

117TH CONGRESS  
1ST SESSION

# S. 2508

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

JULY 28, 2021

Mr. REED (for himself, Mr. MERKLEY, Mr. BROWN, Mr. VAN HOLLEN, Ms. SMITH, Mr. BOOKER, Mr. BLUMENTHAL, Mr. SCHATZ, Mrs. FEINSTEIN, Mr. WARNOCK, Mr. LEAHY, and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

---

## 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 when that loan is offered for the  
 24 express purpose of financing the purchase and  
 25 is secured by the car; 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.

○