-lien covered transaction with a loan amount less than **\$80,905**.



- o For all categories of QMs, the thresholds for total points and fees will be:
 - 3 percent of the total loan amount for a loan greater than or equal to **\$134,841**;
 - \$4,045 for a loan amount greater than or equal to **\$80,905** but less than **\$134,841**;
 - 5 percent of the total loan amount for a loan greater than or equal to **\$26,968** but less than **\$80,905**;
 - **\$1,348** for a loan amount greater than or equal to **\$16,855** but less than **\$26,968**; and
 - 8 percent of the total loan amount for a loan amount less than **\$16,855**.
- For open-end consumer credit plans under TILA, the threshold that triggers requirements to disclose minimum interest charges will remain unchanged at **\$1.00** for 2025. <https://www.govinfo.gov/content/pkg/FR-2024-12-02/pdf/2024-27553.pdf>

Regulation C, HMDA

- The asset-size threshold to be exempt from collecting HMDA data in 2023 is adjusted to **\$58 million**, up from \$56 million. <https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30652.pdf>

Community Reinvestment Act (CRA)

- The Board of Governors of the Federal Reserve System (FRB) and Federal Deposit Insurance Corporation (FDIC) CRA regulations have adjusted the asset-size thresholds used to define “small bank” and “intermediate small bank” to be:
 - o Small bank means a bank that, as of December 31 of either of the prior two calendar years, had assets of less than **\$1.609 billion**; and
 - o Intermediate small bank means a small bank with assets of at least **\$402 million** as of December 31 of both of the prior two calendar years and less than **\$1.609 billion** as of December 31 of either of the prior two calendar years. <https://www.govinfo.gov/content/pkg/FR-2024-12-30/pdf/2024-30849.pdf>
- The Office of the Comptroller of the Currency (OCC) made the identical adjustments to the asset-size thresholds used to define “small bank or savings association” and “intermediate small bank or savings association.” <https://www.occ.gov/news-issuances/bulletins/2024/bulletin-2024-36.html>

Required Escrow Rate under Wisconsin Law

- The Wisconsin Department of Financial Institutions (WDFI) has established the interest rate that must be paid on required escrow accounts under section 138.052(5) of the Wisconsin Statutes. The new rate is **0.20%**. <https://dfi.wi.gov/Pages/FinancialInstitutions/BankingSavingsInstitutions/HistoricalEscrowInterestRates.aspx>

Other Regulatory Thresholds and Limits

- The dollar amount of the maximum allowable charge for disclosures by a consumer reporting agency to a consumer pursuant to Fair Credit Report Act (FCRA) section 609 for the 2025 calendar year remains **\$15.50**. <https://www.govinfo.gov/content/pkg/FR-2024-11-29/pdf/2024-27695.pdf>
- The exemption threshold for Regulation M (Consumer Leasing Act) will increase to **\$71,900**, up from \$69,500. <https://www.govinfo.gov/content/pkg/FR-2024-10-15/pdf/2024-23276.pdf>

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Wisconsin Bankers Association

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of a competent and
professional person
should be sought.



- The FDIC Designated Reserve Ratio remains **2 percent** for 2025. <https://www.govinfo.gov/content/pkg/FR-2024-10-22/pdf/2024-24438.pdf>
- Contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased to **\$23,500**, up from \$23,000. The limit on annual contributions to an IRA remains **\$7,000**. <https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000>
- Multifamily loan purchase caps for Fannie Mae and Freddie Mac will be **\$73 billion** for each enterprise, for a combined total of \$146 billion. The caps reflect current market forecasts. FHFA will continue to require that at least 50 percent of Fannie's and Freddie's multifamily business be mission-driven affordable housing. <https://www.fhfa.gov/sites/default/files/2024-11/2025-multifamily-loan-purchase-caps-fact-sheet.pdf>
- The conforming loan limit values for mortgages to be acquired by Fannie Mae and Freddie Mac in 2025 for one-unit properties will be **\$806,500**, an increase of \$39,950 from 2024. <https://www.fhfa.gov/news/news-release/fhfa-announces-conforming-loan-limit-values-for-2025>
- FHA's nationwide forward mortgage limit "floor" and "ceiling" for a one-unit property in 2025 are **\$524,225** and **\$1,209,750**, respectively. For 2025, the nationwide Home Equity Conversion Mortgage (HECM) limit will be **\$1,209,750** for all areas. https://www.hud.gov/program_offices/housing/sfh/lender/origination/mortgage_limits
- Beginning January 1, 2025, the standard IRS mileage rates for the use of a car (also vans, pickups or panel trucks) will be as follows. The rates apply to electric and hybrid-electric automobiles, as well as gasoline and diesel-powered vehicles.
 - o **70 cents** per mile driven for business use, up 3 cents from 2024;
 - o **21 cents** per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces, the same as in 2024; and
 - o **14 cents** per mile driven in service of charitable organizations; the same as in 2024.<https://www.irs.gov/newsroom/irs-increases-the-standard-mileage-rate-for-business-use-in-2025-key-rate-increases-3-cents-to-70-cents-per-mile>

Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information

In a final rule released January 7, 2025, the Bureau of Consumer Financial Protection (CFPB) amended Regulation V concerning medical information. Regulation V implements the Fair Credit Reporting Act (FCRA). As further explained below, the FCRA prohibits creditors from considering medical information in credit eligibility determinations. Through the final rule, CFPB has removed the regulatory exception which had permitted creditors to obtain and use information on medical debts. The final rule also provides that a consumer reporting agency (CRA) generally may not furnish to a creditor a consumer report containing information on medical debt that the creditor is prohibited from using. The final rule is effective sixty days from publication of the rule in the *Federal Register*.

The following is a summary of the changes made under the final rule.

Background

In 2003, Congress enacted the Fair and Accurate Credit Transactions Act (FACT Act) which, among other things, limited the use and sharing of medical information in the financial system by amending FCRA. In particular, FCRA section 604(g) generally prohibited creditors from obtaining and using medical information in connection with any determination of the consumer's eligibility or continued eligibility for credit. The statute contains no prohibition on creditors obtaining or using medical information for other purposes that are not in connection with a determination of the consumer's eligibility or continued eligibility for credit.



- The FDIC Designated Reserve Ratio remains **2 percent** for 2025. <https://www.govinfo.gov/content/pkg/FR-2024-10-22/pdf/2024-24438.pdf>
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FCRA section 604(g)(5)(A) also required the federal banking supervisory agencies to prescribe regulations that permit transactions that are determined to be necessary and appropriate to protect legitimate operational, transactional, risk, consumer, and other needs (including administrative verification purposes), consistent with congressional intent to restrict the use of medical information for inappropriate purposes. In November 2005, the agencies issued a rule which provided exceptions for the limited circumstances when a creditor may use medical information. The exception was referred to as the “Financial Information Exception.”

Under the Financial Information Exception, a creditor was allowed to obtain and use medical information pertaining to a consumer in connection with any determination of the consumer’s eligibility or continued eligibility for credit if:

1. The information was the type routinely used in making credit eligibility determinations, such as information related to debts, expenses, income, benefits, assets, collateral, or the purpose of the loan, including the use of the loan proceeds;
2. The creditor used the medical information in a manner and to an extent that is no less favorable than it would use comparable information that is not medical information in a credit transaction; and
3. The creditor does not take the consumer’s physical, mental, or behavioral health, condition, or history, type of treatment, or prognosis into account as part of any such determination.

The Financial Information Exception was found in section 1022.30(d) of Regulation V. The section also had examples to help illustrate how medical information may be used in connection with the exception.

Regulation V also provides a separate list of nine specific exceptions under which a creditor may obtain and use medical information in the determination of a consumer’s eligibility or continued eligibility for credit. The list of specific exceptions is found in Regulation V section 1022.30(e), and includes the following:

1. To determine whether the use of a power of attorney or legal representative that is triggered by a medical condition or event is necessary and appropriate, or whether the consumer has the legal capacity to contract when a person seeks to exercise a power of attorney or act as a legal representative for a consumer based on an asserted medical condition or event.
2. To comply with applicable requirements of local, State, or Federal laws.
3. To determine, at the consumer’s request, whether the consumer qualifies for a legally permissible special credit program or credit-related assistance program that is designed to meet the special needs of consumers with medical conditions and is established and administered pursuant to a written plan that identifies the class of persons that the program is designed to benefit and sets forth the procedures and standards for extending credit or providing other credit-related assistance under the program.
4. To the extent necessary for purposes of fraud prevention or detection.
5. In the case of credit for the purpose of financing medical products or services, to determine and verify the medical purpose of the loan and the use of the proceeds.
6. Consistent with safe and sound banking practices, if the consumer or the consumer’s legal representative requests that the creditor use medical information in determining the consumer’s eligibility, or continued eligibility, for credit, to accommodate the consumer’s particular circumstances, and such request is documented by the creditor.
7. Consistent with safe and sound practices, to determine whether the provisions of a forbearance practice or program that is triggered by a medical condition or event apply to a consumer.
8. To determine the consumer’s eligibility for the triggering of, or the reactivation of, a debt cancellation contract or debt suspension agreement, if a medical condition or event is a triggering event for the provision of benefits under the contract or agreement.



9. To determine the consumer's eligibility for the triggering of, or the reactivation of, a credit insurance product, if a medical condition or event is a triggering event for the provision of benefits under the product.

Final Rule Changes to Regulation V

The final rule made a number of changes to Regulation V regarding the use of medical information. First, the final rule establishes a definition of "medical debt information" as the term was not previously defined. Under new paragraph (j) to section 1022.3, the final rule defines "medical debt information" to mean medical information that pertains to a debt owed by a consumer to a person whose primary business is providing medical services, products, or devices, or to such person's agent or assignee, for the provision of such medical services, products, or devices. Medical debt information includes but is not limited to medical bills that are not past due or that have been paid.

Next, the final rule eliminates section 1022.30(d) to remove the Financial Information Exception. As a result, a creditor is no longer able to consider medical information related to a consumer's medical debt in connection with a determination of the consumer's eligibility or continued eligibility for credit unless one of the specific exceptions under section 1022.30(e) applies.

While CFPB eliminated the Financial Information Exception, CFPB retained a portion of the exception related to income, benefits, and purpose of the loan by adding a new specific exception to the list within Regulation V section 1022.30(e). The final rule creates the following as section 1022.30(e)(1)(x), to the specific exceptions listed above:

10. So long as the conditions in this section are met:

- a. The medical information is included in the transaction information of an account for a consumer financial product or service described in 12 CFR 1033.111(b)(1) through (3) and accessed with the consumer's authorization; or the medical information relates to income, benefits, or the purpose of the loan, including the use of proceeds. Medical information relating to income and benefits includes, for example, the dollar amount and continued eligibility for disability income, workers' compensation income, or other benefits related to health or a medical condition that is relied on as a source of repayment. The reference of 1033.111 within this element is for a covered consumer financial product or service under the section 1033, Required Rulemaking on Personal Financial Data Rights.
- b. The creditor uses the medical information in a manner and to an extent that is no less favorable than it would use comparable information that is not medical information in a credit transaction.
- c. The creditor does not take the consumer's physical, mental, or behavioral health, condition or history, type of treatment, or prognosis into account as part of the determination of the consumer's eligibility, or continued eligibility, for credit.

As mentioned above, Regulation V has examples which illustrate exceptions regarding the use of medical information. With the removal of section 1022.30(d), the final rule also eliminated the examples within that section. However, Regulation V also has illustrative examples within section 1022.30(e) regarding the list of specific exceptions under which a creditor may obtain and use medical information in the determination of a consumer's eligibility or continued eligibility for credit. In the final rule, CFPB retained one example regarding medical information relating to income and benefits from the eliminated 1022.30(d) section and moved it to become a new example (Example 7) with the revised Regulation V 1022.30(e) section.

In addition, the final rule creates an example for the second specific exception listed above regarding using medical information to comply with applicable requirements of local, State, or Federal laws. The new example is intended to illustrate use of medical information in connection with Regulation Z ability-to-repay rules of sections 1026.43(c), 1026.34(a)(4), or 1026.51(a). The new example provides the following:

A consumer applies for a mortgage loan subject to Regulation Z section 1026.43(c) or section 1026.34(a)(4), or an open-end (not home-secured) credit card account subject to Regulation Z section 1026.51(a). The application does not specifically request medical information, but the consumer provides unsolicited medical information on the application. The creditor or the card issuer is permitted under the Regulation V final rule paragraph 1022.30(e)(1)(ii) to use such medical information in connection with any determination of the consumer's eligibility, or continued



eligibility, for credit only to the extent required by the applicable Federal law and implementing regulation. For example, assume a consumer applies for a mortgage loan subject to Regulation Z ability-to-repay section 1026.43(c). Assume further that the creditor has not specifically requested medical information on the application, but the consumer provides information on a current debt obligation, such as a monthly medical payment plan, that is medical information. The creditor is permitted under the final rule to consider the existence and the amount of the medical payment plan as required in considering factors under Regulation Z 1026.43(c)(2), such as the current debt obligations, consumer's monthly debt-to-income ratio, and residual income, in making the repayment ability determination required under Regulation Z 1026.43(c)(1). In this circumstance, the creditor would not be required to independently verify the existence and amount of the monthly medical payment plan, as provided for under Regulation Z 1026.43(c)(3)(iii). See Regulation Z section 1026.43(c)(3), comment 43(c)(3)-6, describing a situation in which a consumer provides a creditor with information on a debt obligation that is not listed on a consumer report.

Further, CFPB set forth in the final rule that a creditor or card issuer is not permitted to obtain or use any medical information from a CRA to comply with the ability-to-repay rule under Regulation Z section 1026.43(c) for closed-end mortgages, the repayment ability rule under Regulation Z 1026.34(a)(4) for open-end, high-cost mortgages, or the ability-to-pay rule under Regulation Z section 1026.51(a) for open-end (not home-secured) credit card accounts, because the creditor or card issuer can comply with those rules using information provided by the consumer. The new example only relates to the specific exception identified as item two above, to comply with applicable requirements of local, State, or Federal laws. A creditor or card issuer may obtain and use medical information for purposes of Regulation Z's ability-to-repay or pay determinations pursuant to other specific exceptions listed in 1022.30(e), as applicable.

Lastly, the final rule also creates new Regulation V section 1022.38 regarding the duty of CRAs regarding medical debt information. Under the new section, a CRA may include medical debt information, as newly defined, in a consumer report furnished to a creditor only if the CRA has reason to believe the creditor intends to use the medical debt information in a manner not prohibited by Regulation V section 1022.30 and has reason to believe the creditor is not otherwise legally prohibited from obtaining or using the medical debt information, including by a State law that prohibits a creditor from obtaining or using medical debt information.

Conclusion

CFPB has released a final rule regarding the use of medical information within a consumer report. The final rule eliminates the Financial Information Exception formerly found in Regulation V section 1022.30(d) and revises the list of specific exemptions under section 1022.30(e) to include an exception related to income, benefits, and purpose of the loan so long as the conditions within the exception are met. The final rule also relocates an example relating to the income, benefits, and loan purpose exception from eliminated section 1022.30(d) to section 1022.30(e) and creates a new example to illustrate the specific exception related to use of medical information to comply with applicable requirements of local, State, or Federal laws under Regulation V section 1022.30(e)(1)(ii). In particular, the example helps illustrate compliance with ability-to-repay requirements under Regulation Z sections 1026.43(c) for closed-end mortgages, section 1026.34(a)(4) for open-end, high-cost mortgages, and section 1026.51(a) regarding open-end (not home-secured) credit card accounts.

The final rule also creates new section 1022.38 which prohibits a CRA from including medical debt information in consumer reports furnished to creditors unless the CRA has reason to believe the creditor will use the information only as permitted under Regulation V section 1022.30. Lastly, the final rule creates a definition of "medical debt information."

Banks should consider a review of underwriting procedures to ensure that it is not asking for or using medical information when not otherwise allowed for unless permitted by a specific exception under Regulation V section 1022.30(e). Bank should also consider how underwriting procedures may differ if an applicant were to voluntarily share such information in an application, such as illustrated under the income, benefits, and loan purpose exception example. That said, banks should be mindful that a complaint has been filed in a Texas court against CFPB regarding its rule by the Consumer Data Industry Association, a trade group for CRAs, and a credit union. The complaint challenges that CFPB lacks the authority to prohibit creditors from considering medical debt and that CFPB lacks authority to state what is to be included within a consumer report.

The final rule may be viewed at: https://files.consumerfinance.gov/f/documents/cfpb_med-debt-final-rule_2025-01.pdf



Reference Chart

Late Fees (Delinquency)		Default Rate (Interest Rate After Maturity)
<p>1st Lien or 1st Lien Equivalent Mortgages on Borrower's Principal Dwelling:</p> <ul style="list-style-type: none"> • Max of 5% of unpaid amount after at least 15 days. • May only be imposed once on the unpaid amount of any installment. Payments applied first to current installments. • Applies to loans for any purpose except primarily business or ag purpose loans and loans to corporations and limited liability companies. <p>(\$138.052(6), Wis. Stats.)</p>	<p>1st Lien or 1st Lien Equivalent Real Estate Loans ≤\$25K for Personal, Family, Household or Agricultural use; not secured by 1-4 dwelling used as borrower's principal residence:</p> <ul style="list-style-type: none"> • No specified amount, but 10 day grace period. <p>(\$428.102,103, Wis. Stats.)</p>	<p>1st Lien or 1st Lien Equivalent Mortgages on Borrower's Principal Dwelling:</p> <ul style="list-style-type: none"> • Contract rate in effect before default. • Applies to loans for any purpose except primarily business or ag purpose loans and loans to corporations and limited liability companies. <p>(\$138.052(7), Wis. Stats.) (12 C.F.R. 1026.30)</p>
<p>Mobile Home Transactions ≤ \$25K (except if secured by 1st lien or 1st lien equivalent on real estate):</p> <ul style="list-style-type: none"> • Max of \$10 or 5% of unpaid amount, whichever is less, after at least 10 days. • May only be imposed once on the unpaid amount of any installment. Payments are applied to current installments. <p>(\$422.203(1), Wis. Stats.)</p>	<p>High-Cost Mortgage Loans:</p> <ul style="list-style-type: none"> • Max of 4% of past due payment. <p>(12 C.F.R 1026.34(a)(8))</p>	<p>High-Cost Mortgage Loans:</p> <p>Interest rate cannot increase after default.</p> <p>(12 C.F.R. 1026.32(d)(4))</p>
<p>Wisconsin Consumer Act Closed End Credit:</p> <ul style="list-style-type: none"> • Max of \$10 or 5% of unpaid amount, whichever is less, after at least 10 days. • May only be imposed once on the unpaid amount of any installment. Payments are applied to current installments. <p>(\$422.203(1), Wis. Stats.)</p>	<p>Wisconsin Consumer Act Open-End Credit:</p> <p>Effective 02-01-1997 there are no longer any limitations for these types of loans; however, lenders are bound by the terms of their contracts.</p>	<p>WCA Loans:</p> <ul style="list-style-type: none"> • Greater of 12% or annual rate of finance charge assessed on the loan. <p>(\$422.203(4), Wis. Stats.)</p>
<p>Reminder</p> <p>Loans subject to the Wisconsin Consumer Act:</p> <ul style="list-style-type: none"> • Amount financed is \$25,000 or less. • Made primarily for personal, family or household purposes. • Does not apply to loans secured by 1st lien or 1st lien equivalent mortgages. • Effective 07-01-1998, WCA no longer applies to ag purpose loans except to the extent provided for in: §427, Wis. Stats., on debt collection practices; and §422.210, Wis. Stats., on disclosure of fees and charges. <p>However, lenders must bear in mind they are bound by the terms of their contracts.</p>		

This reference chart is not a complete description of applicable law and is accurate as of January 1, 2025. Refer to the Wisconsin statute section listed for further information, particularly as changes occur in the law.

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