

116TH CONGRESS
1ST SESSION

S. _____

To amend the Truth in Lending Act to extend the consumer credit protections provided to members of the Armed Forces and their dependents under title 10, United States Code, to all consumers.

IN THE SENATE OF THE UNITED STATES

Mr. MERKLEY (for himself, Mr. BROWN, Mr. REED, and Mr. VAN HOLLEN) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Truth in Lending Act to extend the consumer credit protections provided to members of the Armed Forces and their dependents under title 10, United States Code, to all consumers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Veterans and Con-
5 sumers Fair Credit Act”.

1 **SEC. 2. LIMITATIONS ON CONSUMER CREDIT AND MAX-**
2 **IMUM RATES OF INTEREST.**

3 (a) IN GENERAL.—Chapter 2 of the Truth in Lend-
4 ing Act (15 U.S.C. 1631 et seq.) is amended by adding
5 at the end the following:

6 **“§ 140B. Limitations on consumer credit and max-**
7 **imum rates of interest**

8 “(a) APPLICATION OF THE MILITARY LENDING
9 ACT.—

10 “(1) IN GENERAL.—Except as provided in para-
11 graph (2), section 987(b) of title 10, United States
12 Code (commonly referred to as the ‘Military Lending
13 Act’), shall apply to a creditor who extends con-
14 sumer credit to a consumer to the same extent as
15 such section applies to a creditor who extends con-
16 sumer credit to a covered member or a dependent
17 with respect to a covered member (as those terms
18 are defined in such section 987).

19 “(2) EXCEPTIONS.—Paragraph (1) shall not
20 apply to—

21 “(A) a residential mortgage;

22 “(B) a loan procured in the course of pur-
23 chasing a car or other personal property, when
24 that loan is offered for the express purpose of
25 financing the purchase and is secured by the
26 car or personal property procured; or

1 “(C) a loan made by a Federal credit
2 union, as that term is defined in section 101 of
3 the Federal Credit Union Act (12 U.S.C.
4 1752), subject to the usury limit provided under
5 section 107(5)(A) of the Federal Credit Union
6 Act (12 U.S.C. 1757(5)(A)), as implemented by
7 the National Credit Union Administration
8 Board.

9 “(b) NO EXEMPTIONS PERMITTED.—The exemption
10 authority of the Bureau under section 105(f) shall not
11 apply with respect to this section.

12 “(c) CALCULATION OF THE ANNUAL PERCENTAGE
13 RATE FOR OPEN-END CREDIT.—

14 “(1) IN GENERAL.—For purposes of this sec-
15 tion, the annual percentage rate applicable to an
16 open end credit plan shall be calculated under sec-
17 tion 107(a)(2), subject to adjustments to the
18 amount considered a finance charge, as provided in
19 the rules issued by the Secretary of Defense on July
20 22, 2015, to carry out section 987 of title 10,
21 United States Code.

22 “(2) EXCEPTION TO FINANCE CHARGE CAL-
23 CULATION.—

24 “(A) IN GENERAL.—Notwithstanding para-
25 graph (1), for consumer credit extended in a

1 credit card account under an open end (not
2 home-secured) consumer credit plan, a bona
3 fide fee other than a periodic rate is not a
4 charge required to be included within the fi-
5 nance charge for purposes of this section if the
6 fee is assessed in compliance with section
7 127(n).

8 “(B) LIMITATION.—Subparagraph (A)
9 shall not apply to—

10 “(i) any credit insurance premium or
11 fee, including any charge for single pre-
12 mium credit insurance, any fee for a debt
13 cancellation contract, or any fee for a debt
14 suspension agreement; or

15 “(ii) any fee for a credit-related ancil-
16 lary product sold in connection with the
17 credit card account under an open-end (not
18 home-secured) consumer credit plan.

19 “(d) RELATION TO STATE LAW.—Nothing in this
20 section may be construed to preempt any provision of
21 State law that provides greater protection to consumers
22 than is provided under this section.

23 “(e) PENALTIES AND REMEDIES.—Section 987(f) of
24 title 10, United States Code, shall apply to a creditor who
25 extends consumer credit to a consumer in violation of this

1 section to the same extent as such section 987(f) applies
2 to a creditor who extends consumer credit to a covered
3 member or a dependent with respect to a covered member
4 (as those terms are defined in such section 987).

5 “(f) PRESERVATION OF STATE ENFORCEMENT.—

6 “(1) STATE ATTORNEYS GENERAL.—Not later
7 than 3 years after the date on which a violation of
8 this section occurs, the attorney general of a State
9 (or an equivalent official) may bring a civil action in
10 the name of that State—

11 “(A) in any district court of the United
12 States that is located in that State or in a
13 State court that is located in that State and
14 that has jurisdiction over the defendant; and

15 “(B) to—

16 “(i) enforce provisions of this section
17 or rules issued under this section; and

18 “(ii) secure remedies under provisions
19 of this section or remedies otherwise pro-
20 vided under other law.

21 “(2) STATE REGULATORS.—Not later than 3
22 years after the date on which a violation of this sec-
23 tion occurs, a State regulator may bring a civil ac-
24 tion or initiate another appropriate proceeding to—

1 “(A) enforce the provisions of this section
2 or regulations issued under this section with re-
3 spect to any entity that is, or is required to be,
4 State-chartered, incorporated, licensed, or oth-
5 erwise authorized to do business under State
6 law; and

7 “(B) secure remedies under provisions of
8 this section or remedies otherwise provided
9 under other provisions of law with respect to an
10 entity described in subparagraph (A).

11 “(3) NOTICE REQUIREMENT; ADDITIONAL REG-
12 ULATIONS.—Subsections (b), (c), and (d) of section
13 1042 of the Consumer Financial Protection Act of
14 2010 (12 U.S.C. 5552), shall apply to a civil action
15 or other appropriate proceeding brought or initiated
16 under paragraph (1) or (2) to the same extent as
17 those subsections apply to actions and other admin-
18 istrative and regulatory proceedings described in
19 subsection (a) of such section 1042.

20 “(g) REGULATIONS.—

21 “(1) IN GENERAL.—Notwithstanding section
22 1027(o) of the Consumer Financial Protection Act
23 (12 U.S.C. 5517(o)), not later than 1 year after the
24 date of enactment of this section, the Bureau, in
25 consultation with the Secretary of Defense, shall—

1 “(A) issue rules carrying out this section;
2 and

3 “(B) notify Congress and the public, in-
4 cluding on the website of the Bureau, regarding
5 the issuance of the rules required under sub-
6 paragraph (A).

7 “(2) CONSISTENCY.—The rules issued by the
8 Bureau under paragraph (1)—

9 “(A) shall be consistent with rules issued
10 by the Secretary of Defense to carry out section
11 987 of title 10, United States Code; and

12 “(B) may not provide lesser protection to
13 consumers than the protection afforded covered
14 members, as that term is defined in section 987
15 of title 10, United States Code, in applicable
16 provisions in the rules issued by the Secretary
17 of Defense on July 22, 2015, to carry out such
18 section 987.”.

19 (b) CLERICAL AMENDMENT.—The table of contents
20 for chapter 2 of the Truth in Lending Act is amended
21 by adding at the end the following:

 “140B. Limitations on consumer credit and maximum rates of interest.”.

22 (c) APPLICABILITY.—The amendments made by sub-
23 section (a) shall apply to an extension of credit made after
24 the earlier of—

1 (1) the date on which the rules issued by the
2 Bureau of Consumer Financial Protection under
3 subsection (g) of section 140B of the Truth in Lend-
4 ing Act, as added by subsection (a) of this section,
5 require compliance; and

6 (2) the date that is 18 months after the date
7 of enactment of this Act.