

111TH CONGRESS  
1ST SESSION

# S. 257

To amend title 11, United States Code, to disallow certain claims resulting from high cost credit debts, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JANUARY 15, 2009

Mr. WHITEHOUSE (for himself and Mr. DURBIN) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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## A BILL

To amend title 11, United States Code, to disallow certain claims resulting from high cost credit debts, 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 “Consumer Credit Fair-  
5 ness Act”.

6 **SEC. 2. EFFECTS OF HIGH COST CREDIT ON BANKRUPTCY**

7 **PROCEEDINGS.**

8 (a) DEFINITIONS.—Section 101 of title 11, United  
9 States Code, is amended—

1 (1) by redesignating paragraph (27B) as para-  
2 graph (27C); and

3 (2) by inserting after paragraph (27A) the fol-  
4 lowing:

5 “(27B) The term ‘high cost consumer credit  
6 transaction’ means an extension of credit by a ‘cred-  
7 itor’ (as defined in section 103 of the Truth in  
8 Lending Act (15 U.S.C. 1602(f))), resulting in a  
9 consumer debt that has an applicable annual per-  
10 centage rate (as determined in accordance with sec-  
11 tion 107(a) of the Truth in Lending Act (15 U.S.C.  
12 1606(a)), and including costs and fees incurred in  
13 connection with the extension of such credit) that  
14 exceeds, at any time while the credit is outstanding,  
15 the lesser of—

16 “(A) the sum of 15 percent and the yield  
17 on United States Treasury securities having a  
18 30-year period of maturity; or

19 “(B) 36 percent.”.

20 (b) DISALLOWANCE OF CLAIMS.—Section 502 of title  
21 11, United States Code, is amended by adding at the end  
22 the following:

23 “(l) Notwithstanding subsections (a) and (b) of this  
24 section, the court shall disallow any claim arising from a

1 high cost consumer credit transaction for the purpose of  
2 distribution under this title.”.

3 **SEC. 3. EXCLUSION.**

4 Section 707(b) of title 11, United States Code, is  
5 amended by adding at the end the following:

6 “(8) Paragraph (2) shall not apply in the case of a  
7 debtor who has any debts arising from a high cost con-  
8 sumer credit transaction.”.

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