

109TH CONGRESS
1ST SESSION

H. R. 97

To establish requirements with respect to the terms of consumer credit extended by a creditor to a servicemember or the dependent of a servicemember, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2005

Mr. GRAVES introduced the following bill; which was referred to the
Committee on Veterans' Affairs

A BILL

To establish requirements with respect to the terms of consumer credit extended by a creditor to a servicemember or the dependent of a servicemember, 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.**

4 This Act may be cited as the “Servicemembers Anti-
5 Predatory Lending Protection Act”.

1 **SEC. 2. TERMS OF CONSUMER CREDIT EXTENDED TO**
2 **SERVICEMEMBER OR SERVICEMEMBER'S DE-**
3 **PENDENT.**

4 (a) TERMS OF CONSUMER CREDIT.—Title II of the
5 Servicemembers Civil Relief Act (50 U.S.C. App. 521 et
6 seq.) is amended by adding at the end the following new
7 section:

8 **“SEC. 208. TERMS OF CONSUMER CREDIT.**

9 “(a) INTEREST.—A creditor who extends consumer
10 credit to a servicemember or a servicemember's dependent
11 shall not require the servicemember or the
12 servicemember's dependent to pay interest with respect to
13 the extension of such credit, except as—

14 “(1) agreed to under the terms of the credit
15 agreement or promissory note;

16 “(2) authorized by the applicable State law; and

17 “(3) not specifically prohibited by this section.

18 “(b) ANNUAL PERCENTAGE RATE.—A creditor de-
19 scribed in subsection (a) shall not impose an annual per-
20 centage rate greater than 36 percent with respect to the
21 consumer credit extended to a servicemember or a
22 servicemember's dependent.

23 “(c) MANDATORY LOAN DISCLOSURES.—

24 “(1) INFORMATION REQUIRED.—With respect
25 to any extension of consumer credit to a
26 servicemember or a servicemember's dependent, a

1 creditor shall provide to the servicemember or the
2 servicemember's dependent the following information
3 in writing at or before the issuance of the credit:

4 “(A) A statement of the annual percentage
5 rate applicable to the extension of credit.

6 “(B) Any disclosures required under the
7 Truth in Lending Act (15 U.S.C. 1601 et seq.).

8 “(C) A clear description of the payment
9 obligations of the servicemember or the
10 servicemember's dependent, as applicable.

11 “(2) TERMS.—Such disclosures shall be pre-
12 sented in accordance with terms prescribed by the
13 regulations issued by the Board of Governors of the
14 Federal Reserve System to implement the Truth in
15 Lending Act (15 U.S.C. 1601 et seq.).

16 “(d) LIMITATION.—A creditor described in sub-
17 section (a) shall not automatically renew, repay, refinance,
18 or consolidate with the proceeds of other credit extended
19 by the same creditor any consumer credit extended to a
20 servicemember or a servicemember's dependent without—

21 “(1) executing new loan documentation signed
22 by the servicemember or the servicemember's de-
23 pendent, as applicable; and

1 “(2) providing the loan disclosures described in
2 subsection (c) to the servicemember or the
3 servicemember’s dependent.

4 “(e) PREEMPTION.—Except as provided in subsection
5 (f)(2), this section preempts any State or Federal law,
6 rule, or regulation, including any State usury law, to the
7 extent that such laws, rules, or regulations are incon-
8 sistent with this section, except that this section shall not
9 preempt any such law, rule, or regulation that provides
10 additional protection to a servicemember or a
11 servicemember’s dependent.

12 “(f) PENALTIES.—

13 “(1) MISDEMEANOR.—Any creditor who know-
14 ingly violates this section shall be fined as provided
15 in title 18, United States Code, or imprisoned for
16 not more than one year, or both.

17 “(2) PRESERVATION OF OTHER REMEDIES.—

18 The remedies and rights provided under this section
19 are in addition to and do not preclude any remedy
20 otherwise available under law to the person claiming
21 relief under this section, including any award for
22 consequential and punitive damages.

23 “(g) DEFINITION.—For purposes of this section, the
24 term ‘interest’ includes service charges, renewal charges,

1 fees, or any other charges (except bona fide insurance)
2 with respect to the extension of consumer credit.”.

3 (b) CLERICAL AMENDMENT.—The table of contents
4 of the Servicemembers Civil Relief Act (50 U.S.C. App.
5 501) is amended by inserting after the item relating to
6 section 207 the following new item:

“Sec. 208. Terms of consumer credit.”.

