

DFI Licensed Lenders and Payday Lenders Should Be Cautious During COVID-19 Crisis

Article

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On March 18, 2020, the Wisconsin Department of Financial Institutions (“DFI”) issued emergency guidance to licensed lenders and payday lenders cautioning them from increasing customary interest rates, fees, or any costs of borrowing in response to the COVID-19 crisis.

DFI explicitly warned that increases will be monitored closely and that any increases could subject the lender to an adverse finding. In other words, any such increases in response to the COVID-19 crisis would be deemed “an essential failure of [the lenders’] character and fitness.”

DFI further warned that willfully engaging in opportunistic and exploitative conduct could result in the suspension or revocation of the lender’s license under the character and fitness requirements for businesses, officers, and directors.

Additionally, DFI encourages lenders to “reduce your rates and fees as low as operational expenses and sound lending practices allow” so that lenders can be a solution to help struggling Wisconsin families and businesses navigate these difficult times.

We are continuously monitoring this rapidly evolving impact to provide our clients with the most updated guidance on how best to safeguard their workforce while maintaining business operations. In the coming days please watch for updated guidance and recommendations for employers to consider when reviewing their policies to respond to this ever-changing pandemic. This is a dynamic and developing situation, therefore, the perspectives given are at the time of the publication.

PROFESSIONALS

Sherry D. Coley
Partner

Tiffany E. Woelfel
Partner

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