

AMENDMENT TO THE RULES COMMITTEE PRINT

116-57

OFFERED BY MR. GARCIA OF ILLINOIS

In subtitle E of title XVII, add at the end the following:

1 **SEC. ____ . 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).

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

3 “(A) a residential mortgage;

4 “(B) a loan procured in the course of pur-
5 chasing a car or other personal property, when
6 that loan is offered for the express purpose of
7 financing the purchase and is secured by the
8 car or personal property procured; or

9 “(C) a loan made by a Federal credit
10 union, as that term is defined in section 101 of
11 the Federal Credit Union Act (12 U.S.C.
12 1752), subject to the usury limit provided under
13 section 107(5)(A) of the Federal Credit Union
14 Act (12 U.S.C. 1757(5)(A)), as implemented by
15 the National Credit Union Administration
16 Board.

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

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

22 “(1) IN GENERAL.—For purposes of this sec-
23 tion, the annual percentage rate applicable to an
24 open end credit plan shall be calculated under sec-
25 tion 107(a)(2), subject to adjustments to the

1 amount considered a finance charge, as provided in
2 the rules issued by the Secretary of Defense on July
3 22, 2015, to carry out section 987 of title 10,
4 United States Code.

5 “(2) EXCEPTION TO FINANCE CHARGE CAL-
6 CULATION.—

7 “(A) IN GENERAL.—Notwithstanding para-
8 graph (1), for consumer credit extended in a
9 credit card account under an open end (not
10 home-secured) consumer credit plan, a bona
11 fide fee other than a periodic rate is not a
12 charge required to be included within the fi-
13 nance charge for purposes of this section if the
14 fee is assessed in compliance with section
15 127(n).

16 “(B) LIMITATION.—Subparagraph (A)
17 shall not apply to—

18 “(i) any credit insurance premium or
19 fee, including any charge for single pre-
20 mium credit insurance, any fee for a debt
21 cancellation contract, or any fee for a debt
22 suspension agreement; or

23 “(ii) any fee for a credit-related ancil-
24 lary product sold in connection with the

1 credit card account under an open-end (not
2 home-secured) consumer credit plan.

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

7 “(e) PENALTIES AND REMEDIES.—Section 987(f) of
8 title 10, United States Code, shall apply to a creditor who
9 extends consumer credit to a consumer in violation of this
10 section to the same extent as such section 987(f) applies
11 to a creditor who extends consumer credit to a covered
12 member or a dependent with respect to a covered member
13 (as those terms are defined in such section 987).

14 “(f) PRESERVATION OF STATE ENFORCEMENT.—

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

20 “(A) in any district court of the United
21 States that is located in that State or in a
22 State court that is located in that State and
23 that has jurisdiction over the defendant; and

24 “(B) to—

1 “(i) enforce provisions of this section
2 or rules issued under this section; and

3 “(ii) secure remedies under provisions
4 of this section or remedies otherwise pro-
5 vided under other law.

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

10 “(A) enforce the provisions of this section
11 or regulations issued under this section with re-
12 spect to any entity that is, or is required to be,
13 State-chartered, incorporated, licensed, or oth-
14 erwise authorized to do business under State
15 law; and

16 “(B) secure remedies under provisions of
17 this section or remedies otherwise provided
18 under other provisions of law with respect to an
19 entity described in subparagraph (A).

20 “(3) NOTICE REQUIREMENT; ADDITIONAL REG-
21 ULATIONS.—Subsections (b), (c), and (d) of section
22 1042 of the Consumer Financial Protection Act of
23 2010 (12 U.S.C. 5552), shall apply to a civil action
24 or other appropriate proceeding brought or initiated
25 under paragraph (1) or (2) to the same extent as

1 those subsections apply to actions and other admin-
2 istrative and regulatory proceedings described in
3 subsection (a) of such section 1042.

4 “(g) REGULATIONS.—

5 “(1) IN GENERAL.—Notwithstanding section
6 1027(o) of the Consumer Financial Protection Act
7 of 2010 (12 U.S.C. 5517(o)), not later than 1 year
8 after the date of enactment of this section, the Bu-
9 reau, in consultation with the Secretary of Defense,
10 shall—

11 “(A) issue rules carrying out this section;

12 and

13 “(B) notify Congress and the public, in-
14 cluding on the website of the Bureau, regarding
15 the issuance of the rules required under sub-
16 paragraph (A).

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

19 “(A) shall be consistent with rules issued
20 by the Secretary of Defense to carry out section
21 987 of title 10, United States Code; and

22 “(B) may not provide lesser protection to
23 consumers than the protection afforded covered
24 members, as that term is defined in section 987
25 of title 10, United States Code, in applicable

1 provisions in the rules issued by the Secretary
2 of Defense on July 22, 2015, to carry out such
3 section 987.”.

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

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

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

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

15 (2) the date that is 18 months after the date
16 of enactment of this Act.

