

118TH CONGRESS  
1ST SESSION

# S. 3549

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.

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## IN THE SENATE OF THE UNITED STATES

DECEMBER 14, 2023

Mr. REED (for himself, Mr. MERKLEY, Mr. BROWN, Ms. SMITH, Mr. BLUMENTHAL, Ms. STABENOW, Mr. WARNOCK, Mr. WHITEHOUSE, Mr. SCHATZ, Mr. WYDEN, Mr. BOOKER, Mr. LUJÁN, Mr. FETTERMAN, Mr. WELCH, Mr. PADILLA, and Ms. BUTLER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## 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 “Predatory Lending  
5 Elimination 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, shall apply to a creditor who extends con-  
 13 sumer credit to a consumer to the same extent as  
 14 that section applies to a creditor who extends con-  
 15 sumer credit to a covered member or a dependent,  
 16 as those terms are defined in such section 987.

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

19 “(A) a residential mortgage;

20 “(B) a loan procured in the course of pur-  
 21 chasing a car if the loan is offered—

22 “(i) for the express purpose of financ-  
 23 ing the purchase; and

24 “(ii) is secured by the car; or

25 “(C) a loan made by a Federal credit  
 26 union, as defined in section 101 of the Federal

1           Credit Union Act (12 U.S.C. 1752), subject to  
2           the rate of interest limit provided under section  
3           107(5)(A)(vi) of that Act, as implemented by  
4           the National Credit Union Administration  
5           Board.

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

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

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

19           “(2) EXCEPTION TO FINANCE CHARGE CAL-  
20          CULATION.—

21           “(A) IN GENERAL.—Notwithstanding para-  
22          graph (1), for consumer credit extended in a  
23          credit card account under an open-end (not  
24          home-secured) consumer credit plan, a bona  
25          fide fee other than a periodic rate is not a

1 charge required to be included in the finance  
2 charge for purposes of this section if the fee is  
3 assessed in compliance with section 127(n).

4 “(B) LIMITATION.—Subparagraph (A)  
5 shall not apply to—

6 “(i) any credit insurance premium or  
7 fee, including any charge for single pre-  
8 mium credit insurance, any fee for a debt  
9 cancellation contract, or any fee for a debt  
10 suspension agreement; or

11 “(ii) any fee for a credit-related ancil-  
12 lary product sold in connection with the  
13 credit card account under an open-end (not  
14 home-secured) consumer credit plan.

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

19 “(e) PENALTIES AND REMEDIES.—Section 987(f) of  
20 title 10, United States Code, shall apply to a creditor who  
21 extends consumer credit to a consumer in violation of this  
22 section to the same extent as such section 987(f) applies  
23 to a creditor who extends consumer credit to a covered  
24 member or a dependent, as those terms are defined in such  
25 section 987.

1 “(f) PRESERVATION OF STATE ENFORCEMENT.—

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

7 “(A) in any district court of the United  
8 States that is located in that State or in a  
9 State court that is located in that State and  
10 that has jurisdiction over the defendant; and

11 “(B) to—

12 “(i) enforce provisions of this section  
13 or rules issued under this section; and

14 “(ii) secure remedies under provisions  
15 of this section or remedies otherwise pro-  
16 vided under other law.

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

21 “(A) enforce the provisions of this section  
22 or regulations issued under this section with re-  
23 spect to any entity that is, or is required to be,  
24 State-chartered, incorporated, licensed, or oth-

1 otherwise authorized to do business under State  
2 law; and

3 “(B) secure remedies under provisions of  
4 this section or remedies otherwise provided  
5 under other provisions of law with respect to an  
6 entity described in subparagraph (A).

7 “(3) NOTICE REQUIREMENT; ADDITIONAL REG-  
8 ULATIONS.—Subsections (b), (c), and (d) of section  
9 1042 of the Consumer Financial Protection Act of  
10 2010 (12 U.S.C. 5552), shall apply to a civil action  
11 or other appropriate proceeding brought or initiated  
12 under paragraph (1) or (2) to the same extent as  
13 those subsections apply to actions and other admin-  
14 istrative and regulatory proceedings described in  
15 subsection (a) of that section.

16 “(g) REGULATIONS.—

17 “(1) IN GENERAL.—Notwithstanding section  
18 1027(o) of the Consumer Financial Protection Act  
19 (12 U.S.C. 5517(o)), not later than 1 year after the  
20 date of enactment of this section, the Bureau, in  
21 consultation with the Secretary of Defense, shall—

22 “(A) issue rules carrying out this section;  
23 and

24 “(B) notify Congress and the public, in-  
25 cluding on the website of the Bureau, regarding

1 the issuance of the rules required under sub-  
2 paragraph (A).

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

5 “(A) shall be consistent with rules issued  
6 by the Secretary of Defense to carry out section  
7 987 of title 10, United States Code; and

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

14 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
15 The table of contents for chapter 2 of the Truth in Lend-  
16 ing Act is amended by adding at the end the following:

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

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

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

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

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