

116TH CONGRESS  
1ST SESSION

# S. 1389

To protect consumers from usury.

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IN THE SENATE OF THE UNITED STATES

MAY 9, 2019

Mr. SANDERS (for himself and Mr. WHITEHOUSE) 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 protect consumers from usury.

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 “Loan Shark Prevention  
5       Act”.

6       **SEC. 2. INTEREST RATE REDUCTION.**

7       (a) NATIONAL CONSUMER CREDIT USURY RATE.—  
8       Section 107 of the Truth in Lending Act (15 U.S.C. 1606)  
9       is amended by adding at the end the following new sub-  
10      section:

11      “(f) NATIONAL CONSUMER CREDIT USURY RATE.—

1 “(1) LIMITATION ESTABLISHED.—

2 “(A) IN GENERAL.—Notwithstanding sub-  
3 section (a) or any other provision of law, but  
4 except as provided in paragraph (2), the annual  
5 percentage rate applicable to any extension of  
6 credit may not exceed the lesser of—

7 “(i) 15 percent on unpaid balances,  
8 inclusive of all finance charges; or

9 “(ii) the maximum rate permitted by  
10 the laws of the State in which the con-  
11 sumer resides.

12 “(B) OTHER FEES.—Any fees that are not  
13 considered finance charges under section 106(a)  
14 may not be used to evade the limitations of this  
15 paragraph, and the total sum of such fees may  
16 not exceed the total amount of finance charges  
17 assessed.

18 “(2) EXCEPTIONS.—

19 “(A) BOARD AUTHORITY.—The Board may  
20 establish, after consultation with the appro-  
21 priate committees of Congress, the Secretary of  
22 the Treasury, and any other interested Federal  
23 financial institution regulatory agency, an an-  
24 nual percentage rate of interest ceiling exceed-  
25 ing the 15-percent annual rate under paragraph

1 (1) for periods of not to exceed 18 months,  
 2 upon a determination that—

3 “(i) money market interest rates have  
 4 risen over the preceding 6-month period;  
 5 and

6 “(ii) prevailing interest rate levels  
 7 threaten the safety and soundness of indi-  
 8 vidual lenders, as evidenced by adverse  
 9 trends in liquidity, capital, earnings, and  
 10 growth.

11 “(B) TREATMENT OF CREDIT UNIONS.—  
 12 The limitation in paragraph (1) does not apply  
 13 with respect to any extension of credit by an in-  
 14 sured credit union, as that term is defined in  
 15 section 101 of the Federal Credit Union Act  
 16 (12 U.S.C. 1752).

17 “(3) PENALTIES FOR CHARGING HIGHER  
 18 RATES.—

19 “(A) VIOLATION.—The taking, receiving,  
 20 reserving, or charging of an annual percentage  
 21 rate or fee greater than that permitted by para-  
 22 graph (1), when knowingly done, shall be  
 23 deemed a violation of this title, and a forfeiture  
 24 of the entire interest which the note, bill, or

1 other evidence of the obligation carries with it,  
 2 or which has been agreed to be paid thereon.

3 “(B) REFUND OF INTEREST AMOUNTS.—If  
 4 an annual percentage rate or fee greater than  
 5 that permitted under paragraph (1) has been  
 6 paid, the person by whom it has been paid, or  
 7 the legal representative thereof, may, by bring-  
 8 ing an action not later than 2 years after the  
 9 date on which the usurious collection was last  
 10 made, recover back from the lender in an action  
 11 in the nature of an action of debt, the entire  
 12 amount of interest, finance charges, or fees  
 13 paid.

14 “(4) CIVIL LIABILITY.—Any creditor who vio-  
 15 lates this subsection shall be subject to the provi-  
 16 sions of section 130.

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

21 (b) CIVIL LIABILITY CONFORMING AMENDMENT.—  
 22 Section 130(a) of the Truth in Lending Act (15 U.S.C.  
 23 1640(a)) is amended by inserting “section 107(f),” before  
 24 “this chapter”.

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