To create a Federal charter for National Consumer Credit Corporations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 18, 2012

Mr. LUETKEMEYER (for himself and Mr. BACA) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To create a Federal charter for National Consumer Credit Corporations, and for other purposes.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Consumer Credit Ac-
cess, Innovation, and Modernization Act”.

SEC. 2. FINDINGS; PURPOSE; AND INTENT.

(a) FINDINGS.—Congress finds the following:

(1) Studies by the Federal Deposit Insurance
Corporation (FDIC), National Bureau of Economic
Research, FINRA Investor Education Foundation,
and other credible parties have shown that roughly
half of all American families, including not only
lower and moderate income families but also a large
segment of middle and higher income families who
have poor credit scores and limited disposable in-
comes, are literally living paycheck-to-paycheck,
lacking adequate savings and other resources to
cover unplanned expenses that frequently arise in
every household.

(2) These consumers (in this Act referred to as
“underserved consumers”) include those who are
“unbanked”, having neither a checking or savings
account at a depository institution, and those who
are “underbanked”, having such an account and fre-
quently having higher incomes, while nonetheless
need to rely on nondepository financial institu-
tions for short-term, small loans and other credit
products and financial services they desperately
need, but generally cannot obtain from traditional
banking institutions.

(3) Credit alternatives for underserved con-
sumers often are limited and not well suited to their
particular needs and in some instances lack any
statutory consumer protections.
(4) Programs by the FDIC and other parties to expand access to small loans and other financial products or services for underserved consumers through banking institutions have had very limited success because banks generally have been unable to make affordable small personal loans on a widespread, commercially viable basis to these higher risk consumers, most of whom may not even qualify for a loan under the high credit standards regulators necessarily require insured depositories to maintain.

(5) To the extent that depository institutions offer underserved consumers affordable small loans and other financial products or services on a commercially viable basis, they should be encouraged to do so, but it must be recognized that overcoming the practical business obstacles for depositories to offer such products or services appears to be quite difficult at best for most depositories, and given the massive scope of the short-term credit needs of such consumers, depositories most likely will be unable to provide affordable small loans and other financial products or services for a significant number of them.

(6) Efforts of governmental, nonprofit, and private sector institutions to help underserved con-
consumers manage their personal finances more effectively through financial education and counseling programs also are important and must continue, but given the tremendous number of consumers who face significant ongoing financial challenges, most such underserved consumers are likely to be unable to overcome their financial difficulties through such efforts.

(7) Nondepository creditors historically have been primarily State regulated, are not federally insured, generally pose little or no systemic or taxpayer risk, typically have lower operating costs and can employ less restrictive credit standards than depositories, and are a major source of short-term, small loans and financial products or services for underserved consumers, providing such consumers annually with billions of dollars in credit, but the existing State-based regulatory system for such nondepository creditors in many cases increases the credit costs for a consumer and limits available credit alternatives.

(8) Nondepository creditors currently lack the authority available to National banks to operate innovatively and efficiently on a multistate or nationwide basis using a single lending charter subject to
strong uniform Federal lending regulations instead of widely differing State laws.

(9) Differing State licensing and lending laws often limit the types of credit products or services nondepository creditors may offer, prevent loans from being provided on a commercially viable basis, stifle innovation, reduce competition, and leave underserved consumers with a limited choice of products or services that in many cases are not well suited to their personal needs.

(10) The credit costs for underserved consumers, which are relatively high because of their greater credit risks, also are further adversely impacted substantially by the costs creditors incur in complying with the nationwide patchwork of different State regulatory requirements, virtually none of which are the same and can be conflicting, duplicative, and excessive.

(11) Nondepository creditors that focus their lending on serving underserved consumers can be adequately regulated by Federal statutory and regulatory provisions, and it is in the National interest and will greatly benefit the millions of underserved consumers who have pressing needs for better and more affordable credit options for Congress to adopt.
legislation to allow qualified nondepository creditors
that focus their operations primarily on serving un-
derserved consumers the option of receiving a Fed-
eral charter under which they can be more innova-
tive and operate more efficiently on a nationwide
basis subject to effective Federal regulation and su-
pervision without being subjected to duplicative and
conflicting State laws that in many cases limit prod-
uct innovation and choice and raise the cost of con-
sumer credit.

(12) Small businesses, which are vital to job
creation and the health of the nation’s economy, also
have a continuing need for additional credit alter-
atives, and allowing federally chartered nondeposi-
tory creditors to offer certain financial products and
services to small businesses would be in the national
interest.

(b) PURPOSE AND INTENT.—The purpose and intent
of this Act is to—

(1) provide underserved consumers greater ac-
cess to innovative, affordable, commercially viable,
and better suited financial products or services;

(2) create a Federal charter for qualified non-
depository creditors that focus their business on
meeting the credit needs of underserved consumers
and small businesses so that such creditors can operate more efficiently and effectively under uniform Federal lending standards rather than under the widely varying, often conflicting, unnecessarily costly, and burdensome system of State lending laws that currently apply to nondepository creditors; and

(3) require that the Comptroller promptly adopt reasonable and flexible policies and procedures to ensure the approval of applications for Federal charters for nondepository creditors and of commercially viable financial products to be offered by such creditors to underserved consumers and small businesses.

**SEC. 3. NATIONAL CONSUMER CREDIT CORPORATIONS.**

(a) **FEDERAL CHARTER.**—In accordance with the provisions of this Act, and regulations prescribed pursuant to this Act, the Comptroller shall charter qualified nondepository creditors which shall be known as National Consumer Credit Corporations (hereinafter referred to as “Credit Corporations”) to offer financial products or services described in subsection (f)(1).

(b) **APPLICATION REQUIRED.**—

(1) **IN GENERAL.**—A qualified nondepository creditor that desires to obtain a Federal charter under this Act shall submit an application to the Comptroller at such time, in such manner, and ac-
companied by such information as the Comptroller may require.

(2) DEADLINE.—The Comptroller shall make a determination as to whether an application submitted under paragraph (1) is approved or denied expeditiously.

(e) REQUIREMENTS.—In seeking a Federal charter under this Act, a qualified nondepository creditor shall meet the following requirements:

(1) A business plan shall be established covering at least the initial 3-year period of operation as a commercially viable entity with its primary business activities being to serve the needs of underserved consumers and small businesses and such plan shall—

(A) identify the intended—

(i) geographical market area; and

(ii) location of its main office;

(B) realistically forecast market demand, the intended customer base, competition, economic conditions, financial projections, and business risks;

(C) include a marketing plan that describes the types of financial products or services such creditor intends to offer, how it will
market them, and how such products or services are expected to be affordable for underserved consumers and small businesses and commercially viable for the creditor; and

(D) contain an acceptable plan for ensuring compliance with all applicable laws and regulations, and for promptly addressing complaints from such consumers and businesses.

(2) A competent and experienced management team of good moral character with expertise in and a commitment to serving the credit needs of underserved consumers and awareness and understanding of applicable legal requirements shall be established.

(3) Adequate capital structure relative to the operational and financial assumptions and business plans of the qualified nondepository creditor, including the cost of utilizing advanced technology and information management systems for its operating and compliance needs, shall be established.

(4) No qualified nondepository creditor shall be directly or indirectly owned or controlled by any person unless—

(A) the person is an individual, a Federal- or State-chartered depository institution, a bank holding company (as defined in section
2(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(a)), a savings and loan holding company (as defined in section 10(a)(1)(D) of the Home Owners’ Loan Act (12 U.S.C. 1467a(a)(1)(D))), or a nonprofit corporation; or

(B) the primary business activity of the person involves—

(i) providing financial products or services to consumers; or

(ii) owning or controlling persons whose primary business activity is providing financial products or services to consumers.

(5) Any other requirements provided for under this Act or in regulations prescribed by the Comptroller consistent with the purposes of this Act.

(d) AUTHORITY OF NATIONAL CONSUMER CREDIT CORPORATIONS.—Upon receiving a Federal charter pursuant to subsection (a), a Credit Corporation shall become, as from the date of the execution of its charter, a body corporate, and, as such, a National Consumer Credit Corporation, and in the name designated in the charter it is authorized to—

(1) adopt and use a corporate seal;
(2) have succession from the date its charter is issued until such time as it be dissolved by the act of its shareholders owning two-thirds of its stock, or until its charter is revoked by the Comptroller, or until terminated by an Act of Congress, or until its affairs are placed in the hands of a receiver and finally wound up by the receiver in accordance with title 11, United States Code, or other applicable law;

(3) borrow money, issue stock, and enter into contracts;

(4) sue and be sued and complain and defend, in any court of law and equity of competent jurisdiction, as fully as natural persons;

(5) elect or appoint directors, and by its board of directors to appoint a president, vice president, and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places;

(6) prescribe, by its board of directors, bylaws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers appointed, its property transferred, its general business conducted, and...
the privileges granted to it by law exercised and enjoyed;

(7) hire employees and consultants and fix their compensation, define their duties, and give such persons appropriate authority to carry on its business operations;

(8) enter into joint ventures and other business partnerships with other Credit Corporations, depository institutions, State-chartered or licensed non-depository creditors, third-party service providers and vendors, and other parties to promote or facilitate providing commercially viable financial products or services to underserved consumers and small businesses;

(9) contribute to community funds, or to charitable, philanthropic, or benevolent instrumentalities conducive to public welfare, such sums as its board of directors may deem expedient and in the interests of the Credit Corporation;

(10) invest in, or buy or lease, real estate or tangible personal property, including vehicles, equipment, furnishings and furniture, to be used by the Credit Corporation in conducting business related operations authorized under this Act;
(11) conduct its business operations through the Internet and such locations as its board of directors or duly authorized officers may determine are appropriate for providing financial products or services to consumers, including underserved consumers and small businesses in accordance with the provisions of this Act and regulations prescribed pursuant to this Act;

(12) exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental, implied, or reasonably necessary powers as may be appropriate to carry on its corporate operations and the business of providing commercially viable financial products or services to consumers, including underserved consumers and small businesses in accordance with the provisions of this Act and regulations prescribed pursuant to this Act;

(13) be affiliated with, or owned by, an insured depository institution, nondepository creditor, nonprofit organization, or other qualified entities;

(14) acquire or merge with other Credit Corporations; and

(15) exercise such other powers as may be provided for through regulations prescribed by the Comptroller pursuant to the provisions of this Act.
(c) DUTIES AND RESPONSIBILITIES.—

(1) COMPTROLLER.—The Comptroller shall—

(A) ensure that, to the extent reasonably possible, Credit Corporations primarily focus their business operations on providing underserved consumers a variety of affordable financial products or services that are commercially viable to such Corporations, including certain products or services that contain features to facilitate personal savings and enhance the credit record of such consumers;

(B) encourage and facilitate—

(i) innovation with respect to the financial products or services offered to underserved consumers; and

(ii) joint ventures and other business partnerships among Credit Corporations, insured depository institutions, other non-depository creditors, third-party service providers and vendors, and nonprofit organizations in order to ensure greater credit access for underserved consumers and small businesses;
(C) provide, through regulations, details on how Credit Corporations should be organized, incorporated, and operated;

(D) conduct examination and supervisory activities of Credit Corporations to—

(i) access their internal controls and management ability;

(ii) evaluate their financial condition and risk profile;

(iii) determine if they are meeting the needs of underserved consumers and small businesses; and

(iv) monitor their compliance with this Act and all other applicable laws and regulations, and identify areas in which corrective action is needed; and

(E) consult and coordinate, as appropriate, with other Federal and State regulatory agencies, including State bank supervisors, to promote consistent regulatory treatment of consumer and small business financial products and services and to help ensure that the agencies’ supervisory activities, including examination schedules, of Credit Corporations and af-
filiated companies are conducted in a coordi-
nated and efficient manner.

(2) NATIONAL CONSUMER CREDIT CORPORA-
tions.—Each Credit Corporation shall—

(A) make financial education information
adopted by the Comptroller available to each
consumer to whom it offers a financial product
or service, including information on how a con-
sumer may obtain financial counseling services,
the benefits of following a regular personal sav-
ings program, and how consumers can improve
their credit ratings;

(B) comply with all applicable Federal laws
and regulations, including Federal consumer fi-
nancial protection law requirements;

(C) provide account access to its cus-
tomers, either through a toll-free telephone
number, the Internet, or both, during its nor-
mal business hours;

(D) along with other creditors otherwise
subject to the Truth in Lending Act (15 U.S.C.
1601 et seq.), provide, in accordance with regu-
lations prescribed pursuant to this Act, all con-
sumers who are extended credit by the Corpora-
tion or other creditors which has a repayment
term of 1-year or less with a clear and conspicuous statement in the loan agreement that discloses the true cost of the loan, including all interest, fees and other loan related charges, as a dollar amount and as a percentage of the principal amount of the loan in lieu of the annual percentage rate disclosure that otherwise would be required under the Truth in Lending Act or regulations;

(E) report to the Comptroller such data as the Comptroller may require regarding its activities, including the types of financial products or services provided to underserved consumers and small businesses and the geographic market areas where such services are offered, and data demonstrating that its business activities are focused primarily on serving underserved consumers and small businesses as required by this Act, provided that adequate safeguards shall be adopted by the Comptroller to ensure appropriate privacy and confidentiality protections with respect to individually identifiable personal data and proprietary corporate data;

(F) offer—
(i) an underserved consumer who is unable to repay an extension of credit by such Corporation that has a loan repayment term of less than 120 days, an extended repayment plan, at no cost to the consumer, at least once in a 12-month period; and

(ii) to the extent reasonably possible, certain financial products or services that contain features to facilitate personal savings and that could help an underserved consumer enhance their credit record if the consumer fully complies with the terms and conditions of such products or services; and

(G) not—

(i) accept consumer or commercial deposits;

(ii) make commercial loans, except to the extent allowed by the provisions of this Act, and regulations prescribed pursuant to this Act, with respect to small businesses;

(iii) make a consumer loan with a term of 30 days or less; or
(iv) intentionally extend credit to a
consumer—

(I) unless the Credit Corporation
has a reasonable basis for believing
that the consumer can repay the cred-
it extension;

(II) if the maximum principal
amount of the credit outstanding from
all financial products or services au-
thorized by the Credit Corporation to
such consumer, in the case of an un-
secured credit transaction, exceeds
$5,000, or in the case of a secured
credit transaction, $25,000, unless a
higher amount is authorized by regu-
lations prescribed by the Comptroller;
or

(III) if the loan terms include a
prepayment penalty.

(f) NATIONAL CONSUMER CREDIT CORPORATION
BUSINESS ACTIVITIES AND PRODUCT APPROVAL.—

(1) BUSINESS ACTIVITIES.—

(A) IN GENERAL.—The primary business
activities of a Credit Corporation shall be to
offer financial products or services that are ap-
proved by the Comptroller pursuant to this subsection to underserved consumers and small businesses.

(B) LIMITATION ON CREDIT EXTENSION TO SMALL BUSINESSES.—A Credit Corporation may not extend credit to a small business in excess of $25,000.

(2) PRODUCT APPROVAL.—

(A) IN GENERAL.—A Credit Corporation shall submit a detailed description of any financial product or service that the Credit Corporation plans to offer to underserved consumers or small businesses, including an explanation of how the product or service will help meet the credit and financial needs of underserved consumers or small businesses and be commercially viable for the Credit Corporation, and such product or service shall be reviewed and approved by the Comptroller or deemed approved pursuant to subparagraph (C) prior to such product or service becoming available in the marketplace for such consumers and businesses.

(B) REGULATIONS.—The Comptroller shall prescribe regulations containing standards and procedures, consistent with the provisions of
this Act, with respect to financial product approval, conditional approval, or disapproval, and establish a method for expedited review of the submissions under subparagraph (A), provided that such regulations shall not provide for or authorize the disapproval or conditional approval of a financial product or service unless the Comptroller determines, based on a fair and reasonable determination of the facts and circumstances regarding a proposed financial product or service, that offering the proposed such product or service will significantly harm the interests of underserved consumers or small businesses.

(C) TIMING.—If the Comptroller has not advised a Credit Corporation of its approval, conditional approval, or disapproval of a product or service within 45 business days after a Credit Corporation makes a submission under subparagraph (A), the financial product or service shall be deemed approved by the Comptroller and a Credit Corporation may offer it to underserved consumers and small businesses, provided that after a Credit Corporation has begun offering such a product or service, the
Comptroller, pursuant to standards and procedures set forth in regulations established pursuant to subparagraph (B), may require a Credit Corporation to cease offering or modify such a product or service in order to ensure that such product will not significantly harm the interests of underserved consumers or small businesses.

(D) **PRODUCTS OR SERVICES APPROVED BY THE COMPTROLLER.**—Financial products or services approved by the Comptroller pursuant to this subsection for underserved consumers and small businesses may also be offered to other consumers and small businesses.

(E) **TYPES OF PRODUCTS OR SERVICES.**—The Comptroller shall make an effort to approve a broad range of financial products or services, including some products or services that contain features to facilitate savings and credit building by underserved consumers.

(F) **RULE OF CONSTRUCTION.**—Nothing in this Act provides the Comptroller with the authority to regulate financial products or services that a Credit Corporation does not provide or offer to underserved consumers or small businesses, and that are provided or offered by an
affiliate company or another entity with which
the Credit Corporation has a business relation-

ship.

(g) NATIONAL CONSUMER CREDIT CORPORATION
REGULATORY FEE.—Each Credit Corporation shall pay
to the Comptroller an annual fee in an amount that the
Comptroller determines is sufficient, in the aggregate of
all such fees paid by Credit Corporations, to offset the
cost to the Comptroller of carrying out the provisions of
this Act.

(h) CHARTER SUSPENSION OR REVOCATION.—The
Comptroller, pursuant to procedures established in regula-
tions prescribed by the Comptroller, may suspend or re-
voke the charter of a Credit Corporation if there has been
a material failure by the Corporation to comply with the
requirements set forth in the charter, provisions of this
Act, or other applicable statutes or regulations.

(i) INTERNET AND BRICK AND MORTAR LOCA-
TIONS.—Neither the Comptroller nor any State or other
party shall prohibit a Credit Corporation from conducting
its business operations and providing financial products
or services through the Internet or in office or retail loca-
tions it owns or leases or those owned or leased by an
affiliated company, a joint venture, or a third-party busi-
ness that the Credit Corporation has established a busi-
ness relationship in connection with providing such prod-
ucts or services.

(j) USURY LIMIT.—Neither the Comptroller, nor any
governmental entity shall have the authority to establish,
directly or indirectly, a usury limit or cap on the rate of
interest, fees, or other charges applicable to an extension
of credit offered a consumer or small business pursuant
to this Act.

(k) RELATIONSHIP TO OTHER FEDERAL AND STATE
LAWS.—

(1) FEDERAL LAW.—A Credit Corporation is
subject to all otherwise applicable provisions of Fed-
eral statutes and regulations, including the con-
sumer financial protection laws listed under section
1002(12) of the Consumer Financial Protection Act
of 2010 (12 U.S.C. 5481(12)) and regulations estab-
lished pursuant to this Act.

(2) STATE LAW.—A Credit Corporation, or an
employee, agent, or other business partner of a
Credit Corporation, shall not be subject to—

(A) State laws that relate to office loca-
tion, licensing, education, or training that apply
to the operations of a Credit Corporation, or its
employees, agents, or other business partners to
the extent that these operations relate to the
exercise of its powers or authorities under this
Act and implementing regulations to provide fi-
nancial products and services to underserved
consumers and small businesses; or

(B) other State laws that—

(i) have a discriminatory effect on a
Credit Corporation compared to the effect
of such laws on any other depository or
nondepository creditor chartered or li-
censed in that State;

(ii) consistent with the legal standard
for preemption in the decision of the Su-
preme Court of the United States in
Barnett Bank of Marion County, N.A. v.
Nelson, Florida Insurance Commissioner,
et al., 517 U.S. 25 (1996), prevent or sig-
nificantly interfere with the exercise by a
Credit Corporation of its powers, including
such Corporation’s ability to offer financial
products approved by the Comptroller to
consumers or small businesses; or

(iii) are preempted by any provision of
Federal law.

(3) Determination of Preemption.—Any
regulation or order of the Comptroller or any court
of competent jurisdiction may make a determination
that a State law prevents or significantly interferes
with the exercise by a Credit Corporation of its pow-
ers on a case-by-case basis, in accordance with appli-
cable law.

(l) ENFORCEMENT.—

(1) IN GENERAL.—The Comptroller may en-
force in any court of competent jurisdiction the pro-
visions of this Act, regulations prescribed pursuant
to this Act, and cease and desist or other orders or
regulatory requirements imposed by the Comptroller.

(2) ACTION BY STATE.—The attorney general
(or the equivalent thereof) of any State shall have
the power to investigate violations of this Act or im-
plementing regulations prescribed by the Comptroler, and may bring a civil enforcement action in
the name of such State against a Credit Corporation
in any district court of the United States in the
State or in State court that has jurisdiction over the
defendant and to secure remedies under provisions
of this Act or remedies otherwise provided under
other law.

(3) CONSULTATION REQUIRED.—

(A) NOTICE.—
In General.—Before initiating any action in a court or other administrative or regulatory proceeding against any Credit Corporation as authorized by this Act to enforce any provision of this Act, including any regulation prescribed by the Comptroller, a State attorney general or State regulator shall timely provide a copy of the complete complaint to be filed and written notice describing such action or proceeding to the Comptroller.

Emergency Action.—If prior notice is not practicable, the State attorney general or State regulator shall provide a copy of the complete complaint and the notice to the Comptroller immediately upon instituting the action or proceeding.

Contents of Notice.—The notification required under this paragraph shall, at a minimum, describe—

(I) the identity of the parties;

(II) the alleged facts underlying the proceeding; and

(III) whether there may be a need to coordinate the prosecution of
the proceeding so as not to interfere
with any action, including any rule-
making, undertaken by the Comptroller.

(B) Comptroller Response.—In any
action described brought by a State attorney
general or State regulator, the Comptroller
may—

(i) intervene in the action as a party;

and

(ii) upon intervening—

(I) remove the action to the ap-
propriate United States district court,
if the action was not originally
brought there;

(II) be heard on all matters aris-
ing in the action; and

(III) appeal any order or judg-
ment, to the same extent as any other
party in the proceeding may.

(4) Regulations.—The Comptroller shall pre-
scribe regulations to implement the requirements of
this subsection and, from time to time, provide guid-
ance in order to further coordinate actions with the
State attorneys general and other regulators.
(5) Preservation of state authority.—No provision of this Act shall be construed as modifying, limiting, or superseding the operation of any provision of any enumerated Federal consumer financial protection law listed under section 1002(12) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5482(12)) and regulations prescribed pursuant to such laws that relates to the authority of a State attorney general or State regulator to enforce such Federal law and regulations.

(m) Penalties.—Whoever knowingly violates any provision of this Act, or regulation prescribed pursuant to this Act, shall be fined not more than $10,000 for each day such violation occurs, and the Comptroller, in connection with its ongoing regulation and supervision program, may also establish and impose other reasonable penalties for violations of this Act, regulations prescribed pursuant to this Act, or orders or supervisory mandates, including cease and desist orders, issued by the Comptroller.

(n) Reports to Congress.—Not later than 180 days after the date of effective date of this Act, and annually for 5 years thereafter, the Comptroller shall submit to Congress a report on its activities and progress with approving Credit Corporations pursuant to subsection (b)
and approving financial products or services pursuant to subsection (f), and such reports shall include—

(1) a descriptive summary of the actions of the Comptroller during the reporting period to carry out the purposes of this Act;

(2) the number of charter applications and product approval submissions received by the Comptroller;

(3) the number of such applications and submissions that were approved or disapproved, including a detailed explanation for each disapproval, or are pending;

(4) a description of any further actions the Comptroller intends to undertake to—

(A) facilitate the chartering of qualified nondepository institutions; and

(B) increase the number of financial products that are approved to help increase competition and consumer choice for underserved consumers; and

(5) any recommendations the Comptroller may have regarding other legislative measures that would improve the ability of a Credit Corporation to provide additional financial products or services to underserved consumers or small businesses.
(o) Regulations.—The Comptroller shall prescribe regulations implementing the provisions of this Act not later than 180 days after the effective date of this Act.

SEC. 4. DEFINITIONS.

In this Act:

(1) Affiliate.—The term “affiliate” means any person that controls, is controlled by, or is under common control with another person.

(2) Affordable.—The term “affordable” means that a creditor has a reasonable expectation that a consumer will be able to repay an extension of credit.

(3) Commercially Viable.—The term “commercially viable” means that a reasonable economic profit is expected to be made when a financial product or service is provided to a consumer or small business.

(4) Comptroller.—The term “Comptroller” means the Comptroller of the Currency.

(5) Consumer.—The term “consumer” means an individual or agent, trustee, or representative acting on behalf of an individual.

(6) Control and Controlled By.—The terms “control” and “controlled by” mean that—
(A) a person directly or indirectly or acting
through 1 or more other persons owns, controls,
or has power to vote 25 per centum or more of
any class of voting stock of a company;

(B) a person controls in any manner the
election of a majority of the directors or trust-
ees of a company; or

(C) the Comptroller makes a determina-
tion, after notice and opportunity for hearing,
that a person directly or indirectly exercises a
controlling influence over the management or
policies of a company.

(7) CREDIT.—The term “credit” means the
right granted by a person to a consumer or a small
business to defer payment of a debt, incur debt and
defer its payment, or purchase property or services
and defer payment for such purchase.

(8) CREDITOR.—The term “creditor” has the
same meaning as is given such term in section
103(g) of the Truth in Lending Act (15 U.S.C.
1602(g)), and for purposes of this Act, shall include
a person who extends credit to a small business pur-
suant to the provisions of this Act.

(9) EXTENDED REPAYMENT PLAN.—The term
“extended repayment plan” means an installment
plan under which a consumer who is unable to repay a credit extension on a loan with a term of less than 120 days on the date due, and who complies with applicable requirements established in regulations prescribed by the Comptroller, may repay a creditor the outstanding balance of the loan in at least 4 substantially equal payments without being charged any additional interest, fees, or other charges.

(10) **Financial Product or Service.**—The term “financial product or service” has the same meaning as is given the term “consumer financial product or service” in section 1002(5) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481(5)), and for purposes of this Act, shall mean a financial product or service provided to a small business.

(11) **Insured Depository Institution and Depository Institution.**—The terms “insured depository institution” and “depository institution” (also referred to herein as “depositories”) have the same meanings as are given such terms under section 3(e) of the Federal Deposit Insurance Act (12 U.S.C. 1813(e)), and for purposes of this Act, also includes an “insured credit union” as such term is
defined under section 101(7) of the Federal Credit Union Act (12 U.S.C. 1752(7)).

(12) QUALIFIED NONDEPOSITORY CREDITOR.—
The term “qualified nondepository creditor” means an entity that is chartered or licensed by a State and offers personal loans or other financial products or services to consumers or small businesses, but does not accept consumer or commercial deposits.

(13) PERSON.—The term “person” means an individual, partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or any other entity.

(14) PRIMARY BUSINESS ACTIVITIES.—The term “primary business activities” means that the business activities of a Credit Corporation predominately involve providing financial products and services approved by the Comptroller to underserved consumers and small businesses.

(15) SECURED CREDIT TRANSACTION.—The term “secured credit transaction” means—

(A) a consumer credit transaction where the performance of the credit obligation is secured by an interest in property; and

(B) such transaction is recognized as secured by State or Federal law.
(16) SMALL BUSINESS.—The term “small business” means a business entity, including a sole proprietorship, that has less than 500 full-time employees.

(17) STATE.—The term “State” means—

(A) a State, territory, or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the United States Virgin Islands; and

(B) federally recognized Indian tribes, as published by the Secretary of the Interior pursuant to section 104(a) of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a–1(a)).

(18) UNDERSERVED CONSUMER.—The term “underserved consumer” means a natural person who—

(A) does not have a checking or savings account with an insured depository institution; or

(B) has a deposit account with an insured depository institution, but has limited or no ability to obtain small personal loans or other
nondepository financial products or services from an insured depository institution.

(19) **UNSECURED CREDIT TRANSACTION.**—The term “unsecured credit transaction” means a consumer credit transaction where the performance of the credit obligation is not secured by an interest in property or where the security interest is not recognized by State or Federal law.

**SEC. 5. CONFORMING AMENDMENT TO TILA.**

Section 104 of the Truth in Lending Act (15 U.S.C. 1603) is amended by adding at the end the following:

“(8) Credit transactions involving extensions of credit with a term of 1 year or less in which the creditor provides consumers in all such credit transactions with a clear and conspicuous statement in the loan agreement that discloses the true cost of the loan, including all interest, fees, and other loan related charges, as a dollar amount and as a percentage of the principal amount of the loan.”.

**SEC. 6. EFFECTIVE DATE.**

This Act shall be effective 180 days after the date of the enactment of this Act.