

119TH CONGRESS
1ST SESSION

S. 780

To amend the Truth in Lending Act to address certain issues relating to the extension of consumer credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 27, 2025

Mr. MERKLEY (for himself, Mr. SANDERS, Mr. WYDEN, Mr. VAN HOLLEN, Mr. DURBIN, Mr. BLUMENTHAL, Ms. SMITH, Mr. MARKEY, Mr. BOOKER, and Ms. BALDWIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Truth in Lending Act to address certain issues relating to the extension of consumer credit, 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 “Stopping Abuse and
5 Fraud in Electronic Lending Act of 2025” or the “SAFE
6 Lending Act of 2025”.

7 **SEC. 2. CONSUMER CONTROL OVER BANK ACCOUNTS.**

8 (a) PROHIBITING UNAUTHORIZED REMOTELY CRE-
9 ATED CHECKS.—Section 905 of the Electronic Fund

1 Transfer Act (15 U.S.C. 1693c) is amended by adding at
2 the end the following:

3 “(d) LIMITATIONS ON REMOTELY CREATED
4 CHECKS.—

5 “(1) DEFINITION.—In this subsection—

6 “(A) the term ‘Federal consumer financial
7 law’ has the meaning given the term in section
8 1002 of the Consumer Financial Protection Act
9 of 2010 (12 U.S.C. 5481); and

10 “(B) the term ‘remotely created check’
11 means a check, including a paper or electronic
12 check and any other payment order that the
13 Bureau, by rule, determines is appropriately
14 covered under this subsection, that—

15 “(i) is not created by the financial in-
16 stitution that holds the customer account
17 from which the check is to be paid; and

18 “(ii) does not bear a signature ap-
19 plied, or purported to be applied, by the
20 person from whose account the check is to
21 be paid.

22 “(2) LIMITATIONS.—Subject to the limitations
23 in paragraph (3) and any additional limitations that
24 the Bureau may establish, by rule, a remotely cre-
25 ated check may only be issued by a person des-

1 ignated in writing by a consumer, with that written
 2 designation specifically provided by the consumer to
 3 the insured depository institution at which the con-
 4 sumer maintains the account from which the check
 5 is to be drawn.

6 “(3) ADDITIONAL LIMITATIONS.—

7 “(A) IN GENERAL.—A designation pro-
 8 vided by a consumer under paragraph (2) may
 9 be revoked at any time by the consumer.

10 “(B) CONSUMER FINANCIAL PROTECTION
 11 LAWS.—No payment order, including a re-
 12 motely created check, may be issued by any per-
 13 son in response to the exercise of, or attempt to
 14 exercise, any right by a consumer under—

15 “(i) any Federal consumer financial
 16 law; or

17 “(ii) any other provision of any law or
 18 regulation within the jurisdiction of the
 19 Bureau.”.

20 (b) CONSUMER PROTECTIONS FOR CERTAIN ONE-
 21 TIME ELECTRONIC FUND TRANSFERS.—Section 913 of
 22 the Electronic Fund Transfer Act (15 U.S.C. 1693k) is
 23 amended—

24 (1) in the matter preceding paragraph (1), by
 25 inserting “(a) IN GENERAL.—” before “No person”;

1 (2) in subsection (a)(1), as so designated, by
 2 striking “preauthorized electronic fund transfers”
 3 and inserting “an electronic fund transfer”; and
 4 (3) by adding at the end the following:

5 “(b) TREATMENT FOR ELECTRONIC FUND TRANS-
 6 FERS IN CREDIT EXTENSIONS.—If a consumer voluntarily
 7 agrees to repay an extension of a small-dollar consumer
 8 credit transaction, as defined in section 110(a) of the
 9 Truth in Lending Act, by means of an electronic fund
 10 transfer, the electronic fund transfer shall be treated as
 11 a preauthorized electronic fund transfer subject to the pro-
 12 tections of this title.”.

13 **SEC. 3. TRANSPARENCY AND CONSUMER EMPOWERMENT**
 14 **IN SMALL-DOLLAR LENDING.**

15 (a) SMALL-DOLLAR CONSUMER CREDIT TRANS-
 16 ACTIONS.—

17 (1) IN GENERAL.—The Truth in Lending Act
 18 (15 U.S.C. 1601 et seq.) is amended—

19 (A) by inserting after section 109 (15
 20 U.S.C. 1608) the following:

21 **“SEC. 110. REGISTRATION REQUIREMENT FOR SMALL-DOL-**
 22 **LAR LENDERS.**

23 “(a) DEFINITION.—In this section, the term ‘small-
 24 dollar consumer credit transaction’—

1 “(1) means any transaction that extends credit
2 that is—

3 “(A) made to a consumer in an amount
4 that is not more than—

5 “(i) \$5,000; or

6 “(ii) such greater amount as the Bu-
7 reau may, by rule, determine to reflect
8 changes in the Consumer Price Index for
9 all urban consumers published by the De-
10 partment of Labor; and

11 “(B) extended pursuant to an agreement
12 that is—

13 “(i)(I) other than an open end credit
14 plan; and

15 “(II) payable in 1 or more install-
16 ments of less than 12 months;

17 “(ii) an open end credit plan in which
18 each advance is fully repayable within a
19 defined time or in connection with a de-
20 fined event, or both; or

21 “(iii) any other plan as the Bureau
22 determines, by rule; and

23 “(2) includes any action that facilitates, bro-
24 kers, arranges, or gathers applications for a trans-
25 action described in paragraph (1).

1 “(b) REGISTRATION REQUIREMENT.—A person shall
 2 register with the Bureau before issuing credit in a small-
 3 dollar consumer credit transaction.”; and

4 (B) in section 173 (15 U.S.C. 1666j), by
 5 adding at the end the following:

6 “(d) Notwithstanding any other provision of this title,
 7 any small-dollar consumer credit transaction, as defined
 8 in section 110(a), shall comply with the laws of the State
 9 in which the consumer to which credit in the transaction
 10 is extended resides with respect to annual percentage
 11 rates, interest, fees, charges, and such other similar or re-
 12 lated matters as the Bureau may, by rule, determine if
 13 the small-dollar consumer credit transaction is—

14 “(1) made—

15 “(A) over the internet;

16 “(B) by telephone;

17 “(C) by facsimile;

18 “(D) by mail;

19 “(E) by electronic mail; or

20 “(F) through another electronic commu-
 21 nication; or

22 “(2) conducted by a national bank.”.

23 (2) TECHNICAL AND CONFORMING AMEND-
 24 MENT.—The table of sections for chapter 1 of the
 25 Truth in Lending Act (15 U.S.C. 1601 et seq.) is

1 amended by inserting after the item relating to sec-
 2 tion 109 the following:

“110. Registration requirement for small-dollar lenders.”.

3 (b) PROHIBITION ON CERTAIN FEES.—Section 915
 4 of the Electronic Fund Transfer Act (15 U.S.C. 1693l–
 5 1) is amended—

6 (1) by redesignating subsection (d) as sub-
 7 section (e); and

8 (2) by inserting after subsection (c) the fol-
 9 lowing:

10 “(d) ADDITIONAL FEES PROHIBITED.—

11 “(1) DEFINITION.—In this subsection, the term
 12 ‘prepaid account’ has the meaning given the term in
 13 section 1005.2 of title 12, Code of Federal Regula-
 14 tions, or any successor regulation.

15 “(2) PROHIBITION.—With respect to the use of
 16 a prepaid account by a consumer—

17 “(A) it shall be unlawful for any person to
 18 charge the consumer a fee for an overdraft with
 19 respect to the prepaid account;

20 “(B) any transaction for an amount that
 21 exceeds the account balance of the prepaid ac-
 22 count may be declined by the financial institu-
 23 tion holding the prepaid account; and

24 “(C) the Bureau may, by rule, prohibit any
 25 person from charging a fee with respect to the

prepaid account (other than a fee described in subparagraph (A)) so that the Bureau may—

“(i) prevent unfair, deceptive, or abusive practices; and

“(ii) promote the ability of the consumer to understand and compare the costs of prepaid accounts.”.

SEC. 4. RESTRICTIONS ON LEAD GENERATION IN SMALL-DOLLAR CONSUMER CREDIT TRANSACTIONS.

(a) IN GENERAL.—Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by adding at the end the following:

“SEC. 140B. RESTRICTIONS ON LEAD GENERATION IN SMALL-DOLLAR CONSUMER CREDIT TRANSACTIONS.

“(a) DEFINITIONS.—In this section—

“(1) the terms ‘Internet access service’ and ‘Internet information location tool’ have the meanings given those terms in section 231(e) of the Communications Act of 1934 (47 U.S.C. 231(e));

“(2) the term ‘sensitive personal financial information’ means a social security number, financial account number, bank routing number, bank account number, or security or access code that is im-

1 mediately necessary to permit access to the financial
2 account of an individual; and

3 “(3) the term ‘small-dollar consumer credit
4 transaction’ has the meaning given the term in sec-
5 tion 110(a).

6 “(b) IDENTIFICATION INFORMATION.—Any person
7 facilitating, brokering, arranging for, or gathering applica-
8 tions for the distribution of sensitive personal financial in-
9 formation in connection with a small-dollar consumer
10 credit transaction shall prominently disclose information
11 by which the person may be contacted or identified, includ-
12 ing for service of process and for identification of the reg-
13 istrant of any domain name registered or used.

14 “(c) PROHIBITION ON LEAD GENERATION IN SMALL-
15 DOLLAR CONSUMER CREDIT TRANSACTIONS.—No person
16 may facilitate, broker, arrange for, or gather applications
17 for the distribution of sensitive personal financial informa-
18 tion in connection with a small-dollar consumer credit
19 transaction unless the person is directly providing the
20 small-dollar consumer credit to a consumer.

21 “(d) RULE OF CONSTRUCTION.—

22 “(1) IN GENERAL.—Nothing in this section
23 may be construed to limit the authority of the Bu-
24 reau to further restrict activities covered by this sec-
25 tion.

“(B) The transmission, storage, retrieval, hosting, formatting, or translation (or any combination thereof) of a communication, without selection or alteration of the content of the communication, except the deletion of a particular communication or material made by another person in a manner that is consistent with section 230(c) of the Communications Act of 1934 (47 U.S.C. 230(c)).”.

“140B. Restrictions on lead generation in small-dollar consumer credit transactions.”.

1 **SEC. 5. STUDIES.**

2 (a) DEFINITIONS.—In this section—

3 (1) the term “appropriate committees of Con-
4 gress” means—

5 (A) the Committee on Banking, Housing,
6 and Urban Affairs of the Senate;

7 (B) the Committee on Indian Affairs of the
8 Senate;

9 (C) the Committee on Financial Services of
10 the House of Representatives; and

11 (D) the Committee on Natural Resources
12 of the House of Representatives; and

13 (2) the term “Indian Tribe” has the meaning
14 given the term in section 4 of the Indian Self-Deter-
15 mination and Education Assistance Act (25 U.S.C.
16 5304).

17 (b) STUDY REQUIRED.—Not later than 180 days
18 after the date of enactment of this Act, the Comptroller
19 General of the United States shall conduct a study regard-
20 ing—

21 (1) the availability of capital on reservations of
22 Indian Tribes; and

23 (2) the impact that small-dollar consumer credit
24 extended through internet and non-internet means
25 to members of Indian Tribes has had on economic

1 opportunity and wealth for members of Indian
2 Tribes.

3 (c) CONSULTATION.—In conducting the study re-
4 quired under subsection (b), the Comptroller General of
5 the United States shall consult, as appropriate, with—

6 (1) the Bureau of Consumer Financial Protec-
7 tion;

8 (2) the Board of Governors of the Federal Re-
9 serve System;

10 (3) the Director of the Bureau of Indian Af-
11 fairs;

12 (4) federally recognized Indian Tribes; and

13 (5) community development financial institu-
14 tions operating in Indian lands.

15 (d) CONGRESSIONAL CONSIDERATION.—The Comp-
16 troller General of the United States shall submit to the
17 appropriate committees of Congress the study required
18 under subsection (b).

19 **SEC. 6. RULEMAKING.**

20 Not later than 1 year after the date of enactment
21 of this Act, the Bureau of Consumer Financial Protection
22 shall adopt any final rules that are necessary to implement
23 the provisions of this Act and the amendments made by
24 this Act.

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