To provide the legal framework and income tax treatment necessary for the growth of innovative private financing options, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 15, 2019

Mr. YOUNG (for himself, Mr. WARNER, Mr. RUBIO, and Mr. COONS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide the legal framework and income tax treatment necessary for the growth of innovative private financing options, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “ISA Student Protection Act of 2019”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

TITLE I—TAX TREATMENT OF A QUALIFIED ISA
Sec. 101. Tax treatment of proceeds and payments of future income.
Sec. 102. Terms and conditions of Qualified ISAs.
Sec. 103. Rulemaking; model disclosure forms.
Sec. 104. Truth in Lending Act.
Sec. 105. Consent to continuing release of taxpayer information under Qualified ISAs and income-share agreements.

TITLE II—TREATMENT OF A QUALIFIED ISA UNDER STATE LAW

Sec. 201. Lawfulness of contracts; preemption of State law.
Sec. 202. Preemption of State law with respect to usury.
Sec. 203. Preemption of pre-existing State laws with respect to ability-to-repay and licensing laws.

TITLE III—FEDERAL INDIVIDUAL ASSISTANCE TREATMENT OF A QUALIFIED ISA

Sec. 301. Proceeds not treated as income in calculation of financial need under the Higher Education Act of 1965.

TITLE IV—TREATMENT UNDER SECURITIES LAWS

Sec. 401. Qualified ISAs not treated as securities.
Sec. 402. Businesses making Qualified ISAs excluded from investment company treatment.

TITLE V—TREATMENT UNDER FEDERAL CONSUMER FINANCE LAWS

Sec. 501. Qualified ISA anti-discrimination protections.
Sec. 502. Prohibition on requiring preauthorized electronic fund transfers.
Sec. 503. Treatment under the Fair Credit Reporting Act.
Sec. 505. Application of the Military Lending Act.
Sec. 506. Application of the Servicemembers Civil Relief Act.
Sec. 507. Rulemaking.

TITLE VI—TREATMENT UNDER OTHER LAWS

Sec. 601. Insurance and wagering.
Sec. 602. Payments not considered prepayments.

TITLE VII—REPORTING REQUIREMENT FOR THE BUREAU OF CONSUMER FINANCIAL PROTECTION

Sec. 701. Report.

1 SEC. 2. DEFINITIONS.

2 For purposes of this Act:

3 (1) COMPARABLE LOAN.—The term “comparable loan” means, with respect to a Qualified ISA, a loan that—
(A) has an original principal amount such that, after any origination fees on the loan are paid, the amount of loan financing received by the individual is equal to the total amount of funding provided under the Qualified ISA to or on behalf of the individual subject to the Qualified ISA;

(B) has the same disbursement or funding date, payment start date, and number of required monthly payments; and

(C) is fully amortized over such term with monthly payments of principal and interest.

(2) INCOME-SHARE AGREEMENT.—The term “income-share agreement” means an agreement—

(A) between an individual and an ISA funder;

(B) under which—

(i) the ISA funder credits towards the tuition or other obligations of, or pays amounts to, or on behalf of, such individual for costs associated with a postsecondary training program, or any other program designed to increase the individual’s human capital, employability, or earning potential (and not limited to programs eli-
(ii) such individual pays to such ISA funder (or the ISA funder’s successor in interest) income-share payments for a defined term; and

(C) is not a loan.

(3) INCOME-SHARE FUNDING.—The term “income-share funding” means—

(A) costs associated with a postsecondary training program, or any other program designed to increase the individual’s human capital, employability, or earning potential (and not limited to programs eligible to participate as programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.)); and

(B) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for—

(i) the documented rental or purchase of a personal computer; or

(ii) the refinancing of debt used for the costs described in this subparagraph.
(4) **INCOME-SHARE PAYMENT.**—The term “income-share payment” means an amount equal to a specified percentage of the future income of an individual.

(5) **ISA FUNDER.**—With respect to a Qualified ISA, the term “ISA funder” means the party to the Qualified ISA who—

(A) credits towards the tuition or other obligations of, or pays amounts to, or on behalf of, an individual solely for the purposes specified in paragraph (3)(A)(i); and

(B) has the right to receive a specified percentage of the individual’s future income.

(6) **QUALIFIED ISA.**—The term “Qualified ISA” means an agreement between an individual and an ISA funder that—

(A) is not a loan, but is an income-share agreement under which—

(i) the ISA funder credits towards the tuition or other obligations of, or pays amounts to, or on behalf of, such individual for income-share funding; and

(ii) such individual pays to such ISA funder (or the ISA funder’s successor in interest); and
(B) meets the requirements of subsections (a) and (b) of section 102.

(7) STATE.—The term “State” means the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the government of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(8) STATE LAW.—The term “State law” means—

(A) any law, decision, rule, regulation, or other action having the effect of a law of any State or any political subdivision of a State, or any agency or instrumentality of a State or political subdivision of a State; and

(B) any law of the United States applicable only to the District of Columbia.

TITLE I—TAX TREATMENT OF A QUALIFIED ISA

SEC. 101. TAX TREATMENT OF PROCEEDS AND PAYMENTS OF FUTURE INCOME.

For purposes of the Internal Revenue Code of 1986:

(1) FUNDING EXCLUDED FROM GROSS INCOME.—In the case of an individual, gross income shall not include the amount of any income-share
funding that is credited toward the tuition or other
obligations of, or paid to or on behalf of, such indi-
vidual under a Qualified ISA.

(2) Difference in repayment not in-
cluded as gross income.—In the case of a Quali-
fied ISA under which the income-share funding ex-
ceeds the total income-share payments (in any pe-
riod over the life of the contract), the individual’s
gross income shall not include the amount of such
excess.

(3) Treatment of payments of future in-
come.—The amount of any income-share payments
under a Qualified ISA shall be treated—

(A) first, with respect to so much of such
amount as does not exceed the income-share
funding under such Qualified ISA, as a recov-
ery of investment (with a corresponding reduc-
tion in basis) in the contract; and

(B) second, as income on the contract
which is includible in gross income.

SEC. 102. TERMS AND CONDITIONS OF QUALIFIED ISAS.

(a) Terms and Conditions.—Each Qualified ISA
shall comply with the following:

(1) Specified percentage of income.—
(A) In general.—The Qualified ISA specifies the percentage of future income required to be paid.

(B) Maximum percentage.—The maximum percentage of income an individual would be required to pay under the Qualified ISA shall not exceed 20 percent, and the product of such percentage and the number of monthly payments required under the Qualified ISA divided by 12 shall not exceed 2.25 (which figure is the product of 7.5 percent and the number of years in the longest allowable contract under paragraph (4)(A)).

(2) Definition of income.—The Qualified ISA specifies the definition of income to be used for purposes of calculating an individual’s obligation to pay under the Qualified ISA, which—

(A) shall not in any case include the income of the individual’s children;

(B) shall not include—

(i) any amount paid to the individual under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) or under a State program funded title IV
under of such Act (42 U.S.C. 601 et seq.);

or

(ii) any amount received by the individual under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.);

(C) shall include revenue sources primarily incurred from an individual’s employment; and

(D) may include another revenue source besides employment if an individual has voluntarily chosen to not seek employment and is still receiving significant revenue from another source.

(3) Affordability for Low After-School Income.—

(A) In General.—The Qualified ISA provides that when an individual subject to the Qualified ISA has an income that is equal to or below the threshold amount described in subparagraph (B), the percentage of income obligation for the individual is zero.

(B) Threshold Amount.—The threshold amount under this subparagraph is an amount equal to (or at the option of the ISA funder, greater than)—
(i) 200 percent of the poverty line for
a single person (as defined in section 673
of the Community Services Block Grant
Act (42 U.S.C. 9902)); or

(ii) in the case of a Qualified ISA en-
tered into before January 1, 2020, 150
percent of such poverty line for a single
person.

(C) ALLOWANCE OF FEES OR NOMINAL
PAYMENTS.—Subparagraph (A) shall not be in-
terpreted to preclude the charging of fees or
nominal payments (as described in paragraph
(8)) during this period.

(4) SPECIFIED DURATION; EXTENSION OF PE-
RIOD.—

(A) DURATION.—The Qualified ISA speci-
fies the maximum period of time during which
the individual will be obligated to make a speci-
fied number of monthly payments of a percent-
age of the individual’s future income (excluding
periods when just a nominal payment (as de-
scribed under paragraph (8)) is required),
which may not (except as provided in subpara-
graph (B)) exceed 360 months.
(B) EXTENSION OF PERIOD.—The Qualified ISA may provide for the extension of such period by the number of months during which the individual’s percentage of income obligation (excluding nominal payments and fees) was zero.

(5) EARLY TERMINATION.—The Qualified ISA specifies the terms and conditions under which the individual subject to the agreement may terminate the agreement.

(6) APPROPRIATE RISK SHARING.—The payments required under the Qualified ISA for an individual with income during the payment term that is less than or equal to 225 percent of the poverty line for a single person (as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902)) shall not exceed the payments on a comparable loan that bears interest at a rate less than or equal to the annual percentage rate of interest limitation under section 987(b) of title 10, United States Code.

(7) AGGREGATE LIMITATION ON OBLIGATION.—The Qualified ISA provides that the total percentage of future income of the individual that the individual agrees to pay, under the current Qualified ISA and
any other Qualified ISAs previously entered into by
the individual, shall not exceed 20 percent.

(8) NOMINAL PAYMENTS.—The Qualified ISA
specifies any nominal monthly payment that is re-
quired during periods when the individual subject to
the Qualified ISA has no percentage of income obli-
gation, except that—

(A) such nominal monthly payment shall
not exceed twenty-five dollars per month (ad-
justed each year to reflect changes in the Con-
sumer Price Index for All Urban Consumers
published by the Bureau of Labor Statistics of
the Department of Labor for the most recent
12-month period for which the data are avail-
able); and

(B) the total number of nominal payments
that may be required shall not exceed the max-
imum number of allowable payments described
in paragraph (4)(A).

(9) PROTECTIONS.—

(A) IN GENERAL.—The Qualified ISA
specifies, at a minimum, individual rights with
respect to each of the following:

(i) Default or delinquency.

(ii) Overpayment or underpayment.
(iii) Disability.

(iv) Death.

(v) Service as a member of the armed services (including the National Guard and Reserves).

(B) PRIOR ISAS.—If a Qualified ISA executed prior to the date of enactment of this Act does not meet the requirements in subparagraph (A), the ISA funder shall come into compliance with such subparagraph by issuing, not later than 180 days after the date of enactment of this Act, an addendum to the Qualified ISA that contains the information described in such subparagraph.

(b) REQUIRED DISCLOSURES.—

(1) IN GENERAL.—An ISA funder of a Qualified ISA shall provide, to any individual intending to commit under a Qualified ISA to pay future income and before the individual enters into the agreement under the Qualified ISA, a written document that clearly and simply discloses—

(A) that the Qualified ISA is not credit or a loan, and that the amount the individual will be required to pay under the Qualified ISA—
(i) may be more or less than the
amount provided to the individual pursu-
ant to the Qualified ISA; and
(ii) will vary in proportion to the indi-
vidual’s future income;
(B) that the obligations of the individual
under the Qualified ISA are dischargeable
under bankruptcy law;
(C) a description of the terms in which the
obligations of the individual under the Qualified
ISA shall be extinguished in advance of full du-
ration of the agreed-to term;
(D) the duration of the individual’s obliga-
tions under the Qualified ISA (absent such ex-
tinguishment), including any circumstances
under which the duration of the Qualified ISA
would be extended or extinguished;
(E) the percentage of income the individual
is committing to pay under the Qualified ISA,
including whether the percentage of income is
fixed or variable under the Qualified ISA, and
the minimum amount of annual income that
triggers the individual’s obligation under the
Qualified ISA to make payments for such year;
(F) the definition of income to be used for purposes of calculating the individual’s obligation under the Qualified ISA;

(G)(i) a comparison of—

(I) the amounts and number of payments an individual would be required to pay under the Qualified ISA at a range of annual income levels, which income levels shall correspond to the levels the individual might reasonably be expected to make given the intended use of the funds provided under the Qualified ISA, as determined in accordance with guidance issued by the Director of the Bureau of Consumer Financial Protection; to

(II) the amounts and number of payments required to be paid under one or more comparable loans, including, at a minimum—

(aa) a loan at a fixed or variable interest rate and with a number of payments determined by the Director of the Bureau of Consumer Financial Protection to be an approximation of the fixed or variable interest rate
available to student loan borrowers in
the private marketplace; and

(bb) a comparable Federal Direct
PLUS loan under part D of title IV
of the Higher Education Act of 1965
(20 U.S.C. 1087a et seq.), if the indi-
vidual would be eligible for such a
loan; and

(ii) a prominent notice accompanying the
comparison that clearly and conspicuously ad-
vises that loan payments may be required re-
gardless of the income of an individual;

(H) income verification documentation, in-
cluding personal tax records submitted to the
Internal Revenue Service, that the individual
may be required to provide under the Qualified
ISA;

(I) intent to conduct annual reconciliation
relating to obligations owed by the individual
under the Qualified ISA; and

(J) any nominal payments, as described in
subsection (a)(8), required under the Qualified
ISA.

(2) NO OTHER MATERIAL TERMS.—The Quali-
fied ISA disclosures required by paragraph (1) shall
be provided in a clear and conspicuous manner, and
shall not be disclosed together with any other mate-
rial terms or conditions that may be applicable to
the Qualified ISA.

(c) NON-INTERFERENCE.—A Qualified ISA rep-
resents an obligation by the individual to pay the specific
percentage of future income, but shall not be construed
to give the contract holder any rights over an individual’s
actions other than as provided in this Act.

(d) EFFECT OF FAILURE TO PROVIDE DOCUMENTA-
TION.—

(1) IN GENERAL.—Absent income documenta-
tion from an individual under a Qualified ISA, the
ISA funder of such Qualified ISA (or the funder’s
successor in interest) may assume a certain monthly
income level for the individual, up to the greater of—

(A) the level that would create an obliga-
tion that is approximately equal to the amount
required to return the initial Qualified ISA
amount to the ISA funder over the remaining
required payments; or

(B) the average monthly income for the in-
dividual from the previous 6 months of employ-
ment.
(2) **TREATMENT UNDER STATE LAW.**—Any obligation resulting from an assumed income level under paragraph (1) shall not be considered to be imposing an unlawful fee under a State law unless such State law expressly states that it is intended to apply to Qualified ISAs.

(3) **VERIFICATION OF INCOME.**—If an individual supplies an ISA funder (or the funder’s successor in interest) with the individual’s income verification information within 180 days of the ISA funder (or the funder’s successor in interest) assuming an income level for such individual under paragraph (1), the individual shall be entitled to have any payments that were made in excess of the individual’s actual obligation under the contract either refunded to the individual or credited to future obligations under the Qualified ISA.

**SEC. 103. RULEMAKING; MODEL DISCLOSURE FORMS.**

(a) **No Bureau General Rulemaking Authority.**—Except as provided under subsection (b) and section 102(b)(1)(G), the Director of the Bureau of Consumer Financial Protection may not issue regulations under this title or pursuant to any other authority granted to the Bureau of Consumer Financial Protection under the
Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203).

(b) MODEL DISCLOSURE FORMS.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Director of the Bureau of Consumer Financial Protection, after engaging in appropriate consumer testing of such forms, shall promulgate a model disclosure form for the disclosures required under section 102(b).

(2) SAFE HARBOR.—Any person who uses the model disclosure form promulgated pursuant to paragraph (1) and includes accurate information required under section 102(b) shall be deemed to be in compliance with the disclosure requirements under section 102(b) and shall not be subject to any State law (including regulations) to the extent that such law imposes any additional or differing disclosure requirements.

SEC. 104. TRUTH IN LENDING ACT.

Any Qualified ISA shall not be considered credit and ISA funders (and their successors in interest) shall not be considered creditors, as those terms are defined in section 103 of the Truth in Lending Act (15 U.S.C. 1602).
SEC. 105. CONSENT TO CONTINUING RELEASE OF TAX-
PAYER INFORMATION UNDER QUALIFIED
ISAS AND INCOME-SHARE AGREEMENTS.

By not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury shall modify Treasury Regulations and guidance to provide for continuing consent to disclosure of an individual’s return information to an ISA funder (or the funder’s successor in interest) under a Qualified ISA or income-share agreement, but only for periods relevant to, and only to the extent the Secretary determines is necessary and appropriate in carrying out the terms of, such Qualified ISA or income-share agreement.

TITLE II—TREATMENT OF A
QUALIFIED ISA UNDER STATE LAW

SEC. 201. LAWFULNESS OF CONTRACTS; PREEMPTION OF STATE LAW.

(a) In General.—A Qualified ISA shall be a valid, binding, and enforceable contract notwithstanding any State law limiting or otherwise regulating assignments of future wages or other income.

(b) Good Faith Reliance.—An ISA funder may rely in good faith on a statement from the individual obligated by a Qualified ISA with respect to such individual’s aggregate obligation on the Qualified ISA.
SEC. 202. PREEMPTION OF STATE LAW WITH RESPECT TO USURY.

A Qualified ISA shall not be subject to State law with respect to usury, credit, loans, or credit or installment sales, unless such State law expressly states that it is intended to apply to Qualified ISAs.

SEC. 203. PREEMPTION OF PRE-EXISTING STATE LAWS WITH RESPECT TO ABILITY-TO-REPAY AND LICENSING LAWS.

A Qualified ISA shall not be subject to a State law with respect to “ability-to-repay” requirements, and neither an ISA funder issuing a Qualified ISA, its successor in interest, nor any entity servicing any Qualified ISA on behalf of an ISA funder or its successor interest, shall be subject to any State law with respect to ISA licensing or registration, unless such State law was issued after the date of the enactment of this Act and such State law expressly states that it is intended to apply to Qualified ISAs.
TITLE III—FEDERAL INDIVIDUAL ASSISTANCE TREATMENT OF A QUALIFIED ISA

SEC. 301. PROCEEDS NOT TREATED AS INCOME IN CALCULATION OF FINANCIAL NEED UNDER THE HIGHER EDUCATION ACT OF 1965.

No portion of any amounts received by an individual for entering into a Qualified ISA or an income-share agreement shall be included as income or assets in the computation of expected family contribution for any program funded in whole or in part under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

TITLE IV—TREATMENT UNDER SECURITIES LAWS

SEC. 401. QUALIFIED ISAS NOT TREATED AS SECURITIES.

A Qualified ISA and an income-share agreement shall not be treated as a security for purposes of the securities laws (as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))), any similar State law, or any State law that directly or indirectly prohibits, limits, or imposes conditions, based on the merits of an offering or issuer of securities, upon the offer or sale of any security. Nothing in the preceding sentence may be construed to prevent an instrument that is collateralized by, or serviced by the cash flows of, a Qualified ISA from
being treated as a security for purposes of any law described in that sentence.

SEC. 402. BUSINESSES MAKING QUALIFIED ISAS EXCLUDED FROM INVESTMENT COMPANY TREATMENT.

Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)) is amended—

(1) in paragraph (4), by inserting “Qualified ISAs or income-share agreements (as those terms are defined in section 2 of the ISA Student Protection Act of 2019),” after “industrial banking,”; and

(2) in paragraph (5)—

(A) by inserting “, including purchasing or otherwise acquiring Qualified ISAs or income-share agreements (as those terms are defined in section 2 of the ISA Student Protection Act of 2019)” after “services” the first place it appears; and

(B) by inserting “, including making Qualified ISAs or income-share agreements (as so defined)” after “services” the second place it appears.
TITLE V—TREATMENT UNDER FEDERAL CONSUMER FINANCE LAWS

SEC. 501. QUALIFIED ISA ANTI-DISCRIMINATION PROTECTIONS.

The Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.) is amended—

(1) in section 701(b) (15 U.S.C. 1691(b))—

(A) in the matter preceding paragraph (1), by inserting “or an ISA funder or its successor in interest” after “creditor”; (B) in paragraph (4), by striking “or” at the end; (C) in paragraph (5), by striking the period at the end and inserting “; or”; and (D) by adding at the end the following:

“(6) to set the terms of a Qualified ISA or an income-share agreement (as those terms are defined in section 2 of the ISA Student Protection Act of 2019), based on the earnings reasonably anticipated by the creditor with respect to any program of study, certificate program, degree program, or institutions of higher education where a Qualified ISA is offered.”; and

(2) in section 702 (15 U.S.C. 1691a)—
(A) in subsection (d), by inserting “, or the right granted under a Qualified ISA or an income-share agreement (as those terms are defined in section 2 of the ISA Student Protection Act of 2019)” before the period at the end; and

(B) in subsection (e)—

(i) by striking “or any assignee” and inserting “any assignee”; and

(ii) by inserting “or any person who regularly extends, renews, or continues funding under a qualified ISA or an income-share agreement (as those terms are defined in section 2 of the ISA Student Protection Act of 2019)” before the period at the end.

SEC. 502. PROHIBITION ON REQUIRING PREAUTHORIZED ELECTRONIC FUND TRANSFERS.

Section 913(1) of the Electronic Fund Transfer Act (15 U.S.C. 1693k(1)) is amended by inserting “or the entering into a Qualified ISA or an income-share agreement (as those terms are defined in section 2 of the ISA Student Protection Act of 2019) with a consumer” after “a consumer”.

SEC. 503. TREATMENT UNDER THE FAIR CREDIT REPORTING ACT.

(a) In General.—Section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c) is amended by adding at the end the following:

“(i) QUALIFIED ISA INFORMATION.—With respect to a Qualified ISA or an income-share agreement (as those terms are defined in section 2 of the ISA Student Protection Act of 2019), a consumer report made by a consumer reporting agency—

“(1) may include a description of the contract terms of the Qualified ISA or income-share agreement, as applicable, and, subject to subsection (a), information with respect to amounts that are owed under the Qualified ISA; and

“(2) may not include any speculation about future amounts that may be owed under the Qualified ISA or income-share agreement, as applicable.”.

(b) Regulations.—The Director of the Bureau of Consumer Financial Protection shall promulgate regulations with respect to the manner in which ISA funders may furnish, and consumer reporting agencies may report, information regarding Qualified ISAs and income-share agreements.
SEC. 504. APPLICATION OF THE FAIR DEBT COLLECTION PRACTICES ACT.

(a) IN GENERAL.—Section 803 of the Fair Debt Collection Practices Act (15 U.S.C. 1692a) is amended—

(1) in paragraph (5), by inserting “, including a Qualified ISA and an income-share agreement, as those terms are defined in section 2 of the ISA Student Protection Act of 2019” before the period at the end; and

(2) in paragraph (6), in the first sentence, by inserting “, including an ISA funder, as defined in section 2 of the ISA Student Protection Act of 2019,” after “means any person”.

(b) RULE OF CONSTRUCTION.—Nothing in this section, or the amendments made by this section, may be construed for purposes of any other Federal law as considering—

(1) Qualified ISAs or income-share agreements as debts; or

(2) ISA funders as debt collectors.

SEC. 505. APPLICATION OF THE MILITARY LENDING ACT.

Section 987 of title 10, United States Code, is amended—

(1) by redesignating subsection (i) as subsection (j); and
(2) by inserting after subsection (h) the following new subsection:

“(i) Treatment of Qualified ISAs and Income-Share Agreements.—The Secretary of Defense shall issue regulations to apply this section to Qualified ISAs and income-share agreements (as those terms are defined in section 2 of the ISA Student Protection Act of 2019), and a Qualified ISA and an income-share agreement shall be deemed to meet the annual percentage rate of interest limitation under subsection (b) if theQualified ISA or income-share agreement, as applicable, would meet the requirements of section 102(a)(6) of such Act (related to appropriate risk sharing) but with reference to the rate specified in subsection (b).”.

SEC. 506. APPLICATION OF THE SERVICEMEMBERS CIVIL RELIEF ACT.

Section 207 of the Servicemembers Civil Relief Act (50 U.S.C. 3937) is amended by adding at the end the following:

“(f) Treatment of Qualified ISAs and Income-Share Agreements.—The Secretary of Defense shall issue regulations to apply this section to Qualified ISAs and income-share agreements (as those terms are defined in section 2 of the ISA Student Protection Act of 2019), specifically by stating that a Qualified ISA and an income-
share agreement shall be considered to have met the re-
quirements of this section if the Qualified ISA or income-
share agreement, as applicable, would meet the require-
ments of section 102(a)(6) of such Act (relating to appro-
priate risk sharing) but with reference to the rate specified
in subsection (a)(1).”.

SEC. 507. RULEMAKING.

Not later than 180 days after the date of enactment
of this Act—

(1) the Director of the Bureau of Consumer Fi-
nancial Protection, in consultation with such other
agency heads as the Director considers appropriate,
shall issue regulations to carry out the amendments
made by sections 501, 502, and 503; and

(2) the Secretary of Defense shall issue regula-
tions to carry out the amendments made by sections
505 and 506.

TITLE VI—TREATMENT UNDER
OTHER LAWS

SEC. 601. INSURANCE AND WAGERING.

A Qualified ISA and an income-share agreement shall
not be treated as a contract for insurance or a betting
or wagering contract under any Federal or State law.
SEC. 602. PAYMENTS NOT CONSIDERED PREPAYMENTS.

With respect to a Qualified ISA or an income-share agreement, any requirement that an individual pay an amount greater than the income-share funding in order to extinguish the Qualified ISA obligation or income-share agreement, as applicable, earlier than the end of the term shall not be subject to any Federal or State law with respect to prepayment penalties.

TITLE VII—REPORTING REQUIREMENT FOR THE BUREAU OF CONSUMER FINANCIAL PROTECTION

SEC. 701. REPORT.

Not less than frequently than once every 5 years, the Director of the Bureau of Consumer Financial Protection shall submit to Congress a report that includes—

(1) information on the prevalence and utilization of Qualified ISAs and income-share agreements;

and

(2) any other information pertaining to Qualified ISAs and income-share agreements that the Director determines is appropriate.