



**State of Wisconsin**  
Department of Financial Institutions  
Bureau of Consumer Affairs

201 W. Washington Ave #500 PO Box 8041 Madison WI 53708-8041 (608) 264-7969 Fax: (608) 264-7968 [www.wdfi.org](http://www.wdfi.org)

**CREDIT SERVICES ORGANIZATION REGISTRATION INSTRUCTIONS**

You are required to furnish all of the following in order to operate a credit services organization in Wisconsin:

1. A completed application for Credit Services Organization registration.
2. A check for the \$100.00 registration fee, payable to the Department of Financial Institutions-WCA. The registration fee is a two-year fee, which is not pro-rated. Registrations expire on December 1 of even-numbered years after issuance. The registration fee is non-refundable.
3. The original corporate surety bond on forms provided by the Department of Financial Institutions, or an irrevocable letter of credit from a federally insured bank or savings institution located in Wisconsin. The term of the bond or letter of credit must match the registration term and expire on December 1 of the even-numbered year after issuance, unless it is a continuous bond. The bond or letter of credit shall be in an amount not less than \$25,000.
4. The original Power of Attorney/Certificate of Authority for the attorney-in-fact signing for the surety.
5. A copy of the customer Information Statement that is required by Section 422.504 of the Wisconsin Statutes.
6. A copy of the contract form that will be used to evidence the agreement between you and your customers.
7. A copy of the "Notice of Cancellation" that will accompany your contract and is required by Section 422.505(2), Wis. Stats.



**State of Wisconsin**  
 Department of Financial Institutions  
 Bureau of Consumer Affairs

**CREDIT SERVICES ORGANIZATION REGISTRATION APPLICATION**

Check the type of Credit Services Organization this registration application is for:

- An Arranger of Credit (Loan Broker)
- A Credit Repair Service (Credit Clinic)

FOR OFFICE USE ONLY	
Date Rec'd:	_____
Amt. Fee Rec'd: \$	_____
Check Number:	_____
Date Approved:	_____
Reviewer:	_____

Full Trade Name		
Street Address of Home Office		
City	State	Zip Code
Phone	Fax	

Addresses of All Offices Other Than Home Office. List On Separate Sheet, If Necessary		
City	State	Zip Code
Phone	Fax	

Business Structure:  Sole Proprietor       Partnership       Corporation

Provide the following information for each owner, partner, or officer:

Full Name	Birth Date	Birth State/County	
Residence Address	City	State	Zip Code
Full Name	Birth Date	Birth State/County	
Residence Address	City	State	Zip Code
Full Name	Birth Date	Birth State/County	
Residence Address	City	State	Zip Code
Full Name	Birth Date	Birth State/County	
Residence Address	City	State	Zip Code

**For Corporation only:**

Federal Tax I.D. Number	State of Incorporation	If a Foreign Corporation, provide date filed with the Wisconsin Department of Financial Institutions-Corporations Section:
-------------------------	------------------------	--

**Name and address of Designated Agent in Wisconsin upon whom Service of Process can be made:**

Full Name of Designated Agent:			
Street Address	City	State	Zip Code

**List all other states the applicant is currently licensed to conduct credit services Business:**

--

**Name and address of bank or savings and loan association located in this state that issued your \$25,000 irrevocable letter of credit, if applicable:**

Name of Financial Institution			
Street Address	City	State	Zip Code

**Name and address of the Insurance Company that issued your \$25,000 bond, if applicable:**

Name of Insurance Company			
Street Address	City	State	Zip Code

For Arrangers of Credit, check all applicable types of loans you are arranging:  Consumer loans  
 Real Estate Loans     Business Loans     Other

If other is checked, describe type of loan(s):
--

For Arrangers of Credit, list all creditors you represent and the total amount of credit you have arranged for these creditors during the most recent calendar year. Attach a separate sheet if necessary.

Name of Creditor			Address	
City	State	Zip Code	Number of Loans	\$ Amount of Credit
Name of Creditor			Address	
City	State	Zip Code	Number of Loans	\$ Amount of Credit
Name of Creditor			Address	
City	State	Zip Code	Number of Loans	\$ Amount of Credit
Name of Creditor			Address	
City	State	Zip Code	Number of Loans	\$ Amount of Credit

I/We, the undersigned, certify that the statements in this Credit Services Organization Registration Application are true and correct. **Note:** If partnership all partners must sign, if a Corporation an active Officer must sign and list title.

Signature of Officer, Owner, or Partner:	Signature of Partner:
Title- if signed by an Officer of a Corporation:	Date signed:

**Attach a completed original bond or an irrevocable letter of credit. Mail Registration Application and payment of \$100 made payable to "Department of Financial Institutions."**

<b>Department of Financial Institutions</b> P.O. Box 8041 Madison, WI 53708-8041	Street Address 201 W. Washington Ave. #500 Madison, WI 53703-2796	Phone: (608) 264-7969 Fax: (608) 264-7968  <a href="http://www.wdfi.org">www.wdfi.org</a>
--	---	--

**PENALTIES:** A person that fails to comply with the registration requirements of Section 422.502, et seq, Wis. Stats, is subject to penalties set forth under Section 425.401 and Section 426.301, Wis. Stats. Section 426.301(1) provides that the administrator may recover from a person who violates chs. 421 to 427 and 429, a civil penalty of not less than \$100 and not more than \$1,000 for each violation. Section 425.401 provides that a person who willfully and knowingly engages in any conduct or practice in violation of chs. 421 to 427 may be fined not more than \$2,000 for each violation.



**State of Wisconsin**  
Department of Financial Institutions  
Bureau of Consumer Affairs

P.O. Box 8041, Madison WI 53708-8041 (608) 264-7969 Fax: (608) 264-7968 [www.wdfi.org](http://www.wdfi.org)

**CREDIT SERVICES ORGANIZATION BOND**

Bond No. \_\_\_\_\_

\_\_\_\_\_  
Name of Credit Services Organization

\_\_\_\_\_  
Home Address of Credit Services Organization

City or Town	State	Zip Code

as principal, and \_\_\_\_\_ as surety, are held and firmly bound in favor of any person, or the STATE OF WISCONSIN for the benefit of any person, who may have a cause of action against the principal named in this bond for any act or omission of said principal, in the sum of twenty five thousand dollars (\$25,000) 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 ABOVE BOUNDED PRINCIPAL has applied for a credit services organization registration under Chapter 422, Subchapter V of the Wisconsin Statutes;

THE CONDITION OF THIS OBLIGATION IS SUCH THAT if the above named principal shall comply with the provisions of Chapter 422, Subchapter V, Wisconsin Statutes, or any subsequent amendment or amendments thereof, and shall satisfy any liability incurred to any person by reason of violation of Ch. 422, Subchapter V, or shall satisfy any penalties that may have been imposed under Chapter 422, Subchapter V, and shall pay any examination costs incurred by the Department of Financial Institutions of the State of Wisconsin under the provisions of section 426.106, Wis. Stats, which costs shall be considered a preferred claim, then this obligation shall be void, otherwise in full force and effect. It is intended that the coverage afforded by this bond shall be that required by Chapter 422, Subchapter V, together with any additional coverage which may be afforded by express language of this bond.





**State of Wisconsin**  
Department of Financial Institutions  
Bureau of Consumer Affairs

PO Box 8041 Madison WI 53708-8041 (608) 264-7969 Fax: (608) 264-7968 [www.wdfi.org](http://www.wdfi.org)

**(To Be Reproduced On Issuing Institution Letterhead)**

**Suggested Letter Of Credit for**  
Credit Services Organization Registration

Date: \_\_\_\_\_

**IRREVOCABLE LETTER OF CREDIT**

**BENEFICIARY:**  
State of Wisconsin  
Department of Financial Institutions  
P.O. Box 8041  
Madison, WI 53708-8041

**APPLICANT: (Name & Home Office Address)**

*In favor of any person, or the State of Wisconsin for the benefit of any person, damaged by Applicant's violation of Subchapter V of Chapter 422, Wisconsin Statutes*

**EXPIRY DATE AT OUR COUNTERS:** \_\_\_\_\_

Department of Financial Institutions:

We hereby open our Irrevocable Letter Of Credit No. \_\_\_\_\_ in your favor, which is available by your draft at SIGHT up to the amount of TWENTY-FIVE THOUSAND U.S. DOLLARS (U.S. \$25,000) drawn on the (name \_\_\_\_\_ of \_\_\_\_\_ issuing \_\_\_\_\_ institution) bearing the clause: "Drawn under Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_ of the (name \_\_\_\_\_ of \_\_\_\_\_ issuing \_\_\_\_\_ institution.)"

*Your draft must be accompanied by the following documents:*

- A. The original Letter Of Credit and any subsequent amendments;
- B. Dated Beneficiary's Statement, signed by the Secretary of Financial Institutions or an authorized representative, warranting: 1] "(Applicant Name) has failed to meet the obligations within Subchapter V of Chapter 422 of the Wisconsin Statutes." Or 2] a Court Order issued on behalf of any person damaged by a violation of Subchapter V of Chapter 422 of the Wisconsin Statutes.

Partial Drawing is permitted up to an aggregate total liability for all claims not to exceed the amount of this Letter Of Credit. If your drawing exhausts the outstanding balance, the Letter Of Credit is thereafter null and void.

This Irrevocable Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amplified, or limited by reference to any other document, instrument or agreement referred to in this Irrevocable Letter of Credit, except only the Uniform Customs, and which forms an integral part of Irrevocable Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_, issued in favor of the State of Wisconsin, Department of Financial Institutions, on behalf of persons damaged by Applicant's violation of Subchapter V of Chapter 422 of the Wisconsin Statutes.

This Irrevocable Letter of Credit is subject to the Uniform Customs and Practice of Documentary Credits (1983 Revision), International Chamber of Commerce Publication No. 400, or subsequent revision, in effect on its date of issuance.

Presentation of draft(s)/documents under this Irrevocable Letter of Credit is restricted to our counters.

All fees/expenses/charges incurred other than those of the issuing financial institution are for the account of the Beneficiary.

We agree that drafts drawn in accordance with the terms stipulated will be duly honored upon presentation and delivery of documents at our counters at (location of financial institution), as specified if presented at our counters on or before the expiry date, at or before (time of day/time zone), after which time this Irrevocable Letter of Credit becomes null and void.

(ISSUING FINANCIAL INSTITUTION)

---

## **CONSUMER CREDIT FILE RIGHTS UNDER STATE AND FEDERAL LAW**

You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any "credit repair" company or credit repair organization has the right to have accurate, current and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over 7 years old. Bankruptcy information can be reported for 10 years.

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee however, if you have been turned down for credit, employment, insurance or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for unemployment and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

You have the right to sue a credit repair organization that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations.

You have the right to cancel your contract with any credit repair organization for any reason within 3 business days from the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur.

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau.

If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you.

The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information contact:

Public Reference Branch  
Federal Trade Commission  
Washington, D. C. 20580

**DO NOT SIGN THIS INFORMATION STATEMENT UNTIL YOU HAVE READ IT IN ITS ENTIRETY.**

Your signature \_\_\_\_\_ Print \_\_\_\_\_ Date \_\_\_\_\_

## INFORMATION STATEMENT REQUIRED UNDER WISCONSIN LAW

You have the right to review any file on you maintained by a consumer reporting agency (i.e., credit bureau). You have the right to obtain a copy of that file from each consumer reporting agency free-of-charge every 12 calendar months. You may obtain your free copies on the Internet at [www.annualcreditreport.com](http://www.annualcreditreport.com), or by contacting the consumer reporting agency directly. You also have the right to obtain a copy of your file free-of-charge from the consumer reporting agency if you request the free copy within sixty days after you receive a notice of a denial of credit.

You have the right to dispute the completeness or accuracy of any item contained in any file on you maintained by a consumer reporting agency.

The Company will perform the credit repair services described in the contract. The total amount you will be charged for the credit repair services is \$\_\_\_\_\_.

The Company has obtained either a bond or an irrevocable letter of credit from:

*(insert name and address of company that issued bond or an irrevocable letter)*

Any person who has been damaged by the Company may file a claim against the bond or irrevocable letter of credit by contacting the company that issued the bond or letter of credit. Such a person may also file a complaint against the Company with the Department of Financial Institutions.

DO NOT SIGN THIS INFORMATION STATEMENT UNTIL YOU HAVE READ IT IN ITS ENTIRETY.

Your signature \_\_\_\_\_ Print \_\_\_\_\_ Date \_\_\_\_\_

SAMPLE CREDIT REPAIR SERVICES CONTRACT

Company Name \_\_\_\_\_  
Principal Address \_\_\_\_\_  
City, State, Zip \_\_\_\_\_  
Phone/Fax \_\_\_\_\_  
Web site/e-mail \_\_\_\_\_

Date: \_\_\_\_\_ Buyer's Account Number: \_\_\_\_\_

This contract is between you, the Buyer of the credit repair services and us, the Company providing the credit repair services.

BUYER AUTHORIZATION:

Buyer authorizes The Company to challenge on Buyer's behalf information appearing in Buyer's credit reports that the Buyer believes is inaccurate.

COST OF SERVICES/METHOD OF PAYMENT:

Buyer will pay the Company \$ \_\_\_\_\_ after the Company fully completes the services described below. Full payment is due within \_\_\_\_\_ business days immediately following the date Buyer receives written notice from the Company of completion of credit repair services [or in not more than three (3) consecutive monthly installments of \$ \_\_\_\_\_ each, if applicable]. A payment receipt will be furnished by the Company to the Buyer for payments made in cash.

DESCRIPTION OF SERVICES TO BE PERFORMED BY THE COMPANY:

1. Assist Buyer with obtaining Buyer's credit reports from Experian, Equifax/CSC Credit Services, Inc. and TransUnion consumer reporting agencies (CRA), if necessary.
2. Analyze Buyer's credit reports with Buyer to determine if inaccurate information is contained in the reports.
3. Advise the Buyer of his/her rights according to the federal Fair Credit Reporting Act.
4. Prepare correspondence to the CRA to initiate a reinvestigation of inaccurate items appearing on the Buyer's credit reports. Correspondence on reinvestigations will be sent to CRA \_\_\_\_\_ times, if necessary.
5. Prepare correspondence to the creditors listed on Buyer's credit reports disputing the accuracy of the information they are furnishing to the CRA. Correspondence will be sent to the creditors \_\_\_\_\_ times, if necessary.
6. Fully validate any or all verification creditors furnish the CRA in response to a reinvestigation of a disputed item in the Buyer's credit reports.
7. Provide Buyer with written notice upon the date of full performance of credit repair services.
8. The Company will maintain Buyer's personal information in strict confidence. Buyer's information will be released only to persons, merchants, creditors or organizations necessary to complete the services described in this contract.

ESTIMATED TIME FOR COMPLETION OF SERVICES:

The estimated length of time required to complete the above services is \_\_\_\_\_ months. In some cases, inaccurate, negative items appearing on Buyer's credit reports will be removed in less than the stated estimate.

GUARANTEES/REFUNDS/OTHER PROVISIONS (if applicable):

ACTIONS REQUIRED OF BUYER:

1. Buyer agrees to obtain a copy of the Buyer's credit report from the CRA and to provide The Company with a complete copy of Buyer's credit reports received from the CRA in order for The Company to begin credit repair services on behalf of Buyer.
2. Buyer agrees to pay the fee required by the CRA to obtain Buyer's credit reports, if applicable.
3. Buyer agrees to provide The Company a complete copy of credit reports and any and all correspondence Buyer receives from the CRA during the reinvestigation process within \_\_\_\_\_ business days of the date Buyer receives such correspondence from the CRA.

BUYER INFORMATION:

Buyer's Social Security Number \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
 Buyer's Full Name \_\_\_\_\_  
 Buyer's Maiden Name \_\_\_\_\_  
 Buyer's Full Address \_\_\_\_\_ (Not a Post Office Box)  
 \_\_\_\_\_  
 Buyer's Date of Birth \_\_\_\_\_  
 Buyer's City and State of Birth \_\_\_\_\_

REGISTERED AGENT AUTHORIZED TO RECEIVE SERVICE OF PROCESS IN WISCONSIN ON BEHALF OF THE CREDIT SERVICES ORGANIZATION:

Name of Agent \_\_\_\_\_  
 Address of Agent \_\_\_\_\_ (not a Post Office Box)  
 City, State, Zip \_\_\_\_\_

**THIS CREDIT SERVICES ORGANIZATION IS REGISTERED BY  
 THE DEPARTMENT OF FINANCIAL INSTITUTIONS at P.O. Box 8041, Madison, Wisconsin 53708-8041**

DO NOT SIGN THIS CONTRACT UNTIL YOU HAVE RECEIVED AND READ THE INFORMATION STATEMENTS AND NOTICES OF CANCELLATION REQUIRED BY STATE AND FEDERAL LAW, EVEN IF OTHERWISE ADVISED. BY SIGNING THIS CONTRACT YOU ACKNOWLEDGE RECEIPT OF THESE DISCLOSURES PRIOR TO THE TIME OF SIGNING AND AGREE TO THE TERMS OF THIS CONTRACT.

**YOU, THE BUYER, MAY CANCEL THIS CONTRACT AT ANY TIME BEFORE MIDNIGHT OF THE 5<sup>TH</sup> DAY AFTER THE DATE OF THE TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FOR AN EXPLANATION OF THIS RIGHT.**

Buyer's Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Company Signature \_\_\_\_\_ Date \_\_\_\_\_

YOU, THE BUYER, ARE ENTITLED TO AN EXACT COPY OF THIS CONTRACT AS WELL AS ANY OTHER WRITING SIGNED BY YOU IN CONNECTION WITH THIS CONTRACT AT THE TIME YOU SIGN

NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, within 5 days after the date on which the contract is signed.

If you cancel, any payment made by you under this contract will be returned within 15 days following receipt by (name of CSO) of your cancellation notice.

To cancel this contract, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, to: ( \_\_\_\_\_ name and address of Company \_\_\_\_\_ ) not later than midnight (DATE).

I hereby cancel this transaction

Print Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Date \_\_\_\_\_

NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, within 5 days after the date on which the contract is signed.

If you cancel, any payment made by you under this contract will be returned within 15 days following receipt by (name of CSO) of your cancellation notice.

To cancel this contract, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, to: ( \_\_\_\_\_ name and address of Company \_\_\_\_\_ ) not later than midnight (DATE).

I hereby cancel this transaction

Print Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Date \_\_\_\_\_

implementing an adjustment in the rate of finance charge in a variable rate transaction. The notice shall be mailed or delivered to the customer at the customer's last-known address appearing on the records of the creditor. If the variable rate transaction involves more than one customer, notice given to any customer satisfies this requirement.

2. The notice under subd. 1. shall be mailed or delivered at least 15 days prior to the effective date of the adjustment if the adjustment is implemented in whole or in part by a change in the amount of a periodic payment, other than the final payment, previously disclosed to the customer.

3. The notice under subd. 1. shall be mailed or delivered not later than 30 days after the effective date of the adjustment if the adjustment is implemented by any change other than a change under subd. 2.

(b) 1. The requirements of par. (a) do not apply to a creditor if the adjustment is made in a variable rate transaction pursuant to an open-end credit plan that is based upon changes in an approved index.

2. The requirements of par. (a) do not apply to a creditor if the adjustment is made in a variable rate transaction, other than a transaction pursuant to an open-end credit plan, that is based upon changes in an approved index if the change does not cause a change in the amount of a periodic payment, other than the final payment, previously disclosed to the customer.

(c) If the final payment in a variable rate transaction, other than one pursuant to an open-end credit plan, exceeds the final payment disclosed to the customer prior to consummation by more than 50% but not less than \$100 as a result of adjustments in the rate of finance charge during the term of the variable rate transaction, the creditor shall give the customer written notice of the estimated amount of the final payment at least 90 days but not more than 180 days prior to the due date of the final payment. The notice shall be mailed or delivered to the customer at the customer's last-known address appearing on the records of the creditor. If the variable rate transaction involves more than one customer, notice given to any customer satisfies this requirement. Notwithstanding the terms of the variable rate transaction, the final payment shall not be due until the later of the originally scheduled due date or 90 days after mailing or delivering the notice and the customer shall not be in default during that period if the customer continues to make payments in the scheduled amounts and with the scheduled frequency in effect immediately prior to the final payment until the total amount due has been paid in full.

(6) MAXIMUM RATE. (a) For any variable rate transaction, other than one pursuant to an open-end credit plan, entered into before November 1, 1984, the maximum rate of finance charge for any payment period may not exceed the limit set forth in s. 422.201 (2) (bm) as determined on the earlier of the first day of the payment period or the day notice is given under sub. (5) for the payment period.

(c) The maximum rate of finance charge established under par. (a) shall continue in effect for the entire term of the payment period regardless of any changes in the limit set forth in s. 422.201 (2) (bm) during the payment period.

(7) ADJUSTMENTS AFTER MATURITY DATE. (a) Notwithstanding s. 422.203, adjustments in the rate of finance charge based upon changes in an approved index may continue to be made after the final scheduled maturity date if the adjustments are made in accordance with the requirements of sub. (3) governing adjustments made prior to the final scheduled maturity date.

(b) Notwithstanding s. 422.203, adjustments in the rate of finance charge not based upon an approved index may continue to be made after the final scheduled maturity date if the adjustments are made in accordance with the requirements of sub. (4) governing adjustments made prior to the final scheduled maturity date, and if the adjustments are not less favorable to the customer than contemporaneous adjustments made prior to the final sched-

uled maturity dates of similar variable rate transactions between other customers and the creditor.

(8) CHANGES IN ORIGINAL SCHEDULE OF PAYMENTS. The original schedule of payments for variable rate transactions that are subject to s. 422.402 shall comply with the requirements of s. 422.402. Any change made in the original schedule of payments to implement adjustments under sub. (3) or (4) is not a violation of s. 422.402.

(9) CHANGES IN OPEN-END CREDIT PLANS. Any change made in the terms of an open-end credit plan to implement adjustments under sub. (3) or (4) is not a violation of s. 422.415.

(10) PREPAYMENT. Upon prepayment in full of the unpaid balance of a variable rate transaction, an amount not less than the unearned portion of the finance charge, if any, calculated according to s. 422.209 (2) (b) shall be rebated to the customer.

(11) AMENDMENTS TO OPEN-END CREDIT PLANS. (a) Parties to an open-end credit plan entered into before or within 6 months after September 1, 1984, may agree to an amendment to the plan in accordance with the requirements of sub. (3) or (4) to permit the rate of finance charge for existing and future balances to be adjusted from time to time in accordance with the provisions of this section, only as provided under pars. (b) and (c) or under s. 422.415.

(b) An amendment under par. (a) may be made if the customer accepts the amendment as provided in par. (c) and if all of the following conditions are met:

1. The creditor gives written notice of the amendment to the customer by mail, addressed to the customer's last-known address appearing on the records of the creditor, not more than 60 days and not less than 30 days prior to the effective date of the amendment.

2. The notice under subd. 1. provides for acceptance or rejection by the customer as provided in either or both of the following:

a. If a self-addressed reply card is enclosed with the notice, the notice states that the customer accepts the amendment unless a reply card rejecting the amendment is mailed or delivered to the creditor by a date specified in the notice which is not less than 20 days after the date of mailing of the notice.

b. The notice states that the customer accepts the amendment if the customer enters into a consumer credit transaction under the plan at any time more than 15 days after the date of mailing of the notice.

(c) The customer shall have accepted the amendment if the customer fails to mail or deliver the reply card as provided in the notice under par. (b) 2. a., or if the customer enters into a transaction as provided in the notice under par. (b) 2. b.

(d) If a customer rejects an amendment as provided in the notice under par. (b) 2., the creditor shall permit the customer to pay existing balances under existing terms and the creditor may either close the account to future transactions or continue the account under existing terms.

(12) PENALTY. A violation of this section is subject to s. 425.304, except that failure to give the notice required under sub. (5) (c) does not subject a creditor to the penalty provided in s. 425.302 or 425.304.

History: 1983 a. 389; 1985 a. 29; 1987 a. 27; 1995 a. 328; 1997 a. 302.

**422.422 Cash discounts.** No credit card issuer may, by contract or otherwise, prohibit a merchant from offering a discount to a customer to induce the customer to pay by cash, check, or similar means, rather than by use of a credit card or its underlying account, for the purchase of goods or services.

History: 2005 a. 84.

## SUBCHAPTER V

### CREDIT SERVICES ORGANIZATIONS

**422.501 Definitions.** In this subchapter:

(1) "Buyer" means a natural person or customer who is solicited to purchase or who purchases the services of a credit services organization.

(1m) "Consumer reporting agency" has the meaning given in 15 USC 1681a (f).

(2) (a) "Credit services organization" means a person or merchant who, with respect to the extension of credit by others, sells, provides or performs, or represents that the person will sell, provide or perform, any of the following services in return for the payment of money or for other valuable consideration:

1. Improving a buyer's credit record, credit history or credit rating.
2. Arranging for or obtaining an extension of credit for a buyer.
3. Providing advice or assistance to a buyer with regard to subd. 1. or 2.

(b) "Credit services organization" does not include any of the following:

1. A person organized, chartered or holding a license or authorization certificate to make loans or extensions of credit pursuant to the laws of this state or the United States and who is subject to regulation and supervision by an official or agency of this state or the United States.

2. A bank or savings and loan association whose deposits or accounts are insured by the federal deposit insurance corporation, or a credit union whose deposits or accounts are insured by the national credit union administration.

3. A nonprofit organization described under section 501 (c) (3) of the internal revenue code and exempt from taxation under section 501 (a) of the internal revenue code.

4. A person licensed as an adjustment service company under s. 218.02 if the person is acting within the course and scope of that license.

5. A person licensed as a real estate broker or salesperson under ch. 452 if the person is acting within the course and scope of that license.

6. A person licensed to practice law in this state if the person is rendering services within the course and scope of his or her practice as an attorney at law.

7. A broker-dealer or agent registered under s. 551.406 if the broker-dealer or agent is acting within the course and scope of that license.

8. A person licensed as a mortgage banker, mortgage loan originator, or mortgage broker under s. 224.72 or 224.725 if the person is acting within the course and scope of the license.

9. A consumer reporting agency, if the consumer reporting agency is acting within the scope of assembling or evaluating consumer credit information on consumers for the purpose of furnishing consumer reports, as defined in 15 USC 1681a (d), to 3rd parties.

(3) "Extension of credit" means the right to defer payment of debt or to incur debt and defer its payment, that is offered or granted for debt that is incurred primarily for personal, family or household purposes.

History: 1991 a. 244; 1995 a. 27; 1997 a. 145, 302; 2007 a. 196; 2009 a. 2.

**422.502 Registration requirements.** (1) A person may not act as a credit services organization unless the person has been issued a certificate of registration from the administrator and the person has complied with the bond or letter of credit requirements under sub. (3).

(2) A person desiring to act as a credit services organization shall apply to the administrator for a certificate of registration on a form prescribed by the administrator and shall pay the administrator a registration fee of \$100.

(3) (a) A person desiring to act as a credit services organization shall obtain a surety bond that is issued by a surety company

admitted to do business in this state or an irrevocable letter of credit from a federally insured bank or savings and loan association located in this state. The bond or letter of credit shall be in an amount equal to \$25,000.

(b) The credit services organization shall file a copy of the bond or letter of credit with the administrator.

(c) The bond or letter of credit shall be in favor of this state for the benefit of any person who is damaged by a violation of this subchapter. The bond or letter of credit shall also be in favor of any person damaged by a violation of this subchapter.

(d) A person claiming against the bond or letter of credit for a violation of this subchapter may maintain an action at law against the credit services organization and against the surety or financial institution. The surety or financial institution may be liable only for actual damages and not for punitive damages. The aggregate liability of the surety or financial institution to all persons damaged by a credit services organization's violation of this subchapter may not exceed the amount of the bond or letter of credit.

(4) A certificate of registration as a credit services organization expires on December 1 of the even-numbered year after issuance. A credit services organization may renew a certificate of registration by submitting to the administrator a renewal application and a \$100 renewal fee on or before the expiration date of the existing certificate of registration. A credit services organization shall refile a bond or letter of credit that satisfies sub. (3) as part of the renewal application.

History: 1991 a. 244; 1999 a. 85.

**422.503 Prohibited activities.** (1) A credit services organization, and its salespersons, agents and representatives who offer or sell the services of the credit services organization, may not do any of the following:

(a) Charge or receive any money or other valuable consideration solely for referral of the buyer to a merchant who will or may extend credit to the buyer, if the credit extended to the buyer is upon substantially the same terms as is credit that is available to the general public.

(b) Make, or counsel or advise any buyer to make, any statement which is untrue or misleading and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading, to a consumer reporting agency or to any person who has extended credit to a buyer or to whom a buyer is applying for an extension of credit, with respect to a buyer's credit worthiness, credit standing or credit capacity.

(c) Make or use any untrue or misleading representations in the offer or sale of the services of the credit services organization or engage, directly or indirectly, in any act, practice or course of business that operates or would operate as a fraud or deception upon any person in connection with the offer or sale of the services of a credit services organization.

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

History: 1991 a. 244.

**422.504 Information statement.** (1) Before the execution of a contract or agreement between the buyer and a credit services organization or before the credit services organization receives from the buyer any money or other valuable consideration, the credit services organization shall provide the buyer a written statement that includes all of the information required under sub. (2). The credit services organization shall maintain for a period of 2 years an exact copy of the statement that is signed by the buyer to acknowledge receipt of the statement.

(2) The information statement under sub. (1) shall include all of the following information:

(a) Notice of the buyer's right to review any file on the buyer maintained by a consumer reporting agency; the buyer's right to obtain a copy of that file; the approximate price the buyer may be charged by the consumer reporting agency for a copy of the file; and the buyer's right to obtain a copy of the buyer's file free of

charge from the consumer reporting agency if the buyer requests the copy within 30 days after the buyer receives notice of a denial of credit.

(b) Notice of the buyer's right to dispute the completeness or accuracy of any item contained in any file on the buyer maintained by a consumer reporting agency.

(c) A description of the services to be performed by the credit services organization for or on behalf of the buyer and the total amount the buyer will be charged for the services.

(d) Notice of the buyer's right to proceed against the bond or letter of credit obtained by the credit services organization, a description of procedures that the buyer is to follow to proceed against the bond or letter of credit, and the name and address of the surety company that issued the bond or the name and address of the financial institution that issued the letter of credit.

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

History: 1991 a. 244.

**422.505 Contracts.** (1) Every contract between a buyer and a credit services organization for the purchase of the services of the credit services organization shall be in writing, shall be dated and shall be signed by the buyer. The contract shall include all of the following:

(a) A conspicuous statement, in not less than 10-point boldface type and in immediate proximity to the space reserved for the signature of the buyer, as follows: "YOU, THE BUYER, MAY CANCEL THIS CONTRACT AT ANY TIME BEFORE MIDNIGHT OF THE 5TH DAY AFTER THE DATE OF THE TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT."

(b) The terms and conditions of payment, including the total of all payments to be made by the buyer, whether to the credit services organization or to another person.

(c) A description of the services to be performed by the credit services organization for or on behalf of the buyer, including all guarantees or promises of full or partial refunds, and the estimated date by which such services are to be performed or the estimated length of time for performing such services.

(d) The credit services organization's principal business address and the name and address of its agent in this state, other

than the department of financial institutions, who is authorized to receive service of process.

(e) A conspicuous statement, in not less than 8-point boldface type, as follows: "THIS CREDIT SERVICES ORGANIZATION IS REGISTERED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS at .... (insert address)."

(f) Any disclosures required under subch. III.

(2) (a) The contract shall be accompanied by a completed form in duplicate, captioned "NOTICE OF CANCELLATION", which shall be attached to the contract and easily detachable, and which shall contain the following statement in not less than 10-point type and written in the same language as used in the contract:

NOTICE OF CANCELLATION

You may cancel this contract, without any penalty or obligation, within 5 days after the date on which the contract is signed.

If you cancel, any payment made by you under this contract will be returned within 15 days following receipt by .... (name of credit services organization) of your cancellation notice.

To cancel this contract, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, to .... (name of credit services organization) at .... (address of credit services organization), .... (place of business, if different from address) not later than midnight .... (date). I hereby cancel this transaction.

.... (Date)

.... (Buyer's signature)

(b) A copy of the fully completed contract and any other document the credit services organization requires the buyer to sign shall be given to the buyer at the time the contract or document is signed.

(3) A credit services organization's breach of a contract under this section or of any obligation arising from such a contract is a violation of this subchapter.

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

History: 1991 a. 244; 1995 a. 27, 216.

**422.506 Waiver.** (1) A waiver by a buyer of any provision of this subchapter shall be void and unenforceable. An attempt by a credit services organization to have a buyer waive any right under this subchapter is a violation of this subchapter.

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

History: 1991 a. 244.



Federal Trade Commission

**CHAPTER 2--CREDIT REPAIR ORGANIZATIONS (1)**  
**SEC. 2451. REGULATION OF CREDIT REPAIR ORGANIZATIONS.**

Title IV of the Consumer Credit Protection Act (Public Law 90-321, 82 Stat. 164) is amended to read as follows:

**TITLE IV—"CREDIT REPAIR ORGANIZATIONS"**

Sec.

- 401. Short title.
- 402. Findings and purposes.
- 403. Definitions.
- 404. Prohibited practices.
- 405. Disclosures.
- 406. Credit repair organizations contracts.
- 407. Right to cancel contract.
- 408. Noncompliance with this title.
- 409. Civil liability.
- 410. Administrative enforcement.
- 411. Statute of limitations.
- 412. Relation to State law.
- 413. Effective date.

**SEC. 401. SHORT TITLE. (2)**

This title may be cited as the 'Credit Repair Organizations Act'.

**SEC. 402. FINDINGS AND PURPOSES. (3)**

(a) Findings.--The Congress makes the following findings:

(1) Consumers have a vital interest in establishing and maintaining their credit worthiness and credit standing in order to obtain and use credit. As a result, consumers who have experienced credit problems may seek assistance from credit repair organizations which offer to improve the credit standing of such consumers.

(2) Certain advertising and business practices of some companies engaged in the business of credit repair services have worked a financial hardship upon consumers, particularly those of limited economic means and who are inexperienced in credit matters.

(b) *Purposes.*--The purposes of this title are--

(1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and

(2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations.

#### **SEC. 403. DEFINITIONS.(4)**

For purposes of this title, the following definitions apply:

(1) *Consumer*. -- The term 'consumer' means an individual.

(2) *Consumer credit transaction*. -- The term 'consumer credit transaction' means any transaction in which credit is offered or extended to an individual for personal, family, or household purposes.

(3) *Credit repair organization*. -- The term 'credit repair organization'--

(A) means any person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that such person can or will sell, provide, or perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of--

(i) improving any consumer's credit record, credit history, or credit rating; or

(ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i); and

(B) does not include--

(i) any nonprofit organization which is exempt from taxation under section 501(c)

(3) of the Internal Revenue Code of 1986;

(ii) any creditor (as defined in section 103 of the Truth in Lending Act),(5) with respect to any consumer, to the extent the creditor is assisting the consumer to restructure any debt owed by the consumer to the creditor; or

(iii) any depository institution (as that term is defined in section 3 of the Federal Deposit Insurance Act) or any Federal or State credit union (as those terms are defined in section 101 of the Federal Credit Union Act), or any affiliate or subsidiary of such a depository institution or credit union.

(4) *Credit*.--The term 'credit' has the meaning given to such term in section 103(e) of this Act.(6)

## **SEC. 404. PROHIBITED PRACTICES.(7)**

(a) *In General.*--No person may--

(1) make any statement, or counsel or advise any consumer to make any statement, which is untrue or misleading (or which, upon the exercise of reasonable care, should be known by the credit repair organization, officer, employee, agent, or other person to be untrue or misleading) with respect to any consumer's credit worthiness, credit standing, or credit capacity to-- (A) any consumer reporting agency (as defined in section 603(f) of this Act);(8) or

(B) any person--

(i) who has extended credit to the consumer; or

(ii) to whom the consumer has applied or is applying for an extension of credit;

(2) make any statement, or counsel or advise any consumer to make any statement, the intended effect of which is to alter the consumer's identification to prevent the display of the consumer's credit record, history, or rating for the purpose of concealing adverse information that is accurate and not obsolete to--

(A) any consumer reporting agency;

(B) any person--

(i) who has extended credit to the consumer; or (ii) to whom the consumer has applied or is applying for an extension of credit;

(3) make or use any untrue or misleading representation of the services of the credit repair organization; or

(4) engage, directly or indirectly, in any act, practice, or course of business that constitutes or results in the commission of, or an attempt to commit, a fraud or deception on any person in connection with the offer or sale of the services of the credit repair organization.

(b) *Payment in Advance.*--No credit repair organization may charge or receive any money or other valuable consideration for the performance of any service which the credit repair organization has agreed to perform for any consumer before such service is fully performed.

## **SEC. 405. DISCLOSURES.(9)**

(a) *Disclosure Required.*--Any credit repair organization shall provide any consumer with the following written statement before any contract or agreement between the consumer and the credit repair organization is executed:

## **Consumer Credit File Rights Under State and Federal Law**

You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any "credit repair" company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over 7 years old. Bankruptcy information can be reported for 10 years.

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

You have a right to sue a credit repair organization that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations.

You have the right to cancel your contract with any credit repair organization for any reason within 3 business days from the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur.

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau.

If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you.

The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information contact:

The Public Reference Branch  
Federal Trade Commission  
Washington, D.C. 20580'

(b) *Separate Statement Requirement.*--The written statement required under this section shall be provided as a document which is separate from any written contract or other agreement between the credit repair organization and the consumer or any other written material provided to the consumer.

(c) *Retention of Compliance Records.*--

(1) *In general.*--The credit repair organization shall maintain a copy of the statement signed by the consumer acknowledging receipt of the statement.

(2) *Maintenance for 2 years.*--The copy of any consumer's statement shall be maintained in the organization's files for 2 years after the date on which the statement is signed by the consumer.

#### **SEC. 406. CREDIT REPAIR ORGANIZATIONS CONTRACTS.(10)**

(a) *Written Contracts Required.*--No services may be provided by any credit repair organization for any consumer--

(1) unless a written and dated contract (for the purchase of such services) which meets the requirements of subsection

(b) has been signed by the consumer; or

(2) before the end of the 3-business-day period beginning on the date the contract is signed.

(b) *Terms and Conditions of Contract.*--No contract referred to in subsection

(a) meets the requirements of this subsection unless such contract includes (in writing)--

(1) the terms and conditions of payment, including the total amount of all payments to be made by the consumer to the credit repair organization or to any other person;

(2) a full and detailed description of the services to be performed by the credit repair organization for the consumer, including--

(A) all guarantees of performance; and

(B) an estimate of-- (i) the date by which the performance of the services (to be performed by the credit repair organization or any other person) will be complete; or (ii) the length of the period necessary to perform such services;

(3) the credit repair organization's name and principal business address; and

(4) a conspicuous statement in bold face type, in immediate proximity to the space reserved for the consumer's signature on the contract, which reads as follows: 'You may cancel this contract without penalty or obligation at any time before midnight of the 3rd business day after the date on which you signed the contract. See the attached notice of cancellation form for an explanation of this right.'

**SEC. 407. RIGHT TO CANCEL CONTRACT.(11)**

(a) *In General.* -- Any consumer may cancel any contract with any credit repair organization without penalty or obligation by notifying the credit repair organization of the consumer's intention to do so at any time before midnight of the 3rd business day which begins after the date on which the contract or agreement between the consumer and the credit repair organization is executed or would, but for this subsection, become enforceable against the parties.

(b) *Cancellation Form and Other Information.* -- Each contract shall be accompanied by a form, in duplicate, which has the heading 'Notice of Cancellation' and contains in bold face type the following statement:

'You may cancel this contract, without any penalty or obligation, at any time before midnight of the 3rd day which begins after the date the contract is signed by you.

To cancel this contract, mail or deliver a signed, dated copy of this cancellation notice, or any other written notice to (name of credit repair organization) at (address of credit repair organization) before midnight on (date)

I hereby cancel this transaction,

( date )

( purchaser's signature )'.

(c) *Consumer Copy of Contract Required.*--Any consumer who enters into any contract with any credit repair organization shall be given, by the organization--

- (1) a copy of the completed contract and the disclosure statement required under section 405; and
- (2) a copy of any other document the credit repair organization requires the consumer to sign, at the time the contract or the other document is signed.

**SEC. 408. NONCOMPLIANCE WITH THIS TITLE.(12)**

(a) *Consumer Waivers Invalid.*--Any waiver by any consumer of any protection provided by or any right of the consumer under this title--

(1) shall be treated as void; and

(2) may not be enforced by any Federal or State court or any other person.

(b) *Attempt To Obtain Waiver.*--Any attempt by any person to obtain a waiver from any consumer of any protection provided by or any right of the consumer under this title shall be treated as a violation of this title.

(c) *Contracts Not in Compliance.*--Any contract for services which does not comply with the applicable provisions of this title--

(1) shall be treated as void; and

(2) may not be enforced by any Federal or State court or any other person.

**SEC. 409. CIVIL LIABILITY.(13)**

(a) *Liability Established.*--Any person who fails to comply with any provision of this title with respect to any other person shall be liable to such person in an amount equal to the sum of the amounts determined under each of the following paragraphs:

(1) *Actual damages.*--The greater of--

(A) the amount of any actual damage sustained by such person as a result of such failure; or

(B) any amount paid by the person to the credit repair organization.

(2) *Punitive damages.*--

(A) *Individual actions.*--In the case of any action by an individual, such additional amount as the court may allow.

(B) *Class actions.*--In the case of a class action, the sum of--

(i) the aggregate of the amount which the court may allow for each named plaintiff; and

(ii) the aggregate of the amount which the court may allow for each other class member, without regard to any minimum individual recovery.

(3) *Attorneys' fees.*--In the case of any successful action to enforce any liability under paragraph (1) or (2), the costs of the action, together with reasonable attorneys' fees.

(b) *Factors to Be Considered in Awarding Punitive Damages.*--In determining the amount of any liability of any credit repair organization under subsection (a)(2), the court shall consider, among other relevant factors--

(1) the frequency and persistence of noncompliance by the credit repair organization;

(2) the nature of the noncompliance;

(3) the extent to which such noncompliance was intentional; and

(4) in the case of any class action, the number of consumers adversely affected.

**SEC. 410. ADMINISTRATIVE ENFORCEMENT.(14)**

(a) *In General.*--Compliance with the requirements imposed under this title with respect to credit repair organizations shall be enforced under the Federal Trade Commission Act by the Federal Trade Commission.

(b) *Violations of This Title Treated as Violations of Federal Trade Commission Act.*--

(1) *In general.* -- For the purpose of the exercise by the Federal Trade Commission of the Commission's functions and powers under the Federal Trade Commission Act, any violation of any requirement or prohibition imposed under this title with respect to credit repair organizations shall constitute an unfair or deceptive act or practice in commerce in violation of section 5(a) of the Federal Trade Commission Act.

(2) *Enforcement authority under other law.* -- All functions and powers of the Federal Trade Commission under the Federal Trade Commission Act shall be available to the Commission to enforce compliance with this title by any person subject to enforcement by the Federal Trade Commission pursuant to this subsection, including the power to enforce the provisions of this title in the same manner as if the violation had been a violation of any Federal Trade Commission trade regulation rule, without regard to whether the credit repair organization--

(A) is engaged in commerce; or

(B) meets any other jurisdictional tests in the Federal Trade Commission Act.

(c) *State Action for Violations.*--

(1) *Authority of states.* -- In addition to such other remedies as are provided under State law, whenever the chief law enforcement officer of a State, or an official or agency designated by a State, has reason to believe that any person has violated or is violating this title, the State--

(A) may bring an action to enjoin such violation;

(B) may bring an action on behalf of its residents to recover damages for which the person is liable to such residents under section 409 as a result of the violation; and

(C) in the case of any successful action under subparagraph (A) or (B), shall be awarded the costs of the action and reasonable attorney fees as determined by the court.

(2) *Rights of commission.*--

(A) *Notice to commission.*--The State shall serve prior written notice of any civil action under paragraph

(1) upon the Federal Trade Commission and provide the Commission with a copy of its complaint, except in any case where such prior notice is not feasible, in which case the State shall serve such notice immediately upon instituting such action.

(B) *Intervention.*--The Commission shall have the right--

(i) to intervene in any action referred to in subparagraph (A);

(ii) upon so intervening, to be heard on all matters arising in the action; and

(iii) to file petitions for appeal.

(3) *Investigatory powers.* -- For purposes of bringing any action under this subsection, nothing in this subsection shall prevent the chief law enforcement officer, or an official or agency designated by a State, from exercising the powers conferred on the chief law enforcement officer or such official by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

(4) *Limitation.* -- Whenever the Federal Trade Commission has instituted a civil action for violation of this title, no State may, during the pendency of such action, bring an action under this section against any defendant named in the complaint of the Commission for any violation of this title that is alleged in that complaint.

#### **SEC. 411. STATUTE OF LIMITATIONS.(15)**

Any action to enforce any liability under this title may be brought before the later of-- (1) the end of the 5-year period beginning on the date of the occurrence of the violation involved; or (2) in any case in which any credit repair organization has materially and willfully misrepresented any information which-- (A) the credit repair organization is required, by any provision of this title, to disclose to any consumer; and (B) is material to the establishment of the credit repair organization's liability to the consumer under this title, the end of the 5-year period beginning on the date of the discovery by the consumer of the misrepresentation.

#### **SEC. 412. RELATION TO STATE LAW.(16)**

This title shall not annul, alter, affect, or exempt any person subject to the provisions of this title from complying with any law of any State except to the extent that such law is inconsistent with any provision of this title, and then only to the extent of the inconsistency.

#### **SEC. 413. EFFECTIVE DATE.(17)**

This title shall apply after the end of the 6-month period beginning on the date of the enactment of the Credit Repair Organizations Act,(18) except with respect to contracts entered into by a credit repair organization before the end of such period."

1. Pub. L. No. 104-208, 110 Stat. 3009 (Sept. 30, 1996). The amendments to the credit statutes are in Title II of the Act, entitled "Economic Growth and Regulatory Paperwork Reduction." The footnotes in this copy of the Act are not part of the Act, but are cross-references inserted by the FTC staff for the convenience of the reader.

2. To be codified as 15 U.S.C. § 1679.

3. To be codified as 15 U.S.C. § 1679a.

4. To be codified as 15 U.S.C. § 1679b.

5. Truth in Lending Act § 103(f) states in pertinent part: "The term 'creditor' refers only to creditors who regularly extend, or arrange for the extension of, credit which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required, whether in connection with loans, sales of property or services, or otherwise. . . ."

6. TILA § 103(e) states: "The term 'credit' means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment."

7. To be codified as 15 U.S.C. § 1679c.

8. Fair Credit Reporting Act (FCRA) § 603(f) states: "The term 'consumer reporting agency' means any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports."

9. To be codified as 15 U.S.C. § 1679d.

10. To be codified as 15 U.S.C. § 1679e.

11. To be codified as 15 U.S.C. § 1679f.

12. To be codified as 15 U.S.C. § 1679g.

13. To be codified as 15 U.S.C. § 1679h.

14. To be codified as 15 U.S.C. § 1679i.

15. To be codified as 15 U.S.C. § 1679j.

16. To be codified as 15 U.S.C. § 1679k.

17. To be codified as 15 U.S.C. § 1679l.

18. The statute was signed by the President on September 30, 1996.

Last Modified: Monday, June 25, 2007