

117TH CONGRESS
2D SESSION

S. _____

To provide a consumer protection framework necessary to support the growth of accessible, affordable, and accountable financing options for postsecondary education, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. YOUNG (for himself, Mr. WARNER, Mr. RUBIO, and Mr. COONS) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To provide a consumer protection framework necessary to support the growth of accessible, affordable, and accountable financing options for postsecondary education, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “ISA Student Protection Act of 2022”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

2

- Sec. 2. Definitions.
- Sec. 3. Effective date.

TITLE I—NEW CONSUMER PROTECTIONS SPECIFIC TO INCOME
SHARE AGREEMENTS

- Sec. 101. Prohibition on acceleration; treatment of early completion mechanisms.
- Sec. 102. Consumer protections for educational income share agreements.
- Sec. 103. Discharge protections for ISA recipients.
- Sec. 104. Limitation on amounts treated as income under educational ISAs.

TITLE II—TAX TREATMENT OF INCOME SHARE AGREEMENTS

- Sec. 201. Tax treatment.

TITLE III—DISCLOSURES APPLICABLE TO INCOME SHARE
AGREEMENTS

- Sec. 301. Disclosures.
- Sec. 302. Required disclosures for income share agreements.
- Sec. 303. Additional requirements for educational ISAs.
- Sec. 304. Advertising of income share agreements.

TITLE IV—OTHER CLARIFICATIONS TO SUPPORT ISA PROGRAMS

- Sec. 401. Treatment under securities laws.
- Sec. 402. Treatment under bankruptcy laws.
- Sec. 403. Consent to continuing release of taxpayer information under educational ISAs and income share agreements.
- Sec. 404. Interplay with the Higher Education Act of 1965.

TITLE V—APPLYING EXISTING CONSUMER PROTECTIONS TO
INCOME SHARE AGREEMENTS

- Sec. 501. Equal access to income share agreements.
- Sec. 502. Prohibition on requiring preauthorized electronic fund transfers under the Electronic Fund Transfer Act.
- Sec. 503. Treatment under the Fair Credit Reporting Act.
- Sec. 504. Treatment under the Fair Debt Collection Practices Act.
- Sec. 505. Treatment of educational income share agreements for purposes of Military Lending Act.
- Sec. 506. Treatment under the Servicemembers Civil Relief Act.
- Sec. 507. Preservation of consumers' claims and defenses.

TITLE VI—RELATION TO OTHER LAWS

- Sec. 601. Treatment under other laws.
- Sec. 602. Relation to State law.

TITLE VII—ENFORCEMENT AND REPORTING

- Sec. 701. Enforcement.
- Sec. 702. Reporting requirement for the Bureau of Consumer Financial Protection.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) ADVERSE ACTION.—The term “adverse ac-
4 tion”—

5 (A) means a denial or revocation of rights
6 under an income share agreement, a change in
7 the terms of an existing income share agree-
8 ment, or a refusal to grant an income share
9 agreement in substantially the amount or on
10 substantially the terms requested; and

11 (B) does not include a refusal to extend
12 additional disbursements or amounts financed
13 under an income share agreement under an ex-
14 isting income share agreement arrangement
15 if—

16 (i) the applicant is delinquent or oth-
17 erwise in default; or

18 (ii) such additional amounts would ex-
19 ceed a previously established limit on the
20 amount financed.

21 (2) AMOUNT FINANCED.—The term “amount
22 financed” means, with respect to an income share
23 agreement, the amounts credited or advanced by the
24 ISA provider to the ISA recipient or on behalf of the
25 ISA recipient.

1 quency of payments as the income share
2 agreement; and

3 (ii) an expected number of payments
4 equal to the ISA maximum number of pay-
5 ments; and

6 (C) is fully amortized over the ISA dura-
7 tion, with substantially equal periodic payments
8 of principal and interest.

9 (7) CONSUMER.—The term “consumer” means
10 a natural person using an income share agreement
11 for personal, family, or household purposes.

12 (8) CONSUMER PROTECTION REGULATION.—
13 The term “consumer protection regulation” means a
14 regulation that the Bureau is authorized to prescribe
15 under Federal consumer financial law, as defined in
16 section 1002 of the Consumer Financial Protection
17 Act of 2010 (12 U.S.C. 5481).

18 (9) COVERED EDUCATIONAL INSTITUTION.—
19 The term “covered educational institution”—

20 (A) means—

21 (i) an educational institution that
22 would be an institution of higher edu-
23 cation, if such determination was made
24 without regard to the institution’s accredi-
25 tation status; and

1 (ii) an institution-affiliated organiza-
2 tion, as defined in section 151 of the High-
3 er Education Act of 1965 (20 U.S.C.
4 1019); and

5 (B) includes an agent, officer, or employee
6 of the institution of higher education or institu-
7 tion-affiliated organization.

8 (10) DATE OF THE ISA.—The term “date of the
9 ISA” means the date that is the later of—

10 (A) the date on which the income share
11 agreement is signed by the ISA recipient and
12 the ISA provider; or

13 (B) the date on which the income share
14 agreement is accepted by the ISA recipient and
15 the ISA provider.

16 (11) DIRECTOR.—The term “Director” means
17 the Director of the Bureau.

18 (12) DISBURSEMENT.—The term “disburse-
19 ment”, when used with respect to an income share
20 agreement, means the advance of ISA financing to
21 an ISA recipient or the advancing of ISA financing
22 to a third party on the ISA recipient’s behalf.

23 (13) EDUCATIONAL ISA; EDUCATIONAL INCOME
24 SHARE AGREEMENT.—The term “educational ISA”
25 or “educational income share agreement”—

1 (A) means an income share agreement
2 that—

3 (i) is not made, insured, or guaran-
4 teed under title IV of the Higher Edu-
5 cation Act of 1965 (20 U.S.C. 1070 et
6 seq.) or another federally subsidized edu-
7 cational finance program;

8 (ii) pays amounts to, or on behalf of,
9 the ISA recipient for—

10 (I) costs associated with a post-
11 secondary training program, or any
12 other program designed to increase
13 the individual’s human capital, em-
14 ployability, or earning potential (and
15 not limited to programs eligible to
16 participate under title IV of the High-
17 er Education Act of 1965 (20 U.S.C.
18 1070 et seq.));

19 (II) any personal expenses (such
20 as books, supplies, transportation, and
21 living costs) incurred by the individual
22 while enrolled in a program described
23 in subclause (I);

24 (III) any other costs or expenses
25 included in the definition of a “quali-

1 fied higher education expense”, as de-
2 fined in section 529(e)(3)(A) of the
3 Internal Revenue Code of 1986, and

4 (IV) the refinancing of loans or
5 income share agreements used for the
6 purposes described in subclauses (I)
7 through (III), and without regard as
8 to whether the income share agree-
9 ment is provided by the educational
10 institution that the ISA recipient at-
11 tends; and

12 (B) does not include a loan, open-end cred-
13 it, or any loan or income share agreement that
14 is secured by real property or a dwelling.

15 (14) EDUCATION LOAN.—The term “education
16 loan” means—

17 (A) a loan made, insured, or guaranteed
18 under title IV of the Higher Education Act of
19 1965 (20 U.S.C. 1070 et seq.) or any other
20 loan made, insured, or guaranteed by the Fed-
21 eral Government; or

22 (B) a private education loan, as such term
23 is defined in section 140(a) of the Truth in
24 Lending Act (15 U.S.C. 1650(a)).

1 ISA provider is conditional on the ISA re-
2 cipient's income exceeding the income
3 threshold set in the income share agree-
4 ment;

5 (iv) there is an ISA duration after
6 which the obligation is complete regardless
7 of how much has been paid (as long as the
8 ISA recipient has paid any prior amounts
9 due);

10 (v) the ISA provider and the ISA re-
11 cipient enter into an agreement that, as of
12 the date of the ISA, includes each element
13 described in clauses (i) through (iv); and

14 (vi) the agreement states that it is an
15 income share agreement and subject to this
16 Act.

17 (B) SPECIAL RULE.—If a provider offers a
18 financial product that meets the requirements
19 of clauses (i) through (v) but does not include
20 the statement described in clause (vi), then the
21 financial product is not an income share agree-
22 ment and shall be considered credit.

23 (17) INCOME THRESHOLD.—The term “income
24 threshold” means a fixed dollar amount that is the
25 minimum income per payment period that an ISA

1 recipient is required to earn before the ISA recipient
2 is required to make a payment on an income share
3 agreement for such payment period.

4 (18) INSTITUTION OF HIGHER EDUCATION.—
5 The term “institution of higher education” has the
6 meaning given the term in section 102 of the Higher
7 Education Act of 1965 (20 U.S.C. 1002).

8 (19) ISA DURATION.—The term “ISA dura-
9 tion” means the maximum length of time during
10 which the income of an ISA recipient can be subject
11 to an ISA payment (absent periods of payment relief
12 pause at the request of the ISA recipient).

13 (20) ISA FINANCING.—The term “ISA financ-
14 ing” means the disbursement of funds by an ISA
15 provider under an income share agreement.

16 (21) ISA MAXIMUM NUMBER OF PAYMENTS.—
17 The term “ISA maximum number of payments”
18 means the maximum number of ISA payments (dur-
19 ing ISA payment periods in which the ISA recipi-
20 ent’s income is greater than the income threshold)
21 that an ISA recipient could be required to make.

22 (22) ISA PAYMENT.—The term “ISA pay-
23 ment”—

24 (A) means the amount of an ISA recipi-
25 ent’s periodic payment obligation, based on the

1 terms of the income share agreement, during
2 any payment period for which the ISA recipi-
3 ent's income is greater than the income thresh-
4 old; and

5 (B) is calculated using the ISA payment
6 calculation method, based on the ISA recipi-
7 ent's income for the specified period.

8 (23) ISA PAYMENT CALCULATION METHOD.—

9 The term “ISA payment calculation method” means
10 the ISA percentage, or the schedule of fixed dollar
11 amounts based on the ISA recipient's income for a
12 payment period, that is used to calculate an ISA re-
13 cipient's ISA payment under the income share
14 agreement.

15 (24) ISA PAYMENT WINDOW.—The “ISA pay-
16 ment window” means the period during which the
17 ISA recipient is required to make ISA payments in
18 periods where the ISA recipient's income is greater
19 than the income threshold for the income share
20 agreement.

21 (25) ISA PERCENTAGE.—The term “ISA per-
22 centage” means a percentage of income (or schedule
23 of percentages of income based on the ISA recipi-
24 ent's income in a given ISA payment period) used

1 to calculate an ISA recipient's ISA payment pursu-
2 ant to an income share agreement.

3 (26) ISA PROVIDER.—The term “ISA provider”
4 means a person that provides financing to an ISA
5 recipient pursuant to an income share agreement or,
6 in the case of a person who is a merchant financing
7 the sale of goods or services to the ISA recipient, the
8 merchant.

9 (27) ISA RECIPIENT.—The term “ISA recipi-
10 ent” means a consumer that receives financing from
11 an ISA provider pursuant to an income share agree-
12 ment.

13 (28) LOAN.—The term “loan” means a finan-
14 cial product that—

15 (A) is credit, as defined in section
16 1026.2(a) of title 12, Code of Federal Regula-
17 tions;

18 (B) is not an income share agreement; and

19 (C) involves the advance of a sum of
20 money to a borrower under an obligation to
21 repay the principal with a corresponding right
22 to defer payment of the principal balance with
23 or without interest.

1 (29) LOAN COMPARISON.—The term “loan com-
2 parison” means the comparison table required under
3 section 302(d)(9).

4 (30) PAYMENT RELIEF PAUSE.—The term
5 “payment relief pause” means a period of time
6 that—

7 (A) is requested by the ISA recipient dur-
8 ing which any payment obligation the ISA re-
9 cipient would have is suspended; and

10 (B) does not count toward an ISA recipi-
11 ent’s ISA payment window or ISA maximum
12 number of payments.

13 (31) PERSON.—The term “person” means a
14 natural person or an organization, including a cor-
15 poration, partnership, proprietorship, association, co-
16 operative, estate, trust, or government unit.

17 (32) POVERTY LINE.—The term “poverty line”
18 has the meaning given the term in section 673 of the
19 Community Services Block Grant Act (42 U.S.C.
20 9902).

21 (33) SECRETARY.—The term “Secretary”
22 means the Secretary of Education.

23 (34) STATE.—The term “State” means the sev-
24 eral States of the United States, the Commonwealth
25 of Puerto Rico, the District of Columbia, Guam,

1 American Samoa, the Virgin Islands, the Northern
2 Mariana Islands, the Federated States of Micro-
3 nesia, the Republic of the Marshall Islands, and the
4 Republic of Palau.

5 (35) STATE LAW.—The term “State law”
6 means—

7 (A) any law, decision, rule, regulation, or
8 other action having the effect of a law of any
9 State or any political subdivision of a State, or
10 any agency or instrumentality of a State or po-
11 litical subdivision of a State; and

12 (B) any law of the United States applica-
13 ble only to the District of Columbia.

14 **SEC. 3. EFFECTIVE DATE.**

15 This Act, and the amendments made by this Act,
16 shall take effect on the date that is 180 days after the
17 date of enactment of this Act.

18 **TITLE I—NEW CONSUMER PRO-**
19 **TECTIONS SPECIFIC TO IN-**
20 **COME SHARE AGREEMENTS**

21 **SEC. 101. PROHIBITION ON ACCELERATION; TREATMENT**
22 **OF EARLY COMPLETION MECHANISMS.**

23 (a) NO ACCELERATION.—

24 (1) IN GENERAL.—An ISA provider shall not
25 include any mechanism in an income share agree-

1 ment that accelerates an amount against an ISA re-
2 recipient in the event of a default under the income
3 share agreement.

4 (2) EFFECT OF ACCELERATION CLAUSE.—Any
5 agreement with an acceleration mechanism described
6 in paragraph (1) shall, for purposes of all Federal
7 law, be treated as credit under Federal law and shall
8 not be treated as an income share agreement.

9 (b) NO IMPACT ON EARLY COMPLETION MECHA-
10 NISMS.—Notwithstanding subsection (a)—

11 (1) an income share agreement may contain an
12 early completion provision that allows the ISA re-
13 recipient to terminate the income share agreement
14 prior to any trigger terminating further obligations
15 under the income share agreement (such as a total
16 cap on payments due to the ISA provider or other
17 rights to partially or fully terminate further obliga-
18 tions under the income share agreement) if the early
19 completion provision is optional to the ISA recipient
20 and within the ISA recipient's control; and

21 (2) such early completion mechanism shall not
22 be treated as a form of acceleration prohibited under
23 subsection (a), an early completion penalty, or a pre-
24 payment penalty.

1 **SEC. 102. CONSUMER PROTECTIONS FOR EDUCATIONAL IN-**
2 **COME SHARE AGREEMENTS.**

3 (a) MONTHLY PAYMENT AFFORDABILITY FOR EDU-
4 CATIONAL ISAS.—

5 (1) MAXIMUM ISA INCOME OBLIGATION FOR
6 EDUCATIONAL ISAS.—An ISA provider shall not
7 enter into an educational ISA with an ISA recipient
8 if the ISA recipient would be committing more than
9 a total of 20 percent of the student's future income
10 toward the payment of such educational ISA and all
11 other educational ISAs of the ISA recipient.

12 (2) SELF-CERTIFICATION.—In calculating the
13 portion of a student's future income for purposes of
14 this subsection, the ISA provider may rely on a self-
15 certification from the ISA recipient regarding the
16 ISA recipient's outstanding educational ISAs, as of
17 the date of the agreement.

18 (3) CALCULATION METHODOLOGY AND RE-
19 QUIREMENTS.—

20 (A) IN GENERAL.—For the purposes of
21 calculating the portion of an ISA recipient's fu-
22 ture income that would be consumed by the
23 educational ISA for which the ISA recipient has
24 applied and all other educational ISAs of the
25 ISA recipient as of the date of the agreement,

1 the ISA provider shall calculate the aggregate
2 future burden—

3 (i) in any case where the income
4 threshold of the educational ISA is less
5 than the maximum described in subpara-
6 graph (B), at hypothetical future income
7 levels from such income threshold to the
8 such maximum, in increments of \$10,000;
9 and

10 (ii) in any case where the income
11 threshold of the educational ISA is equal
12 to or greater than such maximum, at such
13 income threshold.

14 (B) MAXIMUM.—The maximum described
15 in this subparagraph shall be the greater of—

16 (i)(I) for fiscal year 2023, \$70,000; or

17 (ii) for fiscal year 2024 and each sub-
18 sequent fiscal year, the maximum for the
19 preceding fiscal year—

20 (I) increased by the percentage
21 increase in the consumer price index;
22 and

23 (II) rounded to the nearest
24 \$1,000; and

1 (iii) in the case of an ISA recipient
2 who has (as of the date of the agreement),
3 or has applied for, an educational ISA that
4 uses a schedule of income percentages or a
5 schedule of fixed amounts as the ISA pay-
6 ment calculation method, the highest in-
7 come level referenced by a schedule for any
8 such educational ISA.

9 (C) CALCULATION.—

10 (i) IN GENERAL.—The terms of an
11 educational ISA for which the ISA recipi-
12 ent has applied cannot cause the student's
13 aggregate future burden (defined as the
14 total amounts expected to be due under all
15 educational ISAs of the ISA recipient as of
16 the date of the agreement, and all edu-
17 cational ISAs for which the ISA recipient
18 is applying) to exceed the limit in para-
19 graph (1) at any of the income increments
20 described in subparagraph (A).

21 (ii) CALCULATION METHOD.—For the
22 purpose of calculating the percentage bur-
23 den of an educational ISA at a given fu-
24 ture income level, the ISA provider shall,
25 as applicable, use—

1 (I) the income percentage that
2 would be applicable for the edu-
3 cational ISA at such income level; or

4 (II) the fixed amount applicable
5 for the educational ISA at such in-
6 come level, divided by such income
7 level.

8 (4) PROTECTIONS DURING PERIODS OF LOW
9 EARNINGS.—

10 (A) IN GENERAL.—The educational ISA
11 shall provide that when an ISA recipient has an
12 income that is equal to or below the income
13 threshold of the educational ISA, the ISA pay-
14 ment obligation is zero dollars.

15 (B) THRESHOLD AMOUNT.—The income
16 threshold for an educational ISA shall be an
17 amount such that the difference between the
18 ISA recipient's income for the payment period,
19 minus the subtraction of any ISA obligation, is
20 not less than 200 percent of the poverty line for
21 a single person (as defined in section 673 of the
22 Community Services Block Grant Act (42
23 U.S.C. 9902)), prorated for the payment pe-
24 riod.

1 (5) REQUIRED PAYMENT RELIEF PAUSES.—An
2 educational ISA shall offer not less than 3 months
3 of voluntary payment relief pauses (as long as the
4 ISA recipient’s current income at the time of re-
5 questing the payment relief pause is equal to or less
6 than 400 percent of the Federal poverty line (as de-
7 fined in section 673 of the Community Services
8 Block Grant Act (42 U.S.C. 9902)) for a single indi-
9 vidual) for every 30 income-determined payments re-
10 quired under the educational ISA.

11 (b) ENSURING APPROPRIATE RISK SHARING FOR
12 EDUCATIONAL ISAS.—The payments required under an
13 educational ISA for an individual with income during the
14 payment term that is less than or equal to 300 percent
15 of the poverty line for a single individual, prorated for the
16 payment period, shall not exceed the payments on a com-
17 parable loan that bears interest at a rate less than or equal
18 to one-half of the annual percentage rate of interest limi-
19 tation under section 987(b) of title 10, United States
20 Code.

21 (c) LIMITS ON DURATION OF EDUCATIONAL ISA OB-
22 LIGATION.—

23 (1) ISA MAXIMUM NUMBER OF PAYMENTS.—
24 The ISA maximum number of payments shall not
25 exceed 240 monthly payments.

1 (2) ISA DURATION.—The ISA duration of an
2 educational ISA shall not exceed 360 months (except
3 in the case of an extension requested by the ISA re-
4 cipient).

5 (d) NON-INTERFERENCE.—An educational ISA shall
6 not be construed to give the contract holder any rights
7 over an individual's actions other than as provided in this
8 Act.

9 **SEC. 103. DISCHARGE PROTECTIONS FOR ISA RECIPIENTS.**

10 (a) PERMANENT AND TOTAL DISABILITY.—In any
11 case where an ISA recipient would be deemed totally and
12 permanently disabled for purposes of benefits adminis-
13 tered by the Department of Veterans Affairs or the Social
14 Security Administration (determined without regard to
15 whether the recipient receives such benefits), all further
16 obligations of the ISA recipient under the income share
17 agreement shall terminate, except those accruing before
18 the date such a determination would apply.

19 (b) DEATH.—Upon the death of an ISA recipient, all
20 further obligations of the ISA recipient under the income
21 share agreement shall terminate, except those obligations
22 accruing before the ISA recipient's date of death.

1 **SEC. 104. LIMITATION ON AMOUNTS TREATED AS INCOME**
2 **UNDER EDUCATIONAL ISAS.**

3 (a) IN GENERAL.—For purposes of calculating the
4 obligation of an ISA recipient to make ISA payments
5 under an educational ISA, the income of the ISA recipient
6 shall not include—

7 (1) the income of any child or dependent of the
8 ISA recipient;

9 (2) any item of income which is not included in
10 the gross income of the ISA recipient;

11 (3) any amount received from an individual re-
12 tirement plan (as defined in section 7701 of the In-
13 ternal Revenue Code of 1986), a pension, or an an-
14 nuity; or

15 (4) any social security benefit (as defined in
16 section 86 of such Code);

17 (b) ESTIMATING INCOME.—

18 (1) IN GENERAL.—In the event that an ISA re-
19 cipient fails to provide income documentation as rea-
20 sonably required by the income share agreement, an
21 ISA provider may assign an amount of income to
22 the participant and compute the monthly payment
23 amount for the participant by any of the following
24 methods, to the extent disclosed in the income share
25 agreement:

1 (A) Assigning an income amount obtained
2 from a reasonably reliable third party or a con-
3 sumer reporting agency, as defined in section
4 603(f) of the Fair Credit Reporting Act (15
5 U.S.C. 1681a(f)).

6 (B) If the participant previously provided
7 income documentation or has had an income as-
8 signed in the preceding 1-year period, assuming
9 that such income has increased by up to 10 per-
10 cent, but such increase may not be applied
11 more than once per 1-year period.

12 (C) Contacting the employer of the partici-
13 pant, or any person or entity reasonably be-
14 lieved to be the employer of the participant, to ob-
15 tain, verify, or update the income information
16 of the participant.

17 (D) Contacting the State revenue depart-
18 ment or the Internal Revenue Service to obtain
19 the most recent information available about the
20 income of the participant.

21 (E) For educational ISA providers, in any
22 case where the ISA provider has no prior his-
23 tory of income information from the partici-
24 pant, assigning a reasonable qualified income
25 based on—

1 (i) the median income for individuals
2 working in the profession for which the
3 educational program of the participant was
4 intended to prepare the participant, as de-
5 termined by information published by the
6 Bureau of Labor Statistics or other rea-
7 sonably reliable publicly available data
8 sources; or

9 (ii) the median income of participants
10 who attended the same or a reasonably
11 comparable covered educational program or
12 course of study, as determined by informa-
13 tion published by the Bureau of Labor
14 Statistics or other reasonably reliable pub-
15 licly available data sources.

16 (2) NOTIFICATION.—If an ISA provider assigns
17 an income to the income share agreement of a par-
18 ticipant, the ISA provider—

19 (A) shall notify the participant in the
20 monthly billing statement, and in each billing
21 statement thereafter while the assigned income
22 remains applicable to the income share agree-
23 ment of the participant, that income has been
24 assigned and of the rights of the participant
25 under this section;

1 (B) in any tax year for which the ISA pro-
2 vider has made an assumption about an individ-
3 ual's income using any of the methods de-
4 scribed in the prior paragraph and if the partic-
5 ipant has authorized ongoing access to the par-
6 ticipant's return information under section 403,
7 shall request such information in each year of
8 the payment term;

9 (C) if the participant does provide income
10 information as reasonably required by the in-
11 come share agreement within 1 year of the date
12 on which the ISA provider notified the partici-
13 pant that assigned income shall be applied to
14 the income share agreement or if the ISA pro-
15 vider receives updated income information
16 through return information authorized under
17 section 403, then, within 15 days after the date
18 on which the ISA provider receives such infor-
19 mation, shall—

20 (i) update each prior instance in
21 which assigned income was applied using
22 such new income information; and

23 (ii) reconcile any difference in
24 amounts owed by the participant based on
25 those updates to prior income; and

1 (D) if the participant provides income in-
2 formation more than 1 year after the ISA pro-
3 vider first assigned income to the income share
4 agreement of the participant, may, but shall not
5 be obligated to, update each prior instance in
6 which assigned income was applied using the in-
7 come information provided by the participant.

8 (3) RECORDS RETENTION.—An ISA provider
9 that assigns income to an income share agreement
10 shall retain all applicable records relating to the
11 method and data sources used to make such esti-
12 mation for 3 years after the end of that income
13 share agreement.

14 **TITLE II—TAX TREATMENT OF** 15 **INCOME SHARE AGREEMENTS**

16 **SEC. 201. TAX TREATMENT.**

17 (a) IN GENERAL.—Subchapter B of chapter 1 of the
18 Internal Revenue Code of 1986 is amended by adding at
19 the end the following:

20 **“PART XII—RULES RELATING TO QUALIFIED** 21 **EDUCATIONAL INCOME SHARING AGREEMENTS**

“Sec. 293. Rules related to qualified educational ISAs.

1 **“SEC. 293. RULES RELATED TO QUALIFIED EDUCATIONAL**
2 **ISAS.**

3 “(a) IN GENERAL.—For purposes of this title, an
4 educational ISA shall not be treated as indebtedness.

5 “(b) TREATMENT OF ISA RECIPIENT.—

6 “(1) INCOME EXCLUSION.—In the case of an
7 individual—

8 “(A) IN GENERAL.—Gross income shall
9 not include so much of the amount received
10 under an educational ISA as does not exceed
11 amounts paid or credited to such individual
12 under such qualified educational ISA for costs
13 and expenses described in section
14 2(13)(A)(ii)(II) of the ISA Student Protection
15 Act of 2022.

16 “(B) DIFFERENCE IN PAYMENTS.—In any
17 case in which the amount provided to the indi-
18 vidual under the educational ISA exceeds the
19 total payments made by the individual under
20 the educational ISA, gross income shall not in-
21 clude the amount of such excess.

22 “(2) CERTAIN AMOUNTS TREATED AS INTEREST
23 ON QUALIFIED EDUCATION LOANS.—

24 “(A) IN GENERAL.—For purposes of sec-
25 tion 221, the amount described in subpara-
26 graph (B) with respect to any educational ISA

1 shall be treated as interest paid by the taxpayer
2 during the taxable year on a qualified education
3 loan.

4 “(B) AMOUNT DESCRIBED.—The amount
5 described in this subparagraph with respect to
6 any educational ISA is, for any taxable year,
7 the excess of—

8 “(i) amounts paid by the taxpayer to
9 another person under the terms of a quali-
10 fied educational ISA during such taxable
11 year, over

12 “(ii) the excess of—

13 “(I) the aggregate amount re-
14 ceived under such qualified edu-
15 cational ISA during such taxable year
16 and all preceding taxable years, over

17 “(II) the aggregate amounts paid
18 by the taxpayer to another person
19 under the terms of such qualified edu-
20 cational ISA during all preceding tax-
21 able years.

22 “(3) AMOUNTS TREATED AS EDUCATIONAL AS-
23 SISTANCE.—For purposes of section 127(c)(1)(B),
24 amounts paid by an employer in satisfaction of obli-
25 gations of an employee under a qualified educational

1 ISA shall be treated in the same manner as a pay-
2 ment of principal or interest on a qualified education
3 loan.

4 “(c) TREATMENT OF ISA FUNDER.—Gross income
5 shall not include so much of any amount received as a
6 payment from a recipient under an educational ISA fund-
7 ed by the taxpayer as does not exceed the excess of—

8 “(1) the aggregate amount of financing pro-
9 vided by the taxpayer under such educational ISA,
10 over

11 “(2) the aggregate amount of such payments
12 taken into account under this subsection by the tax-
13 payer for all preceding taxable years.

14 “(d) DEFINITIONS.—For purposes of this section—

15 “(1) EDUCATIONAL ISA.—The term ‘edu-
16 cational ISA’ has the meaning given such term
17 under section 2 of the ISA Student Protection Act
18 of 2022.

19 “(2) QUALIFIED EDUCATIONAL ISA.—The term
20 ‘qualified educational ISA’ means an educational
21 ISA that is extended for expenses at an institution
22 of higher education that participates in a student fi-
23 nancial assistance program under title IV of the
24 Higher Education Act of 1965 (20 U.S.C. 1070 et
25 seq.).”.

1 (b) CONFORMING AMENDMENT.—The table of parts
2 for subchapter B of chapter 1 of the Internal Revenue
3 Code of 1986 is amended by adding at the end the fol-
4 lowing new item:

“PART XII—RULES RELATING TO QUALIFIED EDUCATIONAL INCOME
SHARING AGREEMENTS”.

5 **TITLE III—DISCLOSURES APPLI-**
6 **CABLE TO INCOME SHARE**
7 **AGREEMENTS**

8 **SEC. 301. DISCLOSURES.**

9 The following disclosures shall be provided to ISA re-
10 cipients:

11 (1) IN GENERAL.—An ISA provider (regardless
12 of whether the ISA provided is an educational ISA)
13 shall provide, to any individual that applies for or
14 signs an income share agreement, a written docu-
15 ment that clearly and simply discloses the informa-
16 tion required by this Act.

17 (2) APPLICATION.—The provisions of this title
18 shall not apply to—

19 (A) income share agreements primarily for
20 business, commercial, or agricultural purposes;

21 or

22 (B) government or governmental agencies
23 or instrumentalities;

24 (C) organizations; or

1 (D) transactions for which the Bureau, by
2 rule, determines that coverage under the provi-
3 sions of this title are not necessary to carry out
4 the purposes of this title.

5 (3) REGULATIONS.—Not later than 270 days
6 after the date of enactment of this Act, the Bureau
7 shall prescribe regulations to carry out the purposes
8 of this title, which may contain such additional re-
9 quirements, classifications, differentiations, or other
10 provisions, and may provide for such adjustments
11 and exceptions for all or any class of transactions,
12 as in the judgment of the Bureau are necessary or
13 proper to effectuate the purposes of this title, to pre-
14 vent circumvention or evasion thereof, or to facilitate
15 compliance therewith.

16 (4) MODEL DISCLOSURE FORMS AND
17 CLAUSES.—

18 (A) IN GENERAL.—Not later than 270
19 days after the date of enactment of this Act,
20 the Bureau shall publish a model integrated
21 disclosure for educational ISAs and a model in-
22 tegrated disclosure for income share agreements
23 generally in order to facilitate compliance with
24 the disclosure requirements of this Act and aid
25 ISA recipients in understanding the transaction

1 by utilizing readily understandable language to
2 simplify the technical nature of the disclosures.

3 (B) CONSIDERATION.—In devising the dis-
4 closure forms required under subparagraph (A),
5 the Bureau shall consider the use by ISA pro-
6 viders of data processing or similar automated
7 equipment.

8 (C) RULE OF CONSTRUCTION.—Nothing in
9 this title may be construed to require an ISA
10 provider to use any model form or clause pub-
11 lished by the Bureau under this section.

12 (D) COMPLIANCE.—An ISA provider shall
13 be deemed to be in compliance with the disclo-
14 sure provisions of this title with respect to other
15 than numerical disclosures if the ISA pro-
16 vider—

17 (i) uses any appropriate model form
18 or clause as published by the Bureau
19 under this section; or

20 (ii) uses any such model form or
21 clause and changes the form or clause
22 by—

23 (I) deleting any information that
24 is not required under this title; or

1 (II) rearranging the format, if in
2 making such deletion or rearranging
3 the format, the ISA provider does not
4 affect the substance, clarity, or mean-
5 ingful sequence of the disclosure.

6 (5) PROCEDURES APPLICABLE FOR ADOPTION
7 OF MODEL FORMS AND CLAUSES.—Model disclosure
8 forms and clauses under this section shall be adopt-
9 ed by the Bureau after notice duly given in the Fed-
10 eral Register and an opportunity for public comment
11 in accordance with section 553 of title 5, United
12 States Code.

13 (6) EFFECTIVE DATES OF REGULATIONS CON-
14 TAINING NEW DISCLOSURE REQUIREMENTS.—

15 (A) IN GENERAL.—Any regulation of the
16 Bureau, or any amendment or interpretation
17 thereof, requiring any disclosure which differs
18 from the disclosures previously required by this
19 title or any regulation of the Bureau promul-
20 gated under this title shall have an effective
21 date of that October 1 which follows by not less
22 than 6 months the date of promulgation, except
23 that the Bureau may at its discretion take in-
24 terim action by regulation, amendment, or in-
25 terpretation to lengthen the period of time per-

1 mitted for ISA providers to adjust their forms
2 to accommodate new requirements or shorten
3 the length of time for ISA providers to make
4 such adjustments when the ISA provider makes
5 a specific finding that such action is necessary
6 to comply with the findings of a court or to pre-
7 vent unfair or deceptive disclosure practices.

8 (B) COMPLIANCE.—Notwithstanding sub-
9 paragraph (A), any ISA provider may comply
10 with any such newly promulgated disclosure re-
11 quirements prior to the effective date of the re-
12 quirements.

13 (7) DEFERENCE.—Notwithstanding any power
14 granted to any Federal agency under this Act, the
15 deference that a court affords to the Bureau with re-
16 spect to a determination made by the Bureau relat-
17 ing to the meaning or interpretation of any provision
18 of this Act, shall be applied as if the Bureau were
19 the only agency authorized to apply, enforce, inter-
20 pret, or administer the provisions of this Act.

21 **SEC. 302. REQUIRED DISCLOSURES FOR INCOME SHARE**
22 **AGREEMENTS.**

23 (a) DISCLOSURES REQUIREMENTS FOR ALL ISAs.—

24 (1) IN GENERAL.—The ISA provider shall make
25 the disclosures required by this section clearly and

1 conspicuously in writing, in a form that the ISA re-
2 cipient may retain.

3 (2) ELECTRONIC FORM.—The disclosures re-
4 quired by this section may be provided to the ISA
5 recipient in electronic form in accordance with the
6 Electronic Signatures in Global and National Com-
7 merce Act (15 U.S.C. 7001 et seq.).

8 (3) OTHER REQUIREMENTS.—The disclosures
9 required by this section shall—

10 (A) be grouped together;

11 (B) be segregated from anything that is
12 not such a disclosure; and

13 (C) only contain information directly re-
14 lated to the disclosures required under this sec-
15 tion.

16 (b) USE OF ESTIMATES.—If any information nec-
17 essary for an accurate disclosure is unknown to the ISA
18 provider, the ISA provider shall make the disclosure based
19 on the best information reasonably available at the time
20 the disclosure is provided to the ISA recipient, and shall
21 state clearly that the disclosure is an estimate.

22 (c) MULTIPLE ISA PROVIDERS, MULTIPLE ISA RE-
23 CIPIENTS.—

24 (1) MULTIPLE ISA PROVIDERS.—In any case
25 where an income share agreement transaction in-

1 volves more than one ISA provider, only one set of
2 disclosures shall be given and the ISA providers
3 shall agree among themselves which ISA provider
4 shall comply with the requirements that this title im-
5 poses on any or all of the ISA providers.

6 (2) MULTIPLE ISA RECIPIENTS.—In any case
7 where an income share agreement transaction has
8 more than one ISA recipient, the disclosures may be
9 made to any ISA recipient whose income will be
10 used to calculate the ISA payments due to the ISA
11 provider.

12 (d) CONTENT OF DISCLOSURES.—An ISA provider of
13 an income share agreement (regardless of whether the in-
14 come share agreement is an educational ISA) shall pro-
15 vide, to any person that applies for or signs a consumer
16 income share agreement, a written document that clearly
17 and simply discloses the following information:

18 (1) A statement that the income share agree-
19 ment is not a fixed payment installment loan, and
20 that the amount the ISA recipient will be required
21 to pay under the income share agreement may be
22 more or less than the amount financed by the ISA
23 provider and will vary in proportion to the ISA re-
24 cipient's future income. An ISA provider may satisfy
25 the requirements of this paragraph by providing a

1 table that compares periodic payments under the
2 ISA at different income levels showing that pay-
3 ments vary with income, or that also compares such
4 periodic payments under the ISA at different income
5 levels with a loan product.

6 (2) In the case of an educational ISA, the fol-
7 lowing statement: “This income share agreement is
8 not a grant or scholarship. If your income is above
9 the income Threshold, you will have to make pay-
10 ments under this income share agreement.”.

11 (3) The following statement: “Payments due
12 under this income share agreement are determined
13 by your income. Your payments are calculated using
14 the ISA payment calculation method described in
15 your ISA. The amount you pay may be more than,
16 equal to, or less than the amount financed.”.

17 (4) In a series of boxes or other device designed
18 to feature the following information more promi-
19 nently than elsewhere in the income share agreement
20 disclosures, the following information:

21 (A) The term “Amount Financed” and the
22 dollar amount of the amount funded, followed
23 by a description that states, “The amount of
24 funds you will receive or that will be credited on
25 your behalf.”.

1 (B) The term “ISA Payment Calculation
2 Method” and the following:

3 (i) In the case of an ISA payment cal-
4 culation method that is a percentage (or
5 schedule of percentages), such percentage
6 (or schedule of percentages) followed by a
7 description that states, “The percentage of
8 your income used to calculate your ISA
9 Payment.” and, if the ISA payment cal-
10 culation method is a schedule of percent-
11 ages, an explanation of where the ISA re-
12 cipient can learn more about how the ISA
13 recipient’s income percentage is deter-
14 mined.

15 (ii) In the case of an ISA payment
16 calculation method that is a schedule of
17 fixed dollar amounts calculated based on
18 the ISA recipient’s income for a payment
19 period, the schedule of fixed amounts (or a
20 reference to the location of the schedule in
21 the ISA) followed by a description that
22 states, “The amount of your ISA payment
23 will vary based on your income. See your
24 ISA for more information.”.

1 (C) The term “Maximum Number of In-
2 come-Determined Payments” and the ISA max-
3 imum number of payments, followed by a de-
4 scription that states, “The maximum number of
5 ISA Payments you will make when your income
6 is above the income threshold.”.

7 (D) The term “Maximum Duration” and
8 the ISA duration, followed by a description that
9 states, “The maximum amount of time that you
10 are required to make income-determined pay-
11 ments, excluding any extensions that you re-
12 quest.”.

13 (E) The term “Income Threshold” and the
14 income threshold for the income share agree-
15 ment, followed by a description that states,
16 “The minimum income you must make in order
17 to trigger a payment obligation under this in-
18 come share agreement. If your income is less
19 than or equal to this income threshold, you will
20 not owe any ISA Payments for that period.”.

21 (5) A statement that during periods in which
22 the ISA recipient’s income is not above the income
23 threshold—

24 (A) the ISA recipient will not owe an ISA
25 payment for that period of time; and

1 (B) any such period of non-payment will
2 not count towards the ISA maximum number of
3 payments but will count toward the ISA dura-
4 tion.

5 (6) A statement that the obligations of the ISA
6 recipient under the income share agreement would
7 be dischargeable in a case under title 11, United
8 States Code, in the same manner as a loan that is
9 not described in section 523(a)(8) of title 11, United
10 States Code.

11 (7) A description of the terms under which the
12 obligations of the ISA recipient under the income
13 share agreement shall be extinguished in advance of
14 the full ISA duration.

15 (8) The definition of income to be used for pur-
16 poses of calculating the ISA recipient's obligation
17 under the income share agreement, subject to sec-
18 tion 104(a).

19 (9) A comparison table that includes the fol-
20 lowing:

21 (A)(i) The amounts and number of ISA
22 payments that an ISA recipient would be re-
23 quired to pay under the income share agree-
24 ment at a range of annual income levels stated
25 as both a monthly and annual income amount.

1 (ii) The income levels used in the disclo-
2 sure under this paragraph shall include, at a
3 minimum, the obligations for the ISA recipi-
4 ent—

5 (I) with no income;

6 (II) with income at the income thresh-
7 old; and

8 (III) for various income scenarios, in-
9 cluding, at a minimum, calculations at an-
10 nual incomes of \$40,000, \$60,000,
11 \$80,000, \$100,000, \$125,000, \$150,000,
12 \$175,000, and \$200,000.

13 (iii) The comparison table under this para-
14 graph shall include the following statement:
15 “This table assumes you have the same Income
16 over the entire term of your income share
17 agreement. It does not take into account
18 changes in Income. Your Income will likely
19 change over time.”.

20 (B) The total of all ISA payments over the
21 life of the income share agreement that the ISA
22 recipient will have made in each of the income
23 level scenarios described in subparagraph (A).

24 (C) The amounts and number of pay-
25 ments, the total of all payments, and the an-

1 nual percentage rate required to be paid under
2 one or more comparable loans, including, at a
3 minimum—

4 (i) if elected by the Bureau, a loan at
5 a fixed or variable rate and with a number
6 of payments determined by the Bureau to
7 be an approximation of the fixed or vari-
8 able interest rate available to ISA recipi-
9 ents in the private marketplace;

10 (ii) for an educational ISA, a com-
11 parable loan made under part D of title IV
12 of the Higher Education Act of 1965 (20
13 U.S.C. 1087a et seq.) (including subsidized
14 and unsubsidized scenarios), if the indi-
15 vidual would be eligible for such a loan;
16 and

17 (iii) for an income share agreement
18 that is not an educational ISA, a loan or
19 loans that the ISA provider believes, in
20 good faith, represents other alternative
21 loan options available for the ISA recipi-
22 ent.

23 (10) A statement of the intent of the ISA pro-
24 vider to engage in an annual process of reconcili-
25 ation to determine if the ISA recipient's ISA pay-

1 ments for the preceding year are more than, equal
2 to, or less than the ISA payments owed under the
3 income share agreement, including—

4 (A) a description of the process in which
5 the ISA recipient must participate in order for
6 the ISA provider to verify the ISA recipient's
7 income; and

8 (B) a description of any tax records or
9 forms that the ISA recipient must execute or
10 that the ISA provider intends to submit to the
11 Internal Revenue Service.

12 (11) A disclosure of the following items, to the
13 extent applicable:

14 (A) The amount that is or will be paid di-
15 rectly to the ISA recipient.

16 (B) The amount that is or will be credited
17 to the ISA recipient's account to discharge obli-
18 gations owed to the ISA provider.

19 (C) Each amount that is or will be paid to
20 third persons by the ISA provider on the ISA
21 recipient's behalf, together with an identifica-
22 tion of or reference to the third person.

23 (D) The total amount of any charges that
24 will be paid by the ISA recipient before or at
25 the time of the consummation of the trans-

1 action, or have been withheld from the proceeds
2 of the income share agreement.

3 (12) The name and mailing address of the ISA
4 provider.

5 (13) A payment schedule that—

6 (A) shows the date upon which the first
7 ISA payment is expected to be due or, if such
8 date is not reasonably knowable—

9 (i) an estimated date using the best
10 information available to the ISA provider;

11 or

12 (ii) a statement of the events that will
13 trigger the first payment; and

14 (B) reflects each date thereafter during the
15 ISA duration that an ISA payment may be due.

16 (e) ADDITIONAL DISCLOSURE ELEMENTS.—The Di-
17 rector may, through a rulemaking process—

18 (1) add additional items to be disclosed under
19 subsection (d) if consumer testing shows those ele-
20 ments would help consumers better understand the
21 nature of the ISA obligation or better compare it
22 with other products; and

23 (2) require that additional income scenarios be
24 included in the comparison table under paragraph
25 (9)(A)(ii)(III), taking into account the income levels

1 the ISA recipient might reasonably be expected to
2 make given the intended use of the funds provided
3 under the income share agreement, except in no case
4 shall the number of scenarios exceed 20.

5 **SEC. 303. ADDITIONAL REQUIREMENTS FOR EDUCATIONAL**
6 **ISAS.**

7 (a) **ADDITIONAL DISCLOSURE TIMING RULES FOR**
8 **EDUCATIONAL ISAS.**—The following additional provisions
9 apply to any income share agreement that is an edu-
10 cational ISA:

11 (1) **APPLICATION AND SOLICITATION.**—

12 (A) **IN GENERAL.**—The ISA provider of an
13 educational ISA that is to be used solely for
14 postsecondary educational expenses shall pro-
15 vide the disclosures described in subsection
16 (b)(1) with any application or solicitation for
17 the educational ISA. For purposes of this sec-
18 tion, the term “solicitation” means an offer of
19 an income share agreement that does not re-
20 quire the potential ISA recipient to complete an
21 application.

22 (B) **TELEPHONE APPLICATIONS OR SOLICI-**
23 **TATIONS.**—In the case of a telephone applica-
24 tion or solicitation for an educational ISA, the

1 ISA provider shall provide the disclosure by, at
2 its option—

3 (i) disclosing orally the information
4 described in subsection (b)(1); or

5 (ii) mailing a copy of the disclosure
6 described in subsection (b)(1) not later
7 than 3 business days after the potential
8 ISA recipient has applied for the edu-
9 cational ISA.

10 (C) SPECIAL RULE.—For an income share
11 agreement that the ISA recipient may use for
12 multiple purposes including postsecondary edu-
13 cational expenses, the ISA provider need not
14 provide the disclosures required under sub-
15 section (b)(1) in the application or solicitation.

16 (2) APPROVAL DISCLOSURES.—The ISA pro-
17 vider shall provide the disclosures required by sub-
18 section (b)(2) before consummation on, or with any
19 notice of approval provided to the applicant for, an
20 educational ISA. If the ISA provider mails notice of
21 approval, the disclosures shall be mailed with the no-
22 tice. If the ISA provider communicates notice of ap-
23 proval by telephone, the ISA provider shall mail the
24 disclosures not later than 3 business days after pro-
25 viding the notice of approval. If the ISA provider

1 communicates notice of approval electronically, the
2 ISA provider shall provide the disclosure, at its op-
3 tion, either in electronic form in accordance with the
4 requirements of this title or by mailing the disclo-
5 sure not later than 3 business days after commu-
6 nicating the notice of approval. If the ISA provider
7 communicates approval in person, the ISA provider
8 shall provide the disclosures to the applicant for an
9 income share agreement at that time.

10 (3) FINAL DISCLOSURES.—The disclosures re-
11 quired by subsection (b)(3) shall be provided after
12 the ISA recipient accepts the income share agree-
13 ment.

14 (4) RECEIPT OF MAILED DISCLOSURES.—If a
15 disclosure under paragraph (1), (2), or (3) is mailed
16 to the potential ISA recipient or ISA recipient, as
17 the case may be, the potential ISA recipient or ISA
18 recipient shall be deemed to have received the disclo-
19 sure 5 business days after the disclosure is mailed.

20 (5) BASIS OF DISCLOSURES AND USE OF ESTI-
21 MATES IN EDUCATIONAL ISAS.—

22 (A) LEGAL OBLIGATION.—Disclosures
23 shall reflect the terms of the legal obligation be-
24 tween the parties.

1 (B) ESTIMATES.— If any information nec-
2 essary for an accurate disclosure is unknown to
3 the ISA provider, the ISA provider shall make
4 the disclosure based on the best information
5 reasonably available at the time the disclosure
6 is provided, and shall state clearly that the dis-
7 closure is an estimate.

8 (6) EFFECT OF SUBSEQUENT EVENTS.—

9 (A) APPROVAL DISCLOSURES.—If a disclo-
10 sure made under paragraph (2) becomes inac-
11 curate because of an event that occurs after the
12 ISA provider delivers the required disclosures,
13 the inaccuracy is not a violation of this Act, al-
14 though new disclosures may be required in ac-
15 cordance with this title.

16 (B) FINAL DISCLOSURES.—If a disclosure
17 under paragraph (3) becomes inaccurate be-
18 cause of an event that occurs after the creditor
19 delivers the required disclosures, the inaccuracy
20 is not a violation of this Act.

21 (b) ADDITIONAL DISCLOSURES FOR EDUCATIONAL
22 ISAs.—In addition to the other disclosure requirements
23 of this title, an ISA provider of an educational ISA shall
24 provide the disclosures required under this subsection as
25 follows:

1 (1) APPLICATION AND SOLICITATION DISCLO-
2 SURE.—On or with a solicitation or an application
3 for an educational ISA, an ISA provider shall dis-
4 close the following:

5 (A) ISA PAYMENT CALCULATION METH-
6 OD.—

7 (i) The ISA payment calculation
8 method that applies to the educational ISA
9 and actually offered by the ISA provider at
10 the time of application or solicitation. If
11 the ISA payment calculation method will
12 depend, in part, on a later determination
13 of the ISA recipient's creditworthiness or
14 other factors, a statement that the ISA
15 payment calculation method for which the
16 ISA recipient may qualify will depend on
17 the ISA recipient's creditworthiness and
18 other factors, if applicable.

19 (ii) In the case of an ISA payment
20 calculation method that is based on a
21 schedule of percentages—

22 (I) an explanation of how the
23 schedule of percentages is calculated
24 using percentages of income based on
25 the ISA recipient's income; and

1 (II) the timing for recalculation
2 of the ISA recipient's payments under
3 the schedule of percentages.

4 (iii) In the case of an ISA payment
5 calculation method that is based on a
6 schedule of fixed amounts that an ISA re-
7 cipient is required to pay that is calculated
8 based on the ISA recipient's income for a
9 payment period—

10 (I) an explanation of how the
11 schedule of fixed amounts is cal-
12 culated using fixed amounts based on
13 the ISA recipient's income; and

14 (II) the timing for recalculation
15 of the ISA recipient's payments under
16 the schedule of fixed amounts.

17 (B) FEES AND DEFAULT OR LATE PAY-
18 MENT COSTS.—

19 (i) An itemization of the fees or range
20 of fees required to obtain the educational
21 ISA.

22 (ii) Any fees or other penalties based
23 on the ISA recipient's default or late pay-
24 ment.

25 (C) PAYMENT TERMS.—

1 (i) The ISA duration, or range of ISA
2 durations, offered by the ISA provider.

3 (ii) A description of any payment de-
4 ferral options.

5 (D) COST ESTIMATES.—Using the highest
6 dollar amount or percentage applicable under
7 the ISA payment calculation method described
8 in subparagraph (A)(i) and using an amount fi-
9 nanced of \$10,000, or \$5,000 if the ISA pro-
10 vider only offers income share agreements of
11 this type for less than \$5,000, the loan com-
12 parison based on these assumptions.

13 (E) ELIGIBILITY.— Any age or school en-
14 rollment eligibility requirements relating to the
15 ISA recipient.

16 (F) ALTERNATIVE TO INCOME SHARE
17 AGREEMENTS.—

18 (i) With respect to an educational ISA
19 that might be used for postsecondary ex-
20 penses at an institution of higher edu-
21 cation that participates in a student finan-
22 cial assistance program under title IV of
23 the Higher Education Act of 1965 (20
24 U.S.C. 1070 et seq.)—

1 (I) a statement the ISA recipient
2 may qualify for Federal student finan-
3 cial assistance through a program
4 under such title; and

5 (II) the interest rates for each
6 program of financial assistance avail-
7 able under title IV of the Higher Edu-
8 cation Act of 1965 (20 U.S.C. 1070
9 et seq.) and information regarding
10 whether the rates for the loans avail-
11 able under such title are fixed or vari-
12 able.

13 (ii) If applicable to the student's cir-
14 cumstances, a statement that the ISA re-
15 cipient may obtain additional information
16 concerning Federal student financial as-
17 sistance from the institution of higher edu-
18 cation that the student attends, or at the
19 website of the Department of Education,
20 including an appropriate website address
21 for the Department.

22 (iii) A statement that an institution of
23 higher education may have school-specific
24 education loan benefits and terms not de-
25 tailed on the disclosure form.

1 (G) RIGHTS OF THE CONSUMER.—A state-
2 ment that if the application for the educational
3 ISA is approved by the ISA provider, the terms
4 of the educational ISA will be available and will
5 not change for 30 days except as a result of ad-
6 justments to the ISA payment calculation meth-
7 od, ISA duration, or ISA maximum number of
8 payments and other changes permitted by law.

9 (H) SELF-CERTIFICATION INFORMATION.— A statement that, before the edu-
10 cational ISA may be consummated, the ISA re-
11 cipient must complete the self-certification form
12 and that the form may be obtained from the in-
13 stitution of higher education that the student
14 attends.
15

16 (I) OVERALL EDUCATIONAL FINANCE OB-
17 LIGATION NOTICE.— The following statement:
18 “IMPORTANT NOTICE REQUIRED BY
19 LAW: Students are cautioned to consider care-
20 fully entering into this Income Share Agree-
21 ment if their total future payment commitment,
22 including any other forms of education finance,
23 may exceed 20 percent of their expected future
24 income. Your total future obligation may exceed
25 this percentage if you have received additional

1 education financing, including other income
2 share agreements, Department of Education
3 Direct or FFEL Loans, or private education
4 loans.”.

5 (2) DISCLOSURES UPON APPROVAL OF AN
6 ISA.—Upon approval of an educational ISA by an
7 ISA provider, the ISA provider shall disclose the in-
8 formation required under section 302(d) and the fol-
9 lowing information:

10 (A) ISA PAYMENT CALCULATION METH-
11 OD.—

12 (i) The ISA payment calculation
13 method that applies to the educational
14 ISA.

15 (ii) In the case of an ISA payment
16 calculation method that is based on a
17 schedule of percentages—

18 (I) an explanation of how the
19 schedule of percentages is calculated
20 using percentages of income based on
21 the ISA recipient’s income; and

22 (II) the timing for recalculation
23 of the ISA recipient’s payments under
24 the schedule of percentages.

1 (iii) In the case of an ISA payment
2 calculation method that is based on a
3 schedule of fixed amounts that an ISA re-
4 cipient is required to pay based on the ISA
5 recipient's income for a payment period—

6 (I) an explanation of how the
7 schedule of fixed amounts is cal-
8 culated using fixed amounts based on
9 the ISA recipient's income; and

10 (II) the timing for recalculation
11 of the ISA recipient's payments under
12 the schedule of fixed amounts.

13 (B) FEES AND DEFAULT OR LATE PAY-
14 MENT COSTS.—

15 (i) An itemization of the fees or range
16 of fees required to obtain the educational
17 ISA.

18 (ii) Any fees or other penalties based
19 on the ISA recipient's defaults or late pay-
20 ments.

21 (C) PAYMENT TERMS.—

22 (i) The ISA duration, or range of ISA
23 durations, offered by the ISA provider.

24 (ii) A description of any payment de-
25 ferral options.

1 (D) COST ESTIMATES.—The following dis-
2 closure shall be made using the ISA payment
3 calculation method, ISA duration, and ISA
4 maximum number of payments for which the
5 ISA recipient has been approved.

6 (i) the loan comparison based on these
7 assumptions.

8 (ii) A description of the payment de-
9 ferral option chosen by the ISA recipient,
10 if applicable, and any other payment defere-
11 ral options that the ISA recipient may
12 elect at a later time.

13 (iii) Any payments required while the
14 ISA recipient is enrolled at a covered edu-
15 cational institution, based on the deferral
16 option chosen by the ISA recipient.

17 (E) ALTERNATIVES TO PRIVATE EDU-
18 CATION INCOME SHARE AGREEMENTS, IF APPLI-
19 CABLE TO THE STUDENT.—In the case of an
20 educational ISA that may be used for education
21 expenses at an institution of higher education
22 that participates in the student financial assist-
23 ance programs under title IV of the Higher
24 Education Act of 1965 (20 U.S.C. 1070 et
25 seq.), the following:

1 (i) A statement that the ISA recipient
2 may qualify for Federal student financial
3 assistance through a program under title
4 IV of the Higher Education Act of 1965
5 (20 U.S.C. 1070 et seq.).

6 (ii) The interest rates for each pro-
7 gram of financial assistance available
8 under title IV of the Higher Education Act
9 of 1965 (20 U.S.C. 1070 et seq.) and in-
10 formation regarding whether the rates for
11 the loans available under such title are
12 fixed or variable.

13 (iii) A statement that the ISA recipi-
14 ent may obtain additional information con-
15 cerning Federal student financial assist-
16 ance from the institution of higher edu-
17 cation that the student attends, or at the
18 website of the Department of Education,
19 including an appropriate website address
20 for the Department.

21 (F) RIGHTS OF THE ISA RECIPIENT.—

22 (i) A statement that the ISA recipient
23 may accept the terms of the income share
24 agreement until the last day of the accept-
25 ance period described in subsection (d)(1).

1 (ii) The specific date on which the ac-
2 ceptance period expires, based on the date
3 upon which the ISA recipient receives the
4 disclosures required under this paragraph
5 for the income share agreement.

6 (iii) A specification of the method or
7 methods by which the ISA recipient may
8 communicate acceptance.

9 (iv) A statement that, except for
10 changes to the ISA payment calculation
11 method and other changes permitted by
12 law, the rates and terms of the income
13 share agreement may not be changed by
14 the ISA provider during the period de-
15 scribed in clause (i).

16 (G) OVERALL EDUCATIONAL FINANCE OB-
17 LIGATION NOTICE.—The following statement:
18 “IMPORTANT NOTICE REQUIRED BY
19 LAW: Students are cautioned to consider care-
20 fully entering into this Income Share Agree-
21 ment if their total future payment commitment,
22 including any other forms of education finance,
23 may exceed 20 percent of their expected future
24 income. Your total future obligation may exceed
25 this percentage if you have received additional

1 education financing, including other income
2 share agreements, Department of Education
3 Direct or FFEL Loans, or private education
4 loans.”.

5 (3) FINAL DISCLOSURES.— After the ISA re-
6 cipient has accepted the income share agreement in
7 accordance with subsection (d)(1), the ISA provider
8 shall disclose to the ISA recipient the information
9 required by this section and the following informa-
10 tion:

11 (A) ISA PAYMENT CALCULATION METH-
12 OD.—

13 (i) The ISA payment calculation
14 method applicable to the income share
15 agreement.

16 (ii) In the case of an ISA payment
17 calculation method that is based on a
18 schedule of percentages—

19 (I) an explanation of how the
20 schedule of percentages is calculated
21 using percentages of income based on
22 the ISA recipient’s income; and

23 (II) the timing for recalculation
24 of the ISA recipient’s payments under
25 the schedule of percentages.

1 (iii) In the case of an ISA payment
2 calculation method that is based on a
3 schedule of fixed amounts that an ISA re-
4 cipient is required to pay based on the ISA
5 recipient's income for a payment period—

6 (I) an explanation of how the
7 schedule of fixed amounts is cal-
8 culated using fixed amounts based on
9 the ISA recipient's income; and

10 (II) the timing for recalculation
11 of the ISA recipient's payments under
12 the schedule of fixed amounts.

13 (B) FEES AND DEFAULT OR LATE PAY-
14 MENT COSTS.—

15 (i) An itemization of the fees or range
16 of fees required to obtain the educational
17 ISA.

18 (ii) Any fees or other penalties based
19 on the ISA recipient's defaults or late pay-
20 ments.

21 (C) PAYMENT TERMS.—

22 (i) The ISA duration or range of ISA
23 durations offered by the ISA provider.

24 (ii) A description of any payment de-
25 ferral options.

1 (D) COST ESTIMATES.—The following dis-
2 closure shall be made using the ISA payment
3 calculation method, ISA duration, and ISA
4 maximum number of payments for which the
5 ISA recipient has been approved:

6 (i) The loan comparison based on
7 these assumptions,

8 (ii) A description of the payment de-
9 ferral option chosen by the ISA recipient,
10 if applicable, and any other payment defere-
11 ral options that the ISA recipient may
12 elect at a later time.

13 (iii) Any payments required while the
14 ISA recipient is enrolled at a covered edu-
15 cational institution, based on the deferral
16 option chosen by the ISA recipient.

17 (E) CANCELLATION RIGHTS.—

18 (i) A statement that—

19 (I) the ISA recipient has the
20 right to cancel the income share
21 agreement, without penalty, at any
22 time before the cancellation period
23 under subsection (e) expires; and

1 (II) the income share agreement
2 proceeds will not be disbursed until
3 after such cancellation period expires.

4 (ii) The specific date on which the
5 cancellation period expires and a statement
6 that the ISA recipient may cancel by that
7 date.

8 (iii) A statement specifying—

9 (I) all methods by which the ISA
10 recipient may cancel;

11 (II) if the ISA provider permits
12 cancellation by mail, that the ISA re-
13 cipient's mailed request will be
14 deemed timely if placed in the mail
15 not later than the cancellation date
16 specified in clause (ii).

17 (F) CONSPICUOUS DISCLOSURES.—The
18 disclosures required by subparagraph (E) shall
19 be made more conspicuous than any other dis-
20 closure required under this section, except for
21 the ISA payment calculation method, ISA dura-
22 tion, ISA maximum number of payments,
23 amount financed, income threshold, and the
24 ISA provider's identity, which shall be disclosed

1 in accordance with the requirements of sub-
2 section (d).

3 (G) OVERALL EDUCATIONAL FINANCE OB-
4 LIGATION NOTICE.—The following statement:
5 “IMPORTANT NOTICE REQUIRED BY
6 LAW: Students are cautioned to consider care-
7 fully entering into this Income Share Agree-
8 ment if their total future payment commitment,
9 including any other forms of education finance,
10 may exceed 20 percent of their expected future
11 income. Your total future obligation may exceed
12 this percentage if you have received additional
13 education financing, including other income
14 share agreements, Department of Education
15 Direct or FFEL Loans, or private education
16 loans.”.

17 (c) LIMITATION ON EDUCATIONAL ISAs.—

18 (1) CO-BRANDING PROHIBITED.—

19 (A) IN GENERAL.—Except as provided in
20 subparagraph (B) and paragraph (2), an ISA
21 provider, other than the covered educational in-
22 stitution itself, shall not use the name, emblem,
23 mascot, or logo of a covered educational institu-
24 tion, or other words, pictures, or symbols identi-
25 fied with a covered educational institution, in

1 the marketing of educational ISAs in a way
2 that implies that the covered education institu-
3 tion endorses the ISA provider's income share
4 agreements.

5 (B) SPECIAL RULE.—An ISA provider's
6 marketing of an educational ISA does not imply
7 that the covered education institution endorses
8 the ISA provider's income share agreements if
9 the marketing includes a clear and conspicuous
10 disclosure, equally prominent and closely proxi-
11 mate to the reference to the covered educational
12 institution, that the covered educational institu-
13 tion does not endorse the ISA provider's income
14 share agreements and that the ISA provider is
15 not affiliated with the covered educational insti-
16 tution.

17 (2) ENDORSED ISA PROVIDER ARRANGE-
18 MENTS.—If an ISA provider and a covered edu-
19 cational institution have entered into an arrange-
20 ment under which the covered educational institution
21 agrees to endorse the ISA provider's educational
22 ISAs, and such arrangement is not prohibited by
23 other applicable law or regulation, paragraph (1)(A)
24 shall not apply as long as the educational ISA mar-
25 keting includes a clear and conspicuous disclosure,

1 equally prominent and closely proximate to the ref-
2 erence to the covered educational institution, that
3 the ISA provider's income share agreements are not
4 offered or made by the covered educational institu-
5 tion, but are made by the ISA provider.

6 (d) EDUCATIONAL ISA RECIPIENT'S RIGHT TO AC-
7 CEPT.—

8 (1) ACCEPTANCE PERIOD.—The ISA recipient
9 has the right to accept the terms of an educational
10 ISA at any time not later than 30 calendar days fol-
11 lowing the date on which the ISA recipient receives
12 the disclosures required under subsection (b)(2).

13 (2) LIMITATIONS ON CHANGES.—Except for
14 changes permitted under paragraph (3), the terms of
15 the educational ISA that are required to be disclosed
16 under paragraphs (2) and (3) of subsection (b) may
17 not be changed by the ISA provider prior to the ear-
18 lier of—

19 (A) the date of disbursement of the income
20 share agreement; or

21 (B) the expiration of the 30-day period de-
22 scribed in paragraph (1), if the ISA recipient
23 has not accepted the income share agreement
24 before within the period.

1 (3) EXCEPTIONS NOT REQUIRING RE-DISCLO-
2 SURE.—

3 (A) IN GENERAL.—Notwithstanding para-
4 graph (2), nothing in this section shall prevent
5 an ISA provider of an educational ISA from—

6 (i) withdrawing an offer before con-
7 summation of the transaction if the mak-
8 ing of the income share agreement would
9 be prohibited by law or if the ISA provider
10 has reason to believe that the ISA recipi-
11 ent has committed fraud in connection
12 with the income share agreement applica-
13 tion;

14 (ii) changing the ISA payment cal-
15 culation method and terms if the change
16 will unequivocally benefit the ISA recipi-
17 ent; or

18 (iii) reducing the amount funded
19 based upon a certification or other infor-
20 mation received from the covered edu-
21 cational institution, or from the ISA recipi-
22 ent, indicating that the student's cost of
23 attendance has decreased or the ISA re-
24 cipient's other financial aid has increased,
25 except that, in such case, the ISA provider

1 may make corresponding changes to the
2 terms of the ISA payment calculation
3 method, ISA duration, and other terms
4 only to the extent that the ISA recipient
5 would have received the terms if the ISA
6 recipient had applied for the reduced
7 amount financed.

8 (B) NO NEW DISCLOSURES REQUIRED.—If
9 the ISA provider changes the ISA payment cal-
10 culation method or terms of the income share
11 agreement under this paragraph, the ISA pro-
12 vider shall not be required to—

13 (i) provide the disclosures required
14 under subsection (b)(2) for the new income
15 share agreement terms; or

16 (ii) provide an additional 30-day pe-
17 riod to the ISA recipient to accept the new
18 terms of the income share agreement.

19 (4) EXCEPTIONS REQUIRING RE-DISCLOSURE.—

20 (A) IN GENERAL.—Notwithstanding para-
21 graphs (2) and (3), nothing in this section pre-
22 vents an ISA provider, at its option, from
23 changing the ISA payment calculation method
24 or terms of the income share agreement to ac-
25 commodate a specific request by the ISA recipi-

1 ent, such as a request for a different repayment
2 option.

3 (B) ADDITIONAL DISCLOSURES RE-
4 QUIRED.—If the ISA provider changes the rate
5 or terms of the income share agreement under
6 subparagraph (A), the ISA provider—

7 (i) shall provide the disclosures re-
8 quired under subsection (b)(2) and shall
9 provide the ISA recipient the 30-day pe-
10 riod to accept the income share agreement,
11 as required under paragraph (1); and

12 (ii) shall not make further changes to
13 the income share agreement and terms of
14 the loan, except as specified in paragraph
15 (3)(B).

16 (C) NO FURTHER WITHDRAWALS OR
17 CHANGES.—Except as permitted under para-
18 graph (3)(B), unless the ISA recipient accepts
19 the income share agreement offered by the ISA
20 provider in response to the ISA recipient's re-
21 quest in accordance with subparagraph (A), the
22 ISA provider may not withdraw or change the
23 ISA payment calculation method or any terms
24 of the income share agreements for which the
25 ISA recipient was approved prior to the ISA re-

1 recipient's request for a change in income share
2 agreement terms under this paragraph.

3 (e) EDUCATIONAL ISA RECIPIENT'S RIGHT TO CAN-
4 CEL.—The ISA recipient may cancel an educational ISA,
5 without penalty, until midnight of the third business day
6 following the date on which the ISA recipient receives the
7 disclosures required by subsection (b)(3). No funds may
8 be disbursed for an educational ISA until the 3-business-
9 day period has expired, absent exceptional circumstances
10 necessitating disbursement based on a request from the
11 covered educational institution. In such a case, the covered
12 educational institution shall promptly, upon cancellation
13 by the student, refund the amounts to the ISA provider.

14 (f) SELF-CERTIFICATION FORM.—For an educational
15 ISA intended to be used for the postsecondary educational
16 expenses of a student while the student is attending an
17 institution of higher education, the ISA provider shall ob-
18 tain, from the ISA recipient or the institution of higher
19 education, the educational ISA certification form devel-
20 oped by the Secretary under section 155 of the Higher
21 Education Act of 1965 (20 U.S.C. 1019d), signed by the
22 ISA recipient, in written or electronic form, before con-
23 sumating the educational ISA.

24 (g) PROVISION OF INFORMATION BY PREFERRED
25 ISA PROVIDER.—

1 (1) IN GENERAL.—An ISA provider that has a
2 preferred ISA financing arrangement with a covered
3 educational institution shall, each year in accordance
4 with paragraph (2), provide to the covered edu-
5 cational institution the information required under
6 subsection (b)(1) for each type of educational ISA
7 that the ISA provider plans to offer to ISA recipi-
8 ents for students attending the covered educational
9 institution, for the period beginning July 1 of the
10 year in which the information is provided and ending
11 June 30 of the following year.

12 (2) TIMING.—For each year of a preferred ISA
13 provider financing arrangement, the ISA provider
14 shall provide the information required under para-
15 graph (1) by the later of—

16 (A) the first day of April; or

17 (B) the date that is 30 days after entering
18 into, or learning the ISA provider is a party to,
19 a preferred ISA provider arrangement.

20 **SEC. 304. ADVERTISING OF INCOME SHARE AGREEMENTS.**

21 (a) IN GENERAL.—The restrictions on advertising of
22 income share agreements shall be consistent with the re-
23 strictions placed on advertisements related to extensions
24 of consumer credit as set forth in chapter 3 of the Truth
25 in Lending Act (15 U.S.C. 1661 et seq.).

1 (b) AMENDMENTS TO THE TRUTH IN LENDING
2 ACT.—The Truth in Lending Act (15 U.S.C. 1601 et seq.)
3 is amended—

4 (1) in section 103(f) (15 U.S.C. 1602(f))—

5 (A) by striking “means the” and inserting
6 “means—
7 “(1) the”;

8 (B) in paragraph (1), as so designated, by
9 striking the period at the end and inserting “;
10 and”; and

11 (C) by adding at the end the following:

12 “(2) for purposes of chapter 3, shall include an
13 income share agreement, as defined in section 2 of
14 the ISA Student Protection Act of 2022.”;

15 (2) in section 142 (15 U.S.C. 1662)—

16 (A) in the matter preceding paragraph (1),
17 by striking “state” and inserting “state—”;

18 (B) in paragraph (1), by striking the pe-
19 riod at the end and inserting a semicolon;

20 (C) in paragraph (2), by striking the pe-
21 riod at the end and inserting “; and”; and

22 (D) by adding at the end the following:

23 “(3) with respect to an income share agreement
24 (as defined in section 2 of the ISA Student Protec-
25 tion Act of 2022), that a specific ISA payment cal-

1 culation method, ISA duration, ISA maximum num-
2 ber of payments, or income threshold (as those
3 terms are defined in such section 2) can be arranged
4 unless the ISA provider (as defined in such section
5 2) usually and customarily arranges income share
6 agreements pursuant to the terms so advertised.”;
7 and

8 (3) in section 144, by adding at the end the fol-
9 lowing:

10 “(f) INCOME SHARE AGREEMENTS.—

11 “(1) DEFINITIONS.—In this subsection, the
12 terms ‘income share agreement’, ‘income threshold’,
13 ‘ISA duration’, ‘ISA maximum number of pay-
14 ments’, and ‘ISA payment calculation method’ have
15 the meanings given those terms in section 2 of the
16 ISA Student Protection Act of 2022.

17 “(2) APPLICATION.—This subsection shall
18 apply to any advertisement to aid, promote, or assist
19 directly or indirectly any income share agreement
20 subject to the provisions of this chapter.

21 “(3) DISCLOSURE OF KEY TERMS.—If any ad-
22 vertisement to which this section applies states the
23 ISA payment calculation method, ISA duration, ISA
24 maximum number of payments, income threshold, or

1 amounts of payments under an income share agree-
2 ment, the advertisement shall include the following:

3 “(A) The ISA payment calculation method.

4 “(B) The ISA duration.

5 “(C) The ISA maximum number of pay-
6 ments.

7 “(D) The income threshold.”.

8 **TITLE IV—OTHER CLARIFICA-**
9 **TIONS TO SUPPORT ISA PRO-**
10 **GRAMS**

11 **SEC. 401. TREATMENT UNDER SECURITIES LAWS.**

12 (a) INCOME SHARE AGREEMENTS NOT TREATED AS
13 SECURITIES.—

14 (1) IN GENERAL.—An income share agreement
15 shall not be treated as a security for purposes of the
16 securities laws (as defined in section 3(a) of the Se-
17 curities Exchange Act of 1934 (15 U.S.C. 78c(a))),
18 any similar State law, or any State law that directly
19 or indirectly prohibits, limits, or imposes conditions,
20 based on the merits of an offering or issuer of secu-
21 rities, upon the offer or sale of any security.

22 (2) RULE OF CONSTRUCTION.—Nothing in
23 paragraph (1) may be construed to prevent an in-
24 strument that is collateralized by, or serviced by the
25 cash flows of, an income share agreement from being

1 treated as a security for purposes of any law de-
2 scribed in that paragraph.

3 (b) ISA PROVIDERS MAKING INCOME SHARE AGREE-
4 MENTS EXCLUDED FROM INVESTMENT COMPANY TREAT-
5 MENT.—Section 3(c) of the Investment Company Act of
6 1940 (15 U.S.C. 80a–3(c)) is amended—

7 (1) in paragraph (4), by inserting “income
8 share agreements (as that term is defined in section
9 2 of the ISA Student Protection Act of 2022),”
10 after “industrial banking,”; and

11 (2) in paragraph (5)—

12 (A) in subparagraph (A), by inserting “,
13 including purchasing or otherwise acquiring in-
14 come share agreements (as that term is defined
15 in section 2 of the ISA Student Protection Act
16 of 2022)” after “services”; and

17 (B) in subparagraph (B), by inserting “,
18 including making income share agreements (as
19 defined in subparagraph (A))” after “services”.

20 **SEC. 402. TREATMENT UNDER BANKRUPTCY LAWS.**

21 Section 523(a)(8) of title 11, United States Code, is
22 amended, in the matter preceding subparagraph (A), by
23 striking “for—” and inserting “for, other than funds pro-
24 vided as part of an educational ISA (as defined in section
25 2 of the ISA Student Protection Act of 2022)—”.

1 **SEC. 403. CONSENT TO CONTINUING RELEASE OF TAX-**
2 **PAYER INFORMATION UNDER EDUCATIONAL**
3 **ISAS AND INCOME SHARE AGREEMENTS.**

4 By not later than 180 days after the date of enact-
5 ment of this Act, the Secretary of the Treasury shall mod-
6 ify Treasury regulations and guidance to provide for con-
7 tinuing consent to disclosure of an individual's return in-
8 formation to an ISA provider (or the provider's successor
9 in interest) under an educational ISA or other income
10 share agreement, but only for periods relevant to, and only
11 to the extent the Secretary determines is necessary and
12 appropriate in carrying out the terms of, such educational
13 ISA or income share agreement.

14 **SEC. 404. INTERPLAY WITH THE HIGHER EDUCATION ACT**
15 **OF 1965.**

16 (a) TITLE IV DEFINITIONS.—

17 (1) IN GENERAL.—Section 480 of the Higher
18 Education Act of 1965 (20 U.S.C. 1087vv), as
19 amended by section 702 of the FAFSA Simplifica-
20 tion Act (title VII of division FF of Public Law
21 116–260; 134 Stat. 3191), is amended—

22 (A) in subsection (e)—

23 (i) in paragraph (2), by striking
24 “and” after the semicolon;

25 (ii) in paragraph (3), by striking the
26 period and inserting “; and”; and

1 (iii) by adding at the end the fol-
2 lowing:

3 “(4) any amount provided to the applicant, or
4 on whose behalf funds are disbursed, under an in-
5 come share agreement, as defined in section 2 of the
6 ISA Student Protection Act of 2022.”; and

7 (B) in subsection (f)(1), by inserting
8 “amounts provided to an individual, or on
9 whose behalf the funds are disbursed, under an
10 income share agreement, as defined in section 2
11 of the ISA Student Protection Act of 2022,”
12 after “income producing property,”.

13 (2) EFFECTIVE DATE.—The amendments made
14 by paragraph (1) shall take effect as if included in
15 section 702 of the FAFSA Simplification Act (title
16 VII of division FF of Public Law 116–260; 134
17 Stat. 3191) and in accordance with section 701(b)
18 of such Act.

19 (b) PROGRAM PARTICIPATION AGREEMENTS.—Sec-
20 tion 487(d)(1)(D) of the Higher Education Act of 1965
21 (20 U.S.C. 1094(d)(1)(D)) is amended—

22 (1) in clause (ii), by striking “and” after the
23 semicolon;

24 (2) in clause (iii), by inserting “and” after the
25 semicolon; and

1 (3) by adding at the end the following:

2 “(iv) in the case of educational income
3 share agreements (as such term is defined
4 in section 2 of the ISA Student Protection
5 Act of 2022) made by a proprietary insti-
6 tution of higher education, only the
7 amount of ISA payments (as defined in
8 such section) received during the applicable
9 institutional fiscal year, to the extent the
10 amount of such payments on the edu-
11 cational income share agreement does not
12 exceed the income share amount financed
13 under such educational income share
14 agreement;”.

15 (c) PREFERRED LENDER ARRANGEMENT DEFINI-
16 TIONS.—Section 151 of the Higher Education Act of 1965
17 (20 U.S.C. 1019) is amended—

18 (1) by redesignating paragraphs (3), (4), (5),
19 and (6) through (9) as paragraphs (4), (5), (6), and
20 (9) through (12), respectively;

21 (2) by inserting after paragraph (2) the fol-
22 lowing:

23 “(3) EDUCATIONAL ISA.—The term ‘edu-
24 cational ISA’ has the meaning given the term in sec-
25 tion 2 of the ISA Student Protection Act of 2022.”;

1 (3) in paragraph (6), as redesignated by para-
2 graph (1)—

3 (A) in subparagraph (A)(ii), by inserting
4 “or educational ISAs” after “loans”;

5 (B) in subparagraph (B), by striking
6 “and” after the semicolon;

7 (C) in subparagraph (C), by striking the
8 period at the end and inserting “; and”; and

9 (D) by adding at the end of the following:

10 “(D) notwithstanding subparagraphs (A)
11 and (B), does not include any ISA provider
12 with respect to any educational ISA secured,
13 made, or extended by such ISA provider.”;

14 (4) by inserting after paragraph (6), as redesign-
15 ated by subparagraph (A), the following:

16 “(7) ISA PROVIDER.—The term ‘ISA provider’
17 has the meaning given the term in section 2 of the
18 ISA Student Protection Act of 2022.

19 “(8) ISA RECIPIENT.—The term ‘ISA recipient’
20 has the meaning given the term in section 2 of the
21 ISA Student Protection Act of 2022.”; and

22 (5) in paragraph (11)(A), as redesignated by
23 paragraph (1)—

24 (A) in the matter preceding clause (i), by
25 inserting “or ISA provider” after “lender”;

1 (B) in clause (i), by inserting “or an ISA
2 provider provides or otherwise issues edu-
3 cational ISAs” after “loans”; and

4 (C) in clause (ii), by inserting “or the edu-
5 cational ISAs of the ISA provider” after “lend-
6 er”.

7 (d) RESPONSIBILITIES OF COVERED INSTITUTIONS
8 AND ISA PROVIDERS REGARDING PREFERRED LENDER
9 ARRANGEMENTS.—Section 152 of the Higher Education
10 Act of 1965 (20 U.S.C. 1019a) is amended—

11 (1) in the section heading, by striking “**AND**
12 **LENDERS**” and inserting “**LENDERS, AND ISA**
13 **PROVIDERS**”;

14 (2) in subsection (a)—

15 (A) in paragraph (1)—

16 (i) in subparagraph (A)—

17 (I) in clause (i)—

18 (aa) in the matter preceding
19 subclause (I), by inserting “or
20 educational ISAs” after “loans”;

21 (bb) in subclause (II)—

22 (AA) by striking “sec-
23 tion 151(3)(A)” and insert-
24 ing “section 151(4)(A)”;
25 and

1 (BB) by striking “and”
2 at the end;
3 (cc) by redesignating sub-
4 clause (III) as subclause (IV);
5 and
6 (dd) by inserting after sub-
7 clause (II) the following:
8 “(III) the information required to
9 be disclosed pursuant to section
10 153(a)(2)(A)(i), for an educational
11 ISA that is offered pursuant to a pre-
12 ferred lender arrangement of the in-
13 stitution or organization to students
14 of the institution or families of such
15 students; and”; and
16 (II) in clause (ii)—
17 (aa) in the matter preceding
18 subclause (I)—
19 (AA) by striking “sub-
20 paragraph (C)” and insert-
21 ing “subparagraph (D)”;
22 and
23 (BB) by inserting “or
24 educational ISAs” after
25 “loans”;

1 (bb) in subclause (I), by
2 striking “and” after the semi-
3 colon; and

4 (cc) by adding at the end
5 the following:

6 “(III) in the case of a covered in-
7 stitution, the information described in
8 section 153(c) for each type of edu-
9 cational ISA offered pursuant to a
10 preferred lender arrangement of the
11 institution to students of the institu-
12 tion or the families of such students;
13 and

14 “(IV) in the case of an institu-
15 tion-affiliated organization of a cov-
16 ered institution, the information in
17 section 303(b)(1) of the ISA Student
18 Protection Act of 2022, for each type
19 of educational ISA offered pursuant
20 to a preferred lender arrangement of
21 the organization to students of such
22 institution or the families of such stu-
23 dents.”;

24 (ii) by redesignating subparagraph
25 (C) as subparagraph (D); and

1 (iii) by inserting after subparagraph
2 (B) the following:

3 “(C) EDUCATIONAL ISA DISCLOSURES.—A
4 covered institution, or an institution-affiliated
5 organization of such covered institution, that
6 provides information regarding an educational
7 ISA from an ISA provider to a prospective ISA
8 recipient shall—

9 “(i) provide the prospective ISA re-
10 cipient with the information described in
11 section 303(b)(1) of the ISA Student Pro-
12 tection Act of 2022 for such educational
13 ISA;

14 “(ii) inform the perspective ISA re-
15 cipient that—

16 “(I) the prospective ISA recipient
17 may qualify for loans or other assist-
18 ance under title IV; and

19 “(II) the terms and conditions of
20 the loans made, insured, or guaran-
21 teed under title IV may be more fa-
22 vorable than the provisions of edu-
23 cational ISAs; and

24 “(iii) ensure that information regard-
25 ing educational ISAs is presented in such

1 a manner as to be distinct from informa-
2 tion regarding loans that are made, in-
3 sured, or guaranteed under title IV.”;

4 (B) by striking paragraph (2) and insert-
5 ing the following:

6 “(2) USE OF INSTITUTION NAME.—A covered
7 institution, or an institution-affiliated organization
8 of such covered institution, that enters into a pre-
9 ferred lender arrangement with a lender regarding
10 private education loans or an ISA provider regarding
11 educational ISAs shall not agree to the lender’s or
12 ISA provider’s use of the name, emblem, mascot, or
13 logo of such institution or organization, or other
14 words, pictures, or symbols readily identified with
15 such institution or organization, in the marketing of
16 private education loans or educational ISAs to stu-
17 dents attending such institution in any way that im-
18 plies that the loan or educational ISA is offered or
19 made by such institution or organization instead of
20 the lender or ISA provider.”; and

21 (C) by adding at the end the following:

22 “(4) USE OF ISA PROVIDER NAME.—A covered
23 institution, or an institution-affiliated organization
24 of such covered institution, that enters into a pre-
25 ferred lender arrangement with an ISA provider re-

1 the Secretary, in coordination with the Bu-
2 reau of Consumer Financial Protection,
3 shall determine the minimum information
4 that ISA providers, covered institutions,
5 and institution-affiliated organizations of
6 such covered institutions participating in
7 preferred lender arrangements shall make
8 available regarding educational ISAs.

9 “(ii) CONSULTATION AND CONTENT
10 OF MINIMUM DISCLOSURES.—In carrying
11 out clause (i), the Secretary shall—

12 “(I) consult with students, the
13 families of such students, representa-
14 tives of covered institutions (including
15 financial aid administrators, admis-
16 sion officers, and business officers),
17 representatives of institution-affiliated
18 organizations, secondary school guid-
19 ance counselors, and ISA providers;

20 “(II) include, in the minimum in-
21 formation under clause (i) that is re-
22 quired to be made available, the infor-
23 mation required to be disclosed under
24 section 303 of the ISA Student Pro-
25 tection Act of 2022; and

1 “(III) consider the merits of re-
2 quiring each covered institution, and
3 each institution-affiliated organization
4 of such covered institution, with a
5 preferred lender arrangement to pro-
6 vide prospective ISA recipients and
7 the families of such ISA recipients the
8 following information for each type of
9 educational ISA offered pursuant to
10 such preferred lender arrangement:

11 “(aa)(AA) The ISA payment
12 calculation method, the income
13 threshold, the ISA maximum
14 number of payments (or a range
15 of the ISA maximum number of
16 payments), the ISA payment win-
17 dow (or a range of the ISA pay-
18 ment windows), and the terms
19 and conditions of the educational
20 ISA for the next award year.

21 “(BB) In this subclause, the
22 terms ‘income threshold’, ‘ISA
23 maximum number of payments’,
24 ‘ISA payment window’, and ‘ISA
25 payment calculation method’

1 have the meanings given the
2 terms in section 2 of the ISA
3 Student Protection Act of 2022.

4 “(bb) An itemization of the
5 fees or range of fees required to
6 obtain the educational ISA.

7 “(cc) Any fees or other pen-
8 alties based on the ISA recipi-
9 ent’s defaults or late payments.

10 “(dd) The annual or aggre-
11 gate maximum financed amounts.

12 “(ee) The average financed
13 amounts provided by the ISA
14 provider to students who—

15 “(AA) graduated from
16 such institution in the pre-
17 ceding year with certificates,
18 undergraduate degrees,
19 graduate degrees, and pro-
20 fessional degrees, as applica-
21 ble; and

22 “(BB) obtained edu-
23 cational ISAs of such type
24 from the ISA provider for
25 the preceding year.

1 “(ff) The consequences for
2 the ISA recipient for defaulting
3 on an educational ISA.

4 “(gg) Contact information
5 for the ISA provider.

6 “(hh) Other information
7 suggested by the persons and en-
8 tities with whom the Secretary
9 has consulted under subclause
10 (I).”;

11 (B) in paragraph (2)—

12 (i) in subparagraph (A)—

13 (I) in clause (i), by striking “sec-
14 tion 151(3)(A)” and inserting “sec-
15 tion 151(4)(A), or to prospective ISA
16 recipients and the families of such
17 ISA recipients regarding educational
18 ISAs,”; and

19 (II) in clause (ii), by striking
20 “the model disclosure form” and in-
21 serting “a model disclosure form”;

22 (ii) in subparagraph (B)—

23 (I) in the matter preceding clause
24 (i)—

1 (aa) by striking “a model
2 disclosure form” and inserting
3 “model disclosure forms”; and

4 (bb) by striking “and pre-
5 ferred lenders” and inserting
6 “preferred lenders, and ISA pro-
7 viders”;

8 (II) in clause (i), by inserting
9 “ISA providers,” after “servicers,”
10 and

11 (III) in clause (ii)—

12 (aa) by striking “format to
13 the form” and inserting the fol-
14 lowing: “format to—

15 “(aa) with respect to edu-
16 cation loans, the form”; and

17 (bb) by striking “section
18 151(3)(A)” and inserting “sec-
19 tion 151(4)(A)”; and

20 (cc) by adding at the end
21 the following:

22 “(bb) with respect to edu-
23 cational ISAs, the form developed
24 by the Bureau of Consumer Fi-
25 nancial Protection under section

1 301(4) of the ISA Student Pro-
2 tection Act of 2022 in order to
3 permit students and the families
4 of students to easily compare
5 educational ISAs; and”;

6 (iii) in subparagraph (C), by striking
7 “such model disclosure form” and insert-
8 ing “the model disclosure forms described
9 in subparagraph (B)”;

10 (2) in subsection (b), by striking “section
11 151(3)(A)” each place the term appears and insert-
12 ing “section 151(4)(A)”;

13 (3) by redesignating subsection (c) as sub-
14 section (d);

15 (4) by inserting after subsection (b) the fol-
16 lowing:

17 “(c) DUTIES OF ISA PROVIDERS.—Each ISA pro-
18 vider that has a preferred lender arrangement with respect
19 to educational ISAs with a covered institution, or an insti-
20 tution-affiliated organization of such covered institution,
21 shall annually, by a date determined by the Secretary, pro-
22 vide to such covered institution or such institution-affili-
23 ated organization, and to the Secretary, the information
24 the Secretary requires pursuant to subsection (a)(2)(A)(i)
25 for the educational ISAs that the ISA provider plans to

1 offer pursuant to such preferred lender arrangement to
2 students attending such covered institution, or to the fam-
3 ilies of such students, for the next award year.”; and

4 (5) in subsection (d), as redesignated by para-
5 graph (3)—

6 (A) in paragraph (1)—

7 (i) in subparagraph (A)—

8 (I) in clause (i), by striking “sec-
9 tion 151(3)(A)” and inserting “sec-
10 tion 151(4)(A) or educational ISA”;

11 and

12 (II) by adding at the end the fol-
13 lowing:

14 “(iii)(I) in the case of a covered insti-
15 tution, the information described in sub-
16 section (c), for each type of educational
17 ISA offered pursuant to a preferred lender
18 arrangement of the institution to students
19 of the institution or the families of such
20 students; and

21 “(II) in the case of an institution-af-
22 filiated organization of a covered institu-
23 tion, the information described in section
24 303(b)(1) of the ISA Student Protection
25 Act of 2022, for each type of educational

1 ISA offered pursuant to a preferred lender
2 arrangement of the organization to stu-
3 dents of such institution or the families of
4 such students.”; and

5 (ii) in subparagraph (B)—

6 (I) by inserting “or ISA pro-
7 vider” after “lender”; and

8 (II) by inserting “or an edu-
9 cational ISA” after “loan”; and

10 (B) in paragraph (2)(A)—

11 (i) in the matter preceding clause (i),
12 by inserting “or ISA provider” after “each
13 lender”;

14 (ii) in clause (i), by striking “clauses
15 (i) and (ii)” and inserting “clauses (i)
16 through (iii), as applicable”; and

17 (iii) in clause (ii)—

18 (I) by inserting “or ISA pro-
19 vider” after “the lender”; and

20 (II) by inserting “or educational
21 ISA” after “loan”.

22 (f) SELF-CERTIFICATION FORM FOR EDUCATIONAL
23 ISAs.—Section 155 of the Higher Education Act of 1965
24 (20 U.S.C. 1019d) is amended—

1 (1) by striking the section heading and insert-
2 ing the following: “**SELF-CERTIFICATION FORMS**
3 **FOR PRIVATE EDUCATION LOANS OR EDU-**
4 **CATIONAL ISAS.**”; and

5 (2) in subsection (a)—

6 (A) in the matter preceding paragraph

7 (1)—

8 (i) by striking “the self-certification
9 form” and inserting “a self-certification
10 form”;

11 (ii) by inserting “and, in consultation
12 with the Director of the Bureau of Con-
13 sumer Financial Protection, a self-certifi-
14 cation form for educational ISAs that shall
15 be used to satisfy the requirements of sec-
16 tion 303(f) of the ISA Student Protection
17 Act of 2022” after “Act”; and

18 (iii) by striking “Such form” and in-
19 serting “Each form”; and

20 (B) in paragraph (3)—

21 (i) in subparagraph (A), by inserting
22 “or educational ISA, as applicable” after
23 “loan”; and

1 (ii) in subparagraph (C), by inserting
2 “or educational ISA, as applicable” after
3 “loan”; and

4 (3) in subsection (b), by striking “the form”
5 and inserting “a form”.

6 (g) CONFORMING AMENDMENTS.—Section 154 of the
7 Higher Education Act of 1965 (20 U.S.C. 1019c) is
8 amended—

9 (1) in subsection (a)—

10 (A) by inserting “for education loans”
11 after “the model disclosure form”; and

12 (B) by striking “section 151(3)(A)” and
13 inserting “section 151(4)(A)”; and

14 (2) in subsection (b)(2), by inserting “for edu-
15 cation loans” after “model disclosure form”.

16 **TITLE V—APPLYING EXISTING**
17 **CONSUMER PROTECTIONS TO**
18 **INCOME SHARE AGREEMENTS**

19 **SEC. 501. EQUAL ACCESS TO INCOME SHARE AGREEMENTS.**

20 (a) ACTIVITIES CONSTITUTING DISCRIMINATION.—It
21 shall be unlawful for any ISA provider to discriminate
22 against any applicant, with respect to any aspect of an
23 income share agreement—

1 (1) on the basis of race, color, religion, national
2 origin, sex or marital status, or age (provided the
3 applicant has the capacity to contract);

4 (2) because all or part of the applicant's income
5 derives from any public assistance program (except
6 for those excluded from the definition of income es-
7 tablished by the income share agreement); or

8 (3) because the applicant has in good faith ex-
9 ercised any right under this Act.

10 (b) **ACTIVITIES NOT CONSTITUTING DISCRIMINA-**
11 **TION.**—It shall not constitute discrimination for purpose
12 of subsection (a) for an ISA provider—

13 (1) to make an inquiry of the applicant's age or
14 of whether the applicant's income derives from any
15 public assistance program, if such inquiry is for the
16 purpose of determining the amount and probable
17 continuance of income levels, credit history, or other
18 pertinent element of creditworthiness as provided in
19 regulations of the Bureau;

20 (2) to use any empirically-derived credit system
21 that considers age if that system is demonstrably
22 and statistically sound in accordance with regula-
23 tions of the Bureau, except that in the operation of
24 such a system, the age of an elderly applicant may
25 not be assigned a negative factor or value;

1 (3) to make an inquiry of, or to consider the
2 age of, an elderly applicant when the age of that ap-
3 plicant is to be used by the creditor in the extension
4 of credit in favor of the applicant; or

5 (4) to use any empirically derived system that
6 considers the expected future income of an applicant
7 to determine whether to approve an application or to
8 establish the financial and other terms of an income
9 share agreement, if that empirically derived system
10 is demonstrably and statistically sound and reason-
11 ably designed such that approved applicants are all
12 reasonably expected to pay substantially similar ef-
13 fective annual percentage rates as other similarly sit-
14 uated applicants, except that in accordance with any
15 regulations of the Bureau in the operation of such
16 a system to project an applicant's expected future
17 Income, an ISA provider—

18 (A) may not consider an applicant's status
19 as a member or potential member of any of the
20 classes described in subsection (a);

21 (B) may consider an applicant's current
22 employment status, current debt and other fi-
23 nancial obligations, or current and past income
24 (as of the date of application); or

1 (C) in the case of educational ISAs, may
2 consider the historical income of consumers who
3 have made comparable progress toward the
4 completion of the educational program in which
5 the applicant is or is expected to be enrolled or
6 toward a reasonably comparable educational
7 program.

8 (e) ADDITIONAL ACTIVITIES NOT CONSTITUTING
9 DISCRIMINATION.—It shall not be a violation of subsection
10 (a) for an ISA provider to refuse to extend an income
11 share agreement—

12 (1) that is offered pursuant to—

13 (A) any financial assistance program ex-
14 pressly authorized by law for an economically
15 disadvantaged class of persons;

16 (B) any financial assistance program ad-
17 ministered by a nonprofit organization for its
18 members or an economically disadvantaged
19 class of persons; or

20 (C) any special purpose financial assist-
21 ance program that—

22 (i) is carried out by a for-profit orga-
23 nization to meet special social needs; and

24 (ii) meets standards prescribed in reg-
25 ulations by the Bureau; or

1 (2) if the refusal is required by, or made pursu-
2 ant to, a program described in paragraph (1).

3 (d) REASON FOR ADVERSE ACTION; PROCEDURE AP-
4 PLICABLE.—

5 (1) IN GENERAL.—Not later than 30 days (or
6 such longer reasonable time as specified in regula-
7 tions of the Bureau for any class of income share
8 agreement transaction) after the date on which an
9 ISA provider receives a completed application for an
10 income share agreement, the ISA provider shall no-
11 tify the applicant of—

12 (A) the action taken by the ISA provider
13 with respect to the application;

14 (B) in the case of an adverse action, a
15 clear and accurate disclosure of the applicant's
16 right to a written statement of reasons in ac-
17 cordance with paragraph (2) within 60 days
18 after receiving the notice under this paragraph;
19 and

20 (C) the identity of the person or office
21 from which the statement of reasons described
22 in paragraph (2) may be obtained.

23 (2) STATEMENT OF REASONS.—

24 (A) IN GENERAL.—Each applicant against
25 which an adverse action is taken shall be enti-

1 tled to a written statement from the applicable
2 ISA provider regarding the specific reasons for
3 that adverse action, if the request is made by
4 the applicant not later than 60 days after re-
5 ceiving the notice of an adverse action under
6 paragraph (1).

7 (B) TIMING.—An ISA provider shall pro-
8 vide an applicant with the statement of reasons
9 under subparagraph (A) by the date that is not
10 more than 30 days after the date of the con-
11 sumer’s request.

12 (C) ORAL STATEMENT.—Notwithstanding
13 subparagraph (A), the statement described in
14 this paragraph may be provided orally if the
15 oral notification advises the applicable applicant
16 of the right of the applicant to have the state-
17 ment of reasons confirmed in writing, upon
18 written request by the applicant.

19 (D) THIRD PARTY REQUEST.—If a third
20 party requests that an ISA provider make a
21 specific extension of an income share agreement
22 directly or indirectly to an applicant, the state-
23 ment under this paragraph may be made di-
24 rectly by the ISA provider, or indirectly through

1 the third party, if the identity of the ISA pro-
2 vider is disclosed.

3 (E) VERBAL STATEMENTS.—The require-
4 ments of this paragraph may be satisfied by a
5 verbal statement or notification in the case of
6 an ISA provider that acted on not more than
7 150 applications during the calendar year pre-
8 ceeding the calendar year in which the applicable
9 adverse action is taken, as determined under
10 regulations of the Bureau.

11 (e) REGULATIONS.—

12 (1) IN GENERAL.—

13 (A) ISSUANCE OF REGULATIONS.—The
14 Bureau shall prescribe regulations to carry out
15 the purposes of this section.

16 (B) CONTENTS.—The regulations pre-
17 scribed under subparagraph (A) may contain
18 such classifications, differentiation, or other
19 provisions, and may provide for such adjust-
20 ments for any class of transactions, as in the
21 judgment of the Bureau are necessary or proper
22 to effectuate the purposes of this section, to
23 prevent circumvention or evasion of this section,
24 or to facilitate or substantiate compliance this
25 section.

1 (2) CONSISTENT WITH EQUAL CREDIT OPPOR-
2 TUNITY ACT.—In prescribing regulations under
3 paragraph (1), the Bureau shall be guided by the
4 Equal Credit Opportunity Act (12 U.S.C. 1691 et
5 seq.) and part 1002 of title 12, Code of Federal
6 Regulations, or any successor regulations.

7 (3) EXEMPT TRANSACTIONS.—

8 (A) IN GENERAL.—Subject to subpara-
9 graph (B), the regulations prescribed under
10 paragraph (1) may exempt from the provisions
11 of this section any class of transactions that is
12 not primarily for personal, family, or household
13 purposes, or any business or commercial income
14 share agreement or investment contract made
15 available by a financial institution, except that
16 a particular type of income share agreement
17 within such a class may be exempted only if the
18 Bureau makes an express finding that applying
19 this section, or of any provision of this section,
20 to the income share agreement would not con-
21 tribute substantially to effectuating the pur-
22 poses of this section.

23 (B) LIMITATION.—An exemption granted
24 under subparagraph (A) shall be—

25 (i) for not longer than 5 years; and

1 (ii) extended only if the Bureau makes
2 a subsequent determination, in the manner
3 described by that subparagraph, that the
4 exemption remains appropriate.

5 (4) MAINTENANCE OF RECORDS.—Pursuant to
6 the regulations prescribed under paragraph (1), an
7 entity making business or commercial income share
8 agreements shall maintain such records or other
9 data relating to those agreements as may be nec-
10 essary to evidence compliance with this section or
11 enforce any action pursuant to the authority of this
12 section, except that in no event shall those records
13 or data be maintained for a period of less than 1
14 year.

15 (5) DEFERENCE.—Notwithstanding any power
16 granted to any Federal agency under this section,
17 the deference that a court affords to a Federal agen-
18 cy with respect to a determination made by that
19 agency relating to the meaning or interpretation of
20 any provision of this section that is subject to the
21 jurisdiction of the agency shall be applied as if that
22 agency were the only agency authorized to apply, en-
23 force, interpret, or administer the provisions of this
24 section.

1 (f) ENFORCEMENT.—The administrative enforcement
2 of this section shall be consistent with section 704 of the
3 Equal Credit Opportunity Act (15 U.S.C. 1691c) and the
4 regulations implementing such section 704.

5 (g) SELF-TESTING AND SELF-CORRECTION.—The in-
6 centives for self-testing and self-correction under section
7 704A of the Equal Credit Opportunity Act (15 U.S.C.
8 1691c–1), and the regulations implementing such section
9 704A, shall apply to ISA providers offering income share
10 agreements.

11 (h) APPLICABILITY OF OTHER LAWS.—Section 705
12 of the Equal Credit Opportunity Act (15 U.S.C. 1691d),
13 and the regulations implementing such section 705, shall
14 apply to ISA providers offering income share agreements
15 in the same manner in which those provisions apply to
16 creditors offering loan products.

17 (i) CIVIL LIABILITY.—Section 706 of the Equal
18 Credit Opportunity Act (15 U.S.C. 1691e), and the regu-
19 lations implementing such section 706, shall apply to ISA
20 providers offering income share agreements.

21 (j) REPORTS BY BUREAU AND ATTORNEY GEN-
22 ERAL.—

23 (1) IN GENERAL.—Each year, the Bureau and
24 the Attorney General shall, respectively, submit to
25 Congress reports concerning the administration of

1 the functions of the Bureau and the Attorney Gen-
2 eral, respectively, under this section, including such
3 recommendations as the Bureau and the Attorney
4 General, respectively determine necessary or appro-
5 priate.

6 (2) **ADDITIONAL INFORMATION.**—Each report
7 of the Bureau submitted under paragraph (1) shall
8 include the assessment of the Bureau of the extent
9 to which compliance with the requirements of this
10 title is being achieved and a summary of the enforce-
11 ment actions taken by each of the agencies assigned
12 administrative responsibilities under subsection (f).

13 **SEC. 502. PROHIBITION ON REQUIRING PREAUTHORIZED**
14 **ELECTRONIC FUND TRANSFERS UNDER THE**
15 **ELECTRONIC FUND TRANSFER ACT.**

16 Section 913(1) of the Electronic Fund Transfer Act
17 (15 U.S.C. 1693k(1)) is amended by inserting “, or the
18 entering into an educational ISA or an income share
19 agreement (as those terms are defined in section 2 of the
20 ISA Student Protection Act of 2022) with a consumer”
21 after “a consumer”.

1 **SEC. 503. TREATMENT UNDER THE FAIR CREDIT REPORT-**
2 **ING ACT.**

3 (a) IN GENERAL.—Section 605 of the Fair Credit
4 Reporting Act (15 U.S.C. 1681e) is amended by adding
5 at the end the following:

6 “(i) INCOME SHARE AGREEMENT INFORMATION.—
7 With respect to an income share agreement (as that term
8 is defined in section 2 of the ISA Student Protection Act
9 of 2022), a consumer report made by a consumer report-
10 ing agency—

11 “(1) may include a description of the contract
12 terms of the income share agreement and, subject to
13 subsection (a), information with respect to amounts
14 that are owed under the income share agreement;
15 and

16 “(2) may not include any speculation about fu-
17 ture amounts that may be owed under the income
18 share agreement, including the reporting of any pay-
19 ment caps or early termination amounts.”.

20 (b) REGULATIONS.—The Bureau shall promulgate
21 regulations with respect to the manner in which ISA pro-
22 viders may furnish, and consumer reporting agencies may
23 report, information regarding income share agreements.

1 **SEC. 504. TREATMENT UNDER THE FAIR DEBT COLLECTION**
2 **PRACTICES ACT.**

3 (a) IN GENERAL.—Section 803 of the Fair Debt Col-
4 lection Practices Act (15 U.S.C. 1692a) is amended—

5 (1) in paragraph (5), by inserting “, including
6 such an obligation or alleged obligation arising out
7 of an income share agreement, as that term is de-
8 fined in section 2 of the ISA Student Protection Act
9 of 2022” before the period at the end; and

10 (2) in paragraph (6), in the first sentence, by
11 inserting “, including an ISA provider (as defined in
12 section 2 of the ISA Student Protection Act of
13 2022),” after “means any person”.

14 (b) RULES OF CONSTRUCTION.—Nothing in this sec-
15 tion, or the amendments made by this section, may be con-
16 strued for purposes of any other Federal law as consid-
17 ering—

18 (1) income share agreements as debts, once the
19 ISA recipient owes any amounts to the ISA provider
20 under the income share agreement; or

21 (2) ISA providers as lenders, once the ISA re-
22 cipient owes any amounts to the ISA provider under
23 the applicable income share agreement.

1 **SEC. 505. TREATMENT OF EDUCATIONAL INCOME SHARE**
2 **AGREEMENTS FOR PURPOSES OF MILITARY**
3 **LENDING ACT.**

4 Section 987 of title 10, United States Code, is
5 amended—

6 (1) by redesignating subsection (i) as subsection
7 (j); and

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

10 “(i) **TREATMENT OF EDUCATIONAL INCOME SHARE**
11 **AGREEMENTS.**—The Secretary of Defense shall prescribe
12 regulations to apply this section to educational ISAs (as
13 that term is defined in section 2 of the ISA Student Pro-
14 tection Act of 2022), and an educational ISA shall be
15 deemed to meet the annual percentage rate of interest lim-
16 itation under subsection (b) of this section if the edu-
17 cational ISA, as applicable, would meet the requirements
18 of section 102(b) of such Act (related to appropriate risk
19 sharing) but with reference to the rate specified in sub-
20 section (b) of this section.”.

21 **SEC. 506. TREATMENT UNDER THE SERVICEMEMBERS**
22 **CIVIL RELIEF ACT.**

23 Section 207 of the Servicemembers Civil Relief Act
24 (50 U.S.C. 3937) is amended—

25 (1) in subsection (d)—

1 (A) by redesignating paragraphs (1) and
2 (2) as paragraphs (2) and (3), respectively; and

3 (B) by inserting before paragraph (2), as
4 redesignated by subparagraph (A), the following
5 new paragraph:

6 “(1) EDUCATIONAL INCOME SHARE AGREE-
7 MENT.—The term ‘educational income share agree-
8 ment’ has the meaning given the term ‘educational
9 ISA’ in section 2 of the ISA Student Protection Act
10 of 2022.”;

11 (2) by redesignating subsections (d) and (e) as
12 subsections (e) and (f), respectively; and

13 (3) by inserting before subsection (e), as redesi-
14 gnated by paragraph (2), the following new sub-
15 section (d):

16 “(d) EDUCATIONAL INCOME SHARE AGREEMENTS.—

17 “(1) IN GENERAL.—An educational income
18 share agreement shall be considered to be in compli-
19 ance with the requirements of subsection (a) if such
20 agreement is compliant with the requirements of sec-
21 tion 102(b) of the ISA Student Protection Act of
22 2022.

23 “(2) INTEREST RATE.—In carrying out para-
24 graph (1) of this subsection, the interest rate re-
25 ferred to section 102(b) of such Act shall be deemed

1 to be the rate of interest specified in subsection (a)
2 of this section.”.

3 **SEC. 507. PRESERVATION OF CONSUMERS’ CLAIMS AND DE-**
4 **FENSES.**

5 (a) APPLICATION OF HOLDER IN DUE COURSE RULE
6 TO INCOME SHARE AGREEMENTS.—Beginning on Janu-
7 ary 1, 2023, for purposes of applying part 433 of title
8 16, Code of Federal Regulations (commonly known as the
9 “Holder in Due Course Rule” or the “Holder Rule”), the
10 term “consumer credit contract”, as defined in section
11 433.1 of such title, shall include income share agreements
12 that—

13 (1) involve the advancing of funds to, or on be-
14 half of, a consumer in return for the consumer’s
15 agreement to an income share agreement; and

16 (2) are related, in whole or substantial part, to
17 a purchase of goods or services from a seller who—

18 (A) refers the consumer to the provider of
19 the income share agreement; or

20 (B) is affiliated with the provider of the in-
21 come share agreement by common control, con-
22 tract, or business arrangement.

23 (b) DISCLOSURES.—In applying section 433.2 of title
24 16, Code of Federal Regulations, to a consumer credit

1 contract that is an income share agreement described in
2 subsection (a)—

3 (1) in lieu of the disclosure required under sec-
4 tion 433.2(a) of title 16, Code of Federal Regula-
5 tions, the contract shall contain the following disclo-
6 sure in at least 10 point, bold face type:

7 “NOTICE

8 “ANY HOLDER OF THIS INCOME SHARE
9 AGREEMENT IS SUBJECT TO ALL CLAIMS
10 AND DEFENSES WHICH THE ISA RECIPI-
11 ENT COULD ASSERT AGAINST THE SELLER
12 OF THE GOODS OR SERVICES OBTAINED
13 UNDER THE INCOME SHARE AGREEMENT
14 OR WITH THE PROCEEDS OF THE INCOME
15 SHARE AGREEMENT. ANY RECOVERY BY
16 THE ISA RECIPIENT UNDER SUCH A CLAIM
17 OR DEFENSE SHALL NOT EXCEED
18 AMOUNTS PAID BY THE ISA RECIPIENT
19 UNDER THE INCOME SHARE AGREEMENT.”;
20 and

21 (2) in lieu of the disclosure required under sec-
22 tion 433.2(b) of title 16, Code of Federal Regula-
23 tions, the contract shall contain the following disclo-
24 sure in at least 10 point, bold face type:

25 “NOTICE

1 “ANY HOLDER OF THIS INCOME SHARE
 2 AGREEMENT IS SUBJECT TO ALL CLAIMS
 3 AND DEFENSES WHICH THE ISA RECIPI-
 4 ENT COULD ASSERT AGAINST THE SELLER
 5 OF GOODS OR SERVICES OBTAINED UNDER
 6 THE INCOME SHARE AGREEMENT OR WITH
 7 THE PROCEEDS OF THE INCOME SHARE
 8 AGREEMENT. ANY RECOVERY UNDER SUCH
 9 A CLAIM OR DEFENSE BY THE ISA RECIPI-
 10 ENT SHALL NOT EXCEED AMOUNTS PAID
 11 BY THE ISA RECIPIENT UNDER THE IN-
 12 COME SHARE AGREEMENT.”.

13 **TITLE VI—RELATION TO OTHER**
 14 **LAWS**

15 **SEC. 601. TREATMENT UNDER OTHER LAWS.**

16 (a) INSURANCE AND WAGERING.—An income share
 17 agreement shall not be treated as a contract for insurance,
 18 or as a betting or wagering contract, under any Federal
 19 or State law, except in the case of a State law that ex-
 20 pressly states the law is intended to apply to income share
 21 agreements as defined in this Act.

22 (b) PAYMENTS NOT CONSIDERED PREPAYMENTS.—
 23 Any right that an ISA recipient may have to pay an
 24 amount greater than the amount financed under an in-
 25 come share agreement in order to extinguish the income

1 share agreement earlier than the ISA duration or ISA
2 maximum number of payments shall not be subject to any
3 Federal or State law with respect to prepayment penalties,
4 as long as—

5 (1) the prepayment complies with the limita-
6 tions on income share agreements required under
7 this Act and the amendments made by this Act; and

8 (2) in the case of a State law, the State law
9 does not expressly state that the law is intended to
10 apply to income share agreements as defined in this
11 Act.

12 An income share agreement under this Act is not subject
13 to the application of 15 U.S.C. 1650(e), to the extent it
14 would be applicable to an income share agreement.

15 (c) TREATMENT OF EDUCATIONAL ISAS.—

16 (1) ASSIGNMENT OF FUTURE WAGES FOR EDU-
17 CATIONAL ISAS.—An educational ISA shall be a
18 valid, binding, and enforceable contract, notwith-
19 standing any State law limiting or otherwise regu-
20 lating assignments of future wages or other income,
21 except in the case of a State law that expressly
22 states the law is intended to apply to income share
23 agreements as defined in this Act.

24 (2) PREEMPTION OF STATE LAW WITH RE-
25 SPECT TO USURY AND INTEREST RATES FOR EDU-

1 CATIONAL ISAS.—An educational ISA shall not be
2 subject to a State law with respect to usury, interest
3 rates, fees, and charges for credit, loans, credit or
4 installment sales, or a State law requiring that in-
5 stallment payments be substantially equal in
6 amount, except in the case of a State law that ex-
7 pressly states the law is intended to apply to income
8 share agreements as defined in this Act.

9 (3) PREEMPTION OF STATE LAWS WITH RE-
10 SPECT TO ABILITY-TO-REPAY AND LICENSING LAWS
11 FOR EDUCATIONAL ISAS.—An educational ISA shall
12 not be subject to a State law with respect to “abil-
13 ity-to-repay” requirements, and neither an ISA pro-
14 vider issuing an educational ISA or its successor in
15 interest, nor any entity servicing any educational
16 ISA on behalf of an ISA provider or its successor in
17 interest, shall be subject to any State law with re-
18 spect to licensing or registration, except in the case
19 of a State law that expressly states the law is in-
20 tended to apply to income share agreements, as de-
21 fined in this Act.

22 **SEC. 602. RELATION TO STATE LAW.**

23 (a) IN GENERAL.—

24 (1) RULE OF CONSTRUCTION.—This Act, other
25 than the provisions of titles I and III and section

1 501, may not be construed as annulling, altering, or
2 affecting, or exempting any person subject to the
3 provisions of this Act from complying with the stat-
4 utes, regulations, orders, or interpretations in effect
5 in any State, except to the extent that any such pro-
6 vision of law is inconsistent with the provisions of
7 this Act, and then only to the extent of the incon-
8 sistency.

9 (2) GREATER PROTECTION UNDER STATE
10 LAW.—For purposes of this subsection, a statute,
11 regulation, order, or interpretation in effect in any
12 State is not inconsistent with the provisions of this
13 Act if the protection that such statute, regulation,
14 order, or interpretation affords to ISA recipients or
15 applicants is greater than the protection provided
16 under this Act. A determination regarding whether
17 a statute, regulation, order, or interpretation in ef-
18 fect in any State is inconsistent with the provisions
19 of this Act may be made by the Bureau on its own
20 motion or in response to a nonfrivolous petition initi-
21 ated by any interested person.

22 (b) RELATION TO OTHER PROVISIONS OF ENUMER-
23 ATED CONSUMER LAWS THAT RELATE TO STATE LAW.—
24 No provision of this Act, except as provided in titles I and
25 III and section 501, shall be construed as modifying, lim-

1 iting, or superseding the operation of any provision of an
2 enumerated consumer law that relates to the application
3 of a law in effect in any State with respect to such enu-
4 merated consumer law.

5 (c) ADDITIONAL CONSUMER PROTECTION REGULA-
6 TIONS IN RESPONSE TO STATE ACTION.—

7 (1) NOTICE OF PROPOSED RULE REQUIRED.—

8 The Bureau shall issue a notice of proposed rule-
9 making whenever a majority of the States has en-
10 acted a resolution in support of the establishment or
11 modification of a consumer protection regulation by
12 the Bureau.

13 (2) BUREAU CONSIDERATIONS REQUIRED FOR
14 ISSUANCE OF FINAL REGULATION.—Before pre-
15 scribing a final regulation based upon a notice
16 issued under paragraph (1), the Bureau shall take
17 into account whether—

18 (A) the proposed regulation would afford
19 greater protection to consumers than any exist-
20 ing regulation;

21 (B) the intended benefits of the proposed
22 regulation for consumers would outweigh any
23 increased costs or inconveniences for con-
24 sumers, and would not discriminate unfairly
25 against any category or class of consumers; and

1 (C) a Federal banking agency has advised
2 that the proposed regulation is likely to present
3 an unacceptable safety and soundness risk to
4 insured depository institutions.

5 (3) EXPLANATION OF CONSIDERATIONS.—The
6 Bureau—

7 (A) shall include a discussion of the con-
8 siderations required in paragraph (2) in the
9 Federal Register notice of a final regulation
10 prescribed pursuant to this subsection; and

11 (B) whenever the Bureau determines not
12 to prescribe a final regulation, shall publish an
13 explanation of such determination in the Fed-
14 eral Register, and provide a copy of such expla-
15 nation to each State that enacted a resolution
16 in support of the proposed regulation, the Com-
17 mittee on Banking, Housing, and Urban Affairs
18 of the Senate, and the Committee on Financial
19 Services of the House of Representatives.

20 (4) RESERVATION OF AUTHORITY.—No provi-
21 sion of this subsection shall be construed as limiting
22 or restricting the authority of the Bureau to enhance
23 consumer protection standards established pursuant
24 to this Act in response to a motion of the Bureau

1 or in response to a request by any other interested
2 person.

3 (5) RULE OF CONSTRUCTION.—No provision of
4 this subsection shall be construed as exempting the
5 Bureau from complying with subchapter II of chap-
6 ter 5 of title 5, United States Code.

7 **TITLE VII—ENFORCEMENT AND** 8 **REPORTING**

9 **SEC. 701. ENFORCEMENT.**

10 (a) ENFORCING AGENCIES.—Subject to subtitle B of
11 the Consumer Financial Protection Act of 2010 (12
12 U.S.C. 5511 et seq.), compliance with the requirements
13 imposed under this Act shall be enforced under—

14 (1) section 8 of the Federal Deposit Insurance
15 Act by the appropriate Federal banking agency, as
16 defined in section 3(q) of the Federal Deposit Insur-
17 ance Act (12 U.S.C. 1813(q)), with respect to—

18 (A) national banks, Federal savings asso-
19 ciations, and Federal branches and Federal
20 agencies of foreign banks;

21 (B) member banks of the Federal Reserve
22 System (other than national banks), branches
23 and agencies of foreign banks (other than Fed-
24 eral branches, Federal agencies, and insured
25 State branches of foreign banks), commercial

1 lending companies owned or controlled by for-
2 eign banks, and organizations operating under
3 section 25 or 25A of the Federal Reserve Act
4 (12 U.S.C. 601 et seq.); and

5 (C) banks and State savings associations
6 insured by the Federal Deposit Insurance Cor-
7 poration (other than members of the Federal
8 Reserve System), and insured State branches of
9 foreign banks;

10 (2) the Federal Credit Union Act (12 U.S.C.
11 1751 et seq.), by the Director of the National Credit
12 Union Administration, with respect to any Federal
13 credit union;

14 (3) part A of subtitle VII of title 49, Unite
15 States Code, by the Secretary of Transportation,
16 with respect to any air carrier or foreign air carrier
17 subject to that part;

18 (4) the Packers and Stockyards Act, 1921 (7
19 U.S.C. 191 et seq.) (except as provided in section
20 406 of that Act (7 U.S.C. 226)), by the Secretary
21 of Agriculture, with respect to any activities subject
22 to that Act;

23 (5) the Farm Credit Act of 1971 (12 U.S.C.
24 2001 et seq.), by the Farm Credit Administration
25 with respect to any Federal land bank, Federal land

1 bank association, Federal intermediate credit bank,
2 or production credit association;

3 (6) subtitle E of the Consumer Financial Pro-
4 tection Act of 2010 (12 U.S.C. 5561 et seq.), by the
5 Bureau, with respect to any person subject to this
6 Act;

7 (7) sections 21B and 21C of the Securities Ex-
8 change Act of 1934 (15 U.S.C. 78u-2, 78u-3), in
9 the case of a broker or dealer, other than a deposi-
10 tory institution, by the Securities and Exchange
11 Commission.

12 (b) VIOLATIONS OF THIS ACT DEEMED VIOLATIONS
13 OF PRE-EXISTING STATUTORY REQUIREMENTS; ADDI-
14 TIONAL AGENCY POWERS.—For the purpose of the exer-
15 cise by any agency referred to in subsection (a) of its pow-
16 ers under any Act referred to in that subsection, a viola-
17 tion of any requirement imposed under this Act shall be
18 deemed to be a violation of a requirement imposed under
19 that Act. In addition to its powers under any provision
20 of law specifically referred to in subsection (a), each of
21 the agencies referred to in that subsection may exercise,
22 for the purpose of enforcing compliance with any require-
23 ment imposed under this Act, any other authority con-
24 ferred on it by law.

1 (c) OVERALL ENFORCEMENT AUTHORITY OF THE
2 BUREAU OF CONSUMER FINANCIAL PROTECTION.—Ex-
3 cept to the extent that enforcement of the requirements
4 imposed under this Act is specifically committed to some
5 other Government agency under any of paragraphs (1)
6 through (5) of subsection (a), and subject to subtitle B
7 of the Consumer Financial Protection Act of 2010 (12
8 U.S.C. 5511 et seq.), the Bureau shall be authorized to
9 enforce such requirements. All of the functions and powers
10 of the Bureau under the Consumer Financial Protection
11 Act of 2010 (12 U.S.C. 5301 et seq.) are available to the
12 Bureau to enforce compliance by any person with the re-
13 quirements under this Act, irrespective of whether that
14 person is engaged in commerce or meets any other juris-
15 dictional tests under the Consumer Financial Protection
16 Act of 2010 (12 U.S.C. 5301 et seq.).

17 (d) RULES AND REGULATIONS.—The authority of
18 the Bureau to issue regulations under this Act does not
19 impair the authority of any other agency designated in
20 this section to make rules respecting its own procedures
21 in enforcing compliance with requirements imposed under
22 this Act.

1 **SEC. 702. REPORTING REQUIREMENT FOR THE BUREAU OF**
2 **CONSUMER FINANCIAL PROTECTION.**

3 Not less than frequently than once every 5 years, the
4 Director shall submit to Congress a report that includes—

5 (1) information on the prevalence and utiliza-
6 tion of educational ISAs and income share agree-
7 ments; and

8 (2) any other information pertaining to edu-
9 cational ISAs and income share agreements that the
10 Director determines is appropriate.