

111TH CONGRESS
1ST SESSION

S. 582

To amend the Truth in Lending Act to protect consumers from usury,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 12, 2009

Mr. SANDERS (for himself and Mr. DURBIN) introduced the following bill;
which was read twice and referred to the Committee on Banking, Hous-
ing, and Urban Affairs

A BILL

To amend the Truth in Lending Act to protect consumers
from usury, 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 “Interest Rate Reduc-
5 tion Act”.

6 **SEC. 2. NATIONAL CONSUMER CREDIT USURY RATE.**

7 Section 107 of the Truth in Lending Act (15 U.S.C.
8 1606) is amended by adding at the end the following new
9 subsection:

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

1 “(1) LIMITATION ESTABLISHED.—Notwith-
2 standing subsection (a) or any other provision of
3 law, but except as provided in paragraph (2), the an-
4 nual percentage rate applicable to any extension of
5 credit may not exceed 15 percent on unpaid bal-
6 ances, inclusive of all finance charges. Any fees that
7 are not considered finance charges under section
8 106(a) may not be used to evade the limitations of
9 this paragraph, and the total sum of such fees may
10 not exceed the total amount of finance charges as-
11 sessed.

12 “(2) EXCEPTIONS.—

13 “(A) BOARD AUTHORITY.—The Board may
14 establish, after consultation with the appro-
15 priate committees of Congress, the Secretary of
16 the Treasury, and any other interested Federal
17 financial institution regulatory agency, an an-
18 nual percentage rate of interest ceiling exceed-
19 ing the 15 percent annual rate under paragraph
20 (1) for periods of not to exceed 18 months,
21 upon a determination that—

22 “(i) money market interest rates have
23 risen over the preceding 6-month period;
24 and

1 “(ii) prevailing interest rate levels
 2 threaten the safety and soundness of indi-
 3 vidual lenders, as evidenced by adverse
 4 trends in liquidity, capital, earnings, and
 5 growth.

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

12 “(3) PENALTIES FOR CHARGING HIGHER
 13 RATES.—

14 “(A) VIOLATION.—The taking, receiving,
 15 reserving, or charging of an annual percentage
 16 rate or fee greater than that permitted by para-
 17 graph (1), when knowingly done, shall be
 18 deemed a violation of this title, and a forfeiture
 19 of the entire interest which the note, bill, or
 20 other evidence of the obligation carries with it,
 21 or which has been agreed to be paid thereon.

22 “(B) REFUND OF INTEREST AMOUNTS.—If
 23 an annual percentage rate or fee greater than
 24 that permitted under paragraph (1) has been
 25 paid, the person by whom it has been paid, or

1 the legal representative thereof, may, by bring-
2 ing an action not later than 2 years after the
3 date on which the usurious collection was last
4 made, recover back from the lender in an action
5 in the nature of an action of debt, the entire
6 amount of interest, finance charges, or fees
7 paid.

8 “(4) CIVIL LIABILITY.—Any creditor who vio-
9 lates this subsection shall be subject to the provi-
10 sions of section 130.”.

11 **SEC. 3. CIVIL LIABILITY CONFORMING AMENDMENT.**

12 Section 130(a) of the Truth in Lending Act (15
13 U.S.C. 1640(a)) is amended by inserting “section 107(f),”
14 before “this chapter”.

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