

116TH CONGRESS
1ST SESSION

S. 2114

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.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “ISA Student Protection Act of 2019”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 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. 504. Application of the Fair Debt Collection Practices 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 “com-
- 4 parable loan” means, with respect to a Qualified
- 5 ISA, a loan that—

1 (A) has an original principal amount such
2 that, after any origination fees on the loan are
3 paid, the amount of loan financing received by
4 the individual is equal to the total amount of
5 funding provided under the Qualified ISA to or
6 on behalf of the individual subject to the Quali-
7 fied ISA;

8 (B) has the same disbursement or funding
9 date, payment start date, and number of re-
10 quired monthly payments; and

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

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

15 (A) between an individual and an ISA
16 funder;

17 (B) under which—

18 (i) the ISA funder credits towards the
19 tuition or other obligations of, or pays
20 amounts to, or on behalf of, such indi-
21 vidual for costs associated with a postsec-
22 ondary training program, or any other pro-
23 gram designed to increase the individual’s
24 human capital, employability, or earning
25 potential (and not limited to programs eli-

1 gible to participate as programs under title
2 IV of the Higher Education Act of 1965
3 (20 U.S.C. 1070 et seq.); and

4 (ii) such individual pays to such ISA
5 funder (or the ISA funder's successor in
6 interest) income-share payments for a de-
7 fined term; and

8 (C) is not a loan.

9 (3) INCOME-SHARE FUNDING.—The term “in-
10 come-share funding” means—

11 (A) costs associated with a postsecondary
12 training program, or any other program de-
13 signed to increase the individual's human cap-
14 ital, employability, or earning potential (and not
15 limited to programs eligible to participate as
16 programs under title IV of the Higher Edu-
17 cation Act of 1965 (20 U.S.C. 1070 et seq.));
18 and

19 (B) an allowance for books, supplies,
20 transportation, and miscellaneous personal ex-
21 penses, including a reasonable allowance for—

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

24 (ii) the refinancing of debt used for
25 the costs described in this subparagraph.

1 (4) INCOME-SHARE PAYMENT.—The term “in-
2 come-share payment” means an amount equal to a
3 specified percentage of the future income of an indi-
4 vidual.

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

8 (A) credits towards the tuition or other ob-
9 ligations of, or pays amounts to, or on behalf
10 of, an individual solely for the purposes speci-
11 fied in paragraph (3)(A)(i); and

12 (B) has the right to receive a specified per-
13 centage of the individual’s future income.

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

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

19 (i) the ISA funder credits towards the
20 tuition or other obligations of, or pays
21 amounts to, or on behalf of, such indi-
22 vidual for income-share funding; and

23 (ii) such individual pays to such ISA
24 funder (or the ISA funder’s successor in
25 interest); and

1 (B) meets the requirements of subsections
2 (a) and (b) of section 102.

3 (7) STATE.—The term “State” means the sev-
4 eral States of the United States, the Commonwealth
5 of Puerto Rico, the District of Columbia, Guam,
6 American Samoa, the Virgin Islands, the govern-
7 ment of the Northern Mariana Islands, and the
8 Trust Territory of the Pacific Islands.

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

11 (A) any law, decision, rule, regulation, or
12 other action having the effect of a law of any
13 State or any political subdivision of a State, or
14 any agency or instrumentality of a State or po-
15 litical subdivision of a State; and

16 (B) any law of the United States applica-
17 ble only to the District of Columbia.

18 **TITLE I—TAX TREATMENT OF A**
19 **QUALIFIED ISA**

20 **SEC. 101. TAX TREATMENT OF PROCEEDS AND PAYMENTS**
21 **OF FUTURE INCOME.**

22 For purposes of the Internal Revenue Code of 1986:

23 (1) FUNDING EXCLUDED FROM GROSS IN-
24 COME.—In the case of an individual, gross income
25 shall not include the amount of any income-share

1 funding that is credited toward the tuition or other
2 obligations of, or paid to or on behalf of, such indi-
3 vidual under a Qualified ISA.

4 (2) DIFFERENCE IN REPAYMENT NOT IN-
5 CLUDED AS GROSS INCOME.—In the case of a Quali-
6 fied ISA under which the income-share funding ex-
7 ceeds the total income-share payments (in any pe-
8 riod over the life of the contract), the individual’s
9 gross income shall not include the amount of such
10 excess.

11 (3) TREATMENT OF PAYMENTS OF FUTURE IN-
12 COME.—The amount of any income-share payments
13 under a Qualified ISA shall be treated—

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

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

21 **SEC. 102. TERMS AND CONDITIONS OF QUALIFIED ISAS.**

22 (a) TERMS AND CONDITIONS.—Each Qualified ISA
23 shall comply with the following:

24 (1) SPECIFIED PERCENTAGE OF INCOME.—

1 (A) IN GENERAL.—The Qualified ISA
2 specifies the percentage of future income re-
3 quired to be paid.

4 (B) MAXIMUM PERCENTAGE.—The max-
5 imum percentage of income an individual would
6 be required to pay under the Qualified ISA
7 shall not exceed 20 percent, and the product of
8 such percentage and the number of monthly
9 payments required under the Qualified ISA di-
10 vided by 12 shall not exceed 2.25 (which figure
11 is the product of 7.5 percent and the number
12 of years in the longest allowable contract under
13 paragraph (4)(A)).

14 (2) DEFINITION OF INCOME.—The Qualified
15 ISA specifies the definition of income to be used for
16 purposes of calculating an individual's obligation to
17 pay under the Qualified ISA, which—

18 (A) shall not in any case include the in-
19 come of the individual's children;

20 (B) shall not include—

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

1 under of such Act (42 U.S.C. 601 et seq.);

2 or

3 (ii) any amount received by the indi-
4 vidual under the Child Nutrition Act of
5 1966 (42 U.S.C. 1771 et seq.);

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

8 (D) may include another revenue source
9 besides employment if an individual has volun-
10 tarily chosen to not seek employment and is
11 still receiving significant revenue from another
12 source.

13 (3) AFFORDABILITY FOR LOW AFTER-SCHOOL
14 INCOME.—

15 (A) IN GENERAL.—The Qualified ISA pro-
16 vides that when an individual subject to the
17 Qualified ISA has an income that is equal to or
18 below the threshold amount described in sub-
19 paragraph (B), the percentage of income obliga-
20 tion for the individual is zero.

21 (B) THRESHOLD AMOUNT.—The threshold
22 amount under this subparagraph is an amount
23 equal to (or at the option of the ISA funder,
24 greater than)—

1 (i) 200 percent of the poverty line for
2 a single person (as defined in section 673
3 of the Community Services Block Grant
4 Act (42 U.S.C. 9902)); or

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

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

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

16 (A) DURATION.—The Qualified ISA speci-
17 fies the maximum period of time during which
18 the individual will be obligated to make a speci-
19 fied number of monthly payments of a percent-
20 age of the individual's future income (excluding
21 periods when just a nominal payment (as de-
22 scribed under paragraph (8)) is required),
23 which may not (except as provided in subpara-
24 graph (B)) exceed 360 months.

1 (B) EXTENSION OF PERIOD.—The Quali-
2 fied ISA may provide for the extension of such
3 period by the number of months during which
4 the individual's percentage of income obligation
5 (excluding nominal payments and fees) was
6 zero.

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

11 (6) APPROPRIATE RISK SHARING.—The pay-
12 ments required under the Qualified ISA for an indi-
13 vidual with income during the payment term that is
14 less than or equal to 225 percent of the poverty line
15 for a single person (as defined in section 673 of the
16 Community Services Block Grant Act (42 U.S.C.
17 9902)) shall not exceed the payments on a com-
18 parable loan that bears interest at a rate less than
19 or equal to the annual percentage rate of interest
20 limitation under section 987(b) of title 10, United
21 States Code.

22 (7) AGGREGATE LIMITATION ON OBLIGATION.—
23 The Qualified ISA provides that the total percentage
24 of future income of the individual that the individual
25 agrees to pay, under the current Qualified ISA and

1 any other Qualified ISAs previously entered into by
2 the individual, shall not exceed 20 percent.

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

8 (A) such nominal monthly payment shall
9 not exceed twenty-five dollars per month (ad-
10 justed each year to reflect changes in the Con-
11 sumer Price Index for All Urban Consumers
12 published by the Bureau of Labor Statistics of
13 the Department of Labor for the most recent
14 12-month period for which the data are avail-
15 able); and

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

20 (9) PROTECTIONS.—

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

24 (i) Default or delinquency.

25 (ii) Overpayment or underpayment.

1 (iii) Disability.

2 (iv) Death.

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

6 (B) PRIOR ISAS.—If a Qualified ISA exe-
7 cuted prior to the date of enactment of this Act
8 does not meet the requirements in subpara-
9 graph (A), the ISA funder shall come into com-
10 pliance with such subparagraph by issuing, not
11 later than 180 days after the date of enactment
12 of this Act, an addendum to the Qualified ISA
13 that contains the information described in such
14 subparagraph.

15 (b) REQUIRED DISCLOSURES.—

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

22 (A) that the Qualified ISA is not credit or
23 a loan, and that the amount the individual will
24 be required to pay under the Qualified ISA—

1 (i) may be more or less than the
2 amount provided to the individual pursu-
3 ant to the Qualified ISA; and

4 (ii) will vary in proportion to the indi-
5 vidual's future income;

6 (B) that the obligations of the individual
7 under the Qualified ISA are dischargeable
8 under bankruptcy law;

9 (C) a description of the terms in which the
10 obligations of the individual under the Qualified
11 ISA shall be extinguished in advance of full du-
12 ration of the agreed-to term;

13 (D) the duration of the individual's obliga-
14 tions under the Qualified ISA (absent such ex-
15 tinguishment), including any circumstances
16 under which the duration of the Qualified ISA
17 would be extended or extinguished;

18 (E) the percentage of income the individual
19 is committing to pay under the Qualified ISA,
20 including whether the percentage of income is
21 fixed or variable under the Qualified ISA, and
22 the minimum amount of annual income that
23 triggers the individual's obligation under the
24 Qualified ISA to make payments for such year;

1 (F) the definition of income to be used for
2 purposes of calculating the individual's obliga-
3 tion under the Qualified ISA;

4 (G)(i) a comparison of—

5 (I) the amounts and number of pay-
6 ments an individual would be required to
7 pay under the Qualified ISA at a range of
8 annual income levels, which income levels
9 shall correspond to the levels the individual
10 might reasonably be expected to make
11 given the intended use of the funds pro-
12 vided under the Qualified ISA, as deter-
13 mined in accordance with guidance issued
14 by the Director of the Bureau of Consumer
15 Financial Protection; to

16 (II) the amounts and number of pay-
17 ments required to be paid under one or
18 more comparable loans, including, at a
19 minimum—

20 (aa) a loan at a fixed or variable
21 interest rate and with a number of
22 payments determined by the Director
23 of the Bureau of Consumer Financial
24 Protection to be an approximation of
25 the fixed or variable interest rate

1 available to student loan borrowers in
2 the private marketplace; and

3 (bb) a comparable Federal Direct
4 PLUS loan under part D of title IV
5 of the Higher Education Act of 1965
6 (20 U.S.C. 1087a et seq.), if the indi-
7 vidual would be eligible for such a
8 loan; and

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

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

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

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

24 (2) NO OTHER MATERIAL TERMS.—The Quali-
25 fied ISA disclosures required by paragraph (1) shall

1 be provided in a clear and conspicuous manner, and
2 shall not be disclosed together with any other mate-
3 rial terms or conditions that may be applicable to
4 the Qualified ISA.

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

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

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

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

23 (B) the average monthly income for the in-
24 dividual from the previous 6 months of employ-
25 ment.

1 (2) TREATMENT UNDER STATE LAW.—Any obli-
2 gation resulting from an assumed income level under
3 paragraph (1) shall not be considered to be imposing
4 an unlawful fee under a State law unless such State
5 law expressly states that it is intended to apply to
6 Qualified ISAs.

7 (3) VERIFICATION OF INCOME.—If an indi-
8 vidual supplies an ISA funder (or the funder’s suc-
9 cessor in interest) with the individual’s income
10 verification information within 180 days of the ISA
11 funder (or the funder’s successor in interest) assum-
12 ing an income level for such individual under para-
13 graph (1), the individual shall be entitled to have
14 any payments that were made in excess of the indi-
15 vidual’s actual obligation under the contract either
16 refunded to the individual or credited to future obli-
17 gations under the Qualified ISA.

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

19 (a) NO BUREAU GENERAL RULEMAKING AUTHOR-
20 ITY.—Except as provided under subsection (b) and section
21 102(b)(1)(G), the Director of the Bureau of Consumer Fi-
22 nancial Protection may not issue regulations under this
23 title or pursuant to any other authority granted to the
24 Bureau of Consumer Financial Protection under the

1 Dodd-Frank Wall Street Reform and Consumer Protec-
2 tion Act (Public Law 111–203).

3 (b) MODEL DISCLOSURE FORMS.—

4 (1) IN GENERAL.—Not later than 180 days
5 after the date of the enactment of this Act, the Di-
6 rector of the Bureau of Consumer Financial Protec-
7 tion, after engaging in appropriate consumer testing
8 of such forms, shall promulgate a model disclosure
9 form for the disclosures required under section
10 102(b).

11 (2) SAFE HARBOR.—Any person who uses the
12 model disclosure form promulgated pursuant to
13 paragraph (1) and includes accurate information re-
14 quired under section 102(b) shall be deemed to be
15 in compliance with the disclosure requirements
16 under section 102(b) and shall not be subject to any
17 State law (including regulations) to the extent that
18 such law imposes any additional or differing disclo-
19 sure requirements.

20 **SEC. 104. TRUTH IN LENDING ACT.**

21 Any Qualified ISA shall not be considered credit and
22 ISA funders (and their successors in interest) shall not
23 be considered creditors, as those terms are defined in sec-
24 tion 103 of the Truth in Lending Act (15 U.S.C. 1602).

1 **SEC. 105. CONSENT TO CONTINUING RELEASE OF TAX-**
2 **PAYER INFORMATION UNDER QUALIFIED**
3 **ISAS AND INCOME-SHARE AGREEMENTS.**

4 By not later than 180 days after the date of enact-
5 ment of this Act, the Secretary of the Treasury shall mod-
6 ify Treasury Regulations and guidance to provide for con-
7 tinuing consent to disclosure of an individual's return in-
8 formation to an ISA funder (or the funder's successor in
9 interest) under a Qualified ISA or income-share agree-
10 ment, but only for periods relevant to, and only to the
11 extent the Secretary determines is necessary and appro-
12 priate in carrying out the terms of, such Qualified ISA
13 or income-share agreement.

14 **TITLE II—TREATMENT OF A**
15 **QUALIFIED ISA UNDER STATE**
16 **LAW**

17 **SEC. 201. LAWFULNESS OF CONTRACTS; PREEMPTION OF**
18 **STATE LAW.**

19 (a) IN GENERAL.—A Qualified ISA shall be a valid,
20 binding, and enforceable contract notwithstanding any
21 State law limiting or otherwise regulating assignments of
22 future wages or other income.

23 (b) GOOD FAITH RELIANCE.—An ISA funder may
24 rely in good faith on a statement from the individual obli-
25 gated by a Qualified ISA with respect to such individual's
26 aggregate obligation on the Qualified ISA.

1 **SEC. 202. PREEMPTION OF STATE LAW WITH RESPECT TO**
2 **USURY.**

3 A Qualified ISA shall not be subject to State law with
4 respect to usury, credit, loans, or credit or installment
5 sales, unless such State law expressly states that it is in-
6 tended to apply to Qualified ISAs.

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

10 A Qualified ISA shall not be subject to a State law
11 with respect to “ability-to-repay” requirements, and nei-
12 ther an ISA funder issuing a Qualified ISA, its successor
13 in interest, nor any entity servicing any Qualified ISA on
14 behalf of an ISA funder or its successor interest, shall be
15 subject to any State law with respect to ISA licensing or
16 registration, unless such State law was issued after the
17 date of the enactment of this Act and such State law ex-
18 pressly states that it is intended to apply to Qualified
19 ISAs.

1 **TITLE III—FEDERAL INDIVIDUAL**
2 **ASSISTANCE TREATMENT OF**
3 **A QUALIFIED ISA**

4 **SEC. 301. PROCEEDS NOT TREATED AS INCOME IN CAL-**
5 **CULATION OF FINANCIAL NEED UNDER THE**
6 **HIGHER EDUCATION ACT OF 1965.**

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

13 **TITLE IV—TREATMENT UNDER**
14 **SECURITIES LAWS**

15 **SEC. 401. QUALIFIED ISAS NOT TREATED AS SECURITIES.**

16 A Qualified ISA and an income-share agreement shall
17 not be treated as a security for purposes of the securities
18 laws (as defined in section 3(a) of the Securities Exchange
19 Act of 1934 (15 U.S.C. 78c(a))), any similar State law,
20 or any State law that directly or indirectly prohibits, lim-
21 its, or imposes conditions, based on the merits of an offer-
22 ing or issuer of securities, upon the offer or sale of any
23 security. Nothing in the preceding sentence may be con-
24 strued to prevent an instrument that is collateralized by,
25 or serviced by the cash flows of, a Qualified ISA from

1 being treated as a security for purposes of any law de-
2 scribed in that sentence.

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

5 Section 3(c) of the Investment Company Act of 1940
6 (15 U.S.C. 80a-3(c)) is amended—

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

11 (2) in paragraph (5)—

12 (A) by inserting “, including purchasing or
13 otherwise acquiring Qualified ISAs or income-
14 share agreements (as those terms are defined in
15 section 2 of the ISA Student Protection Act of
16 2019)” after “services” the first place it ap-
17 pears; and

18 (B) by inserting “, including making
19 Qualified ISAs or income-share agreements (as
20 so defined)” after “services” the second place it
21 appears.

1 **TITLE V—TREATMENT UNDER**
2 **FEDERAL CONSUMER FI-**
3 **NANCE LAWS**

4 **SEC. 501. QUALIFIED ISA ANTI-DISCRIMINATION PROTEC-**
5 **TIONS.**

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

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

9 (A) in the matter preceding paragraph (1),
10 by inserting “or an ISA funder or its successor
11 in interest” after “creditor”;

12 (B) in paragraph (4), by striking “or” at
13 the end;

14 (C) in paragraph (5), by striking the pe-
15 riod at the end and inserting “; or”; and

16 (D) by adding at the end the following:

17 “(6) to set the terms of a Qualified ISA or an
18 income-share agreement (as those terms are defined
19 in section 2 of the ISA Student Protection Act of
20 2019), based on the earnings reasonably anticipated
21 by the creditor with respect to any program of
22 study, certificate program, degree program, or insti-
23 tutions of higher education where a Qualified ISA is
24 offered.”; and

25 (2) in section 702 (15 U.S.C. 1691a)—

1 (A) in subsection (d), by inserting “, or the
2 right granted under a Qualified ISA or an in-
3 come-share agreement (as those terms are de-
4 fined in section 2 of the ISA Student Protection
5 Act of 2019)” before the period at the end; and

6 (B) in subsection (e)—

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

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

16 **SEC. 502. PROHIBITION ON REQUIRING PREAUTHORIZED**
17 **ELECTRONIC FUND TRANSFERS.**

18 Section 913(1) of the Electronic Fund Transfer Act
19 (15 U.S.C. 1693k(1)) is amended by inserting “or the en-
20 tering into a Qualified ISA or an income-share agreement
21 (as those terms are defined in section 2 of the ISA Stu-
22 dent Protection Act of 2019) with a consumer” after “a
23 consumer”.

1 **SEC. 503. TREATMENT UNDER THE FAIR CREDIT REPORT-**
2 **ING ACT.**

3 (a) IN GENERAL.—Section 605 of the Fair Credit
4 Reporting Act (15 U.S.C. 1681e) is amended by adding
5 at the end the following:

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

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

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

19 (b) REGULATIONS.—The Director of the Bureau of
20 Consumer Financial Protection shall promulgate regula-
21 tions with respect to the manner in which ISA funders
22 may furnish, and consumer reporting agencies may report,
23 information regarding Qualified ISAs and income-share
24 agreements.

1 **SEC. 504. APPLICATION OF THE FAIR DEBT COLLECTION**
2 **PRACTICES ACT.**

3 (a) IN GENERAL.—Section 803 of the Fair Debt Col-
4 lection Practices Act (15 U.S.C. 1692a) is amended—

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

10 (2) in paragraph (6), in the first sentence, by
11 inserting “, including an ISA funder, as defined in
12 section 2 of the ISA Student Protection Act of
13 2019,” after “means any person”.

14 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
15 tion, or the amendments made by this section, may be con-
16 strued for purposes of any other Federal law as consid-
17 ering—

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

20 (2) ISA funders as debt collectors.

21 **SEC. 505. APPLICATION OF THE MILITARY LENDING ACT.**

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

24 (1) by redesignating subsection (i) as subsection
25 (j); and

1 (2) by inserting after subsection (h) the fol-
2 lowing new subsection:

3 “(i) TREATMENT OF QUALIFIED ISAS AND INCOME-
4 SHARE AGREEMENTS.—The Secretary of Defense shall
5 issue regulations to apply this section to Qualified ISAs
6 and income-share agreements (as those terms are defined
7 in section 2 of the ISA Student Protection Act of 2019),
8 and a Qualified ISA and an income-share agreement shall
9 be deemed to meet the annual percentage rate of interest
10 limitation under subsection (b) if the Qualified ISA or in-
11 come-share agreement, as applicable, would meet the re-
12 quirements of section 102(a)(6) of such Act (related to
13 appropriate risk sharing) but with reference to the rate
14 specified in subsection (b).”.

15 **SEC. 506. APPLICATION OF THE SERVICEMEMBERS CIVIL**
16 **RELIEF ACT.**

17 Section 207 of the Servicemembers Civil Relief Act
18 (50 U.S.C. 3937) is amended by adding at the end the
19 following:

20 “(f) TREATMENT OF QUALIFIED ISAS AND INCOME-
21 SHARE AGREEMENTS.—The Secretary of Defense shall
22 issue regulations to apply this section to Qualified ISAs
23 and income-share agreements (as those terms are defined
24 in section 2 of the ISA Student Protection Act of 2019),
25 specifically by stating that a Qualified ISA and an income-

1 share agreement shall be considered to have met the re-
2 quirements of this section if the Qualified ISA or income-
3 share agreement, as applicable, would meet the require-
4 ments of section 102(a)(6) of such Act (relating to appro-
5 priate risk sharing) but with reference to the rate specified
6 in subsection (a)(1).”.

7 **SEC. 507. RULEMAKING.**

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

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

15 (2) the Secretary of Defense shall issue regula-
16 tions to carry out the amendments made by sections
17 505 and 506.

18 **TITLE VI—TREATMENT UNDER**
19 **OTHER LAWS**

20 **SEC. 601. INSURANCE AND WAGERING.**

21 A Qualified ISA and an income-share agreement shall
22 not be treated as a contract for insurance or a betting
23 or wagering contract under any Federal or State law.

1 **SEC. 602. PAYMENTS NOT CONSIDERED PREPAYMENTS.**

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

9 **TITLE VII—REPORTING RE-**
10 **QUIREMENT FOR THE BU-**
11 **REAU OF CONSUMER FINAN-**
12 **CIAL PROTECTION**

13 **SEC. 701. REPORT.**

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

17 (1) information on the prevalence and utiliza-
18 tion of Qualified ISAs and income-share agreements;
19 and

20 (2) any other information pertaining to Quali-
21 fied ISAs and income-share agreements that the Di-
22 rector determines is appropriate.

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