

**SUBSTITUTE FOR THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 3490**

**OFFERED BY MR. BUDD OF NORTH CAROLINA**

*Strike page 2, line 6 and all that follows and insert the following:*

~~Strike all after the enacting clause and insert the following:~~

~~1 SECTION 1. REQUIREMENT FOR CONFESSIONS OF JUDGE  
2 MENT.  
3 (a) IN GENERAL.—Chapter 2 of the Truth in Lend-  
4 ing Act (15 U.S.C. 1631 et seq.) is amended by adding  
5 at the end the following:~~

**6 "SEC. 140B. UNFAIR CREDIT PRACTICES.**

7 "In connection with the extension of credit or cre-  
8 ation of debt in or affecting commerce, as defined in sec-  
9 tion 4 of the Federal Trade Commission Act (15 U.S.C.  
10 44), including any advance of funds or sale or assignment  
11 of future income or receivables that may or may not be  
12 credit, no lender may take or receive from another person  
13 an obligation that constitutes or contains a cognovit or  
14 confession of judgment (for purposes other than executory  
15 process in the State of Louisiana), warrant of attorney,  
16 or other waiver of the right to notice and the opportunity  
17 to be heard in the event of suit or process thereon unless  
18 the other person provides to the lender a written affidavit

1 describing the nature of the default and the date on which  
2 such default occurred.”.

3 (b) TECHNICAL AND CONFORMING AMENDMENTS.—  
4 The Truth in Lending Act (15 U.S.C. 1601 et seq.) is  
5 amended—

6 (1) in section 103, by adding at the end the fol-  
7 lowing:

8 “(ff) The term ‘debt’ means any obligation of a per-  
9 son to pay to another person money—

10 “(1) regardless of whether such obligation is  
11 absolute or contingent if the understanding between  
12 the parties is that any part of the money shall be  
13 or may be returned;

14 “(2) that includes the right of the person pro-  
15 viding the money to an equitable remedy for breach  
16 of performance if the breach gives rise to a right to  
17 payment; and

18 “(3) regardless of whether the obligation or  
19 right to an equitable remedy described in paragraph  
20 (2) has been reduced to judgment, fixed, contingent,  
21 matured, unmatured, disputed, undisputed, secured,  
22 or unsecured.”; and

23 (2) in section 130(a), by striking “creditor”  
24 each place the term appears and inserting “person”.

Amend the title so as to read: "A bill To amend the Truth in Lending Act to require a written affidavit regarding certain types of default, and for other purposes."



