

[DISCUSSION DRAFT]

116TH CONGRESS
2^D SESSION

H. R. _____

To amend the CARES Act to extend the temporary relief from troubled debt restructurings and to require financial institutions receiving such relief to provide forbearance and modifications for certain loans.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the CARES Act to extend the temporary relief from troubled debt restructurings and to require financial institutions receiving such relief to provide forbearance and modifications for certain loans.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Protecting Consumers
5 and Small Businesses through Forbearance Act”.

1 **SEC. 2. TEMPORARY RELIEF FROM TROUBLED DEBT**
2 **RESTRUCTURINGS.**

3 Section 4013 of the CARES Act (15 U.S.C. 9051)
4 is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (1) by striking “the ear-
7 lier of December 31, 2020, or the date that is
8 60 days after the date on which the national
9 emergency concerning the novel coronavirus dis-
10 ease (COVID-19) outbreak declared by the
11 President on March 13, 2020 under the Na-
12 tional Emergencies Act (50 U.S.C. 1601 et
13 seq.) terminates” and inserting “June 30,
14 2021”; and

15 (B) by adding at the end the following:

16 “(3) SMALL BUSINESS.—The term ‘small busi-
17 ness’ has the meaning given the term ‘small business
18 concern’ in section 3 of the Small Business Act (15
19 U.S.C. 632).”;

20 (2) by adding at the end the following:

21 “(e) FORBEARANCE.—

22 “(1) IN GENERAL.—A financial institution that
23 makes any election under subsection (b)(1) shall,
24 during the applicable period and upon the request of
25 a consumer or small business experiencing a finan-
26 cial hardship due (directly or indirectly) to COVID—

1 19, grant forbearance with respect to payments on
2 a credit card, other loan, or other debt obligation of
3 the consumer or small business.

4 “(2) REQUIREMENTS.—A financial institution
5 required to grant a forbearance to a person pursu-
6 ant to paragraph (1) shall do so with no additional
7 documentation required other than the person’s at-
8 testation to a financial hardship caused by COVID–
9 19 and with no fees, penalties, or interest (beyond
10 the amounts scheduled or calculated as if the person
11 made all contractual payments on time and in full
12 under the terms of the contract) charged to the per-
13 son in connection with the forbearance.

14 “(f) LOAN MODIFICATIONS.—With respect to a credit
15 card, other loan, or other debt obligation for which for-
16 bearance was granted under subsection (e), after the ap-
17 plicable period the financial institution providing such for-
18 bearance shall comply with the following:

19 “(1) DEBT ARISING FROM CREDIT WITH A DE-
20 FINED PAYMENT PERIOD.—For any debt arising
21 from credit with a defined term, the financial insti-
22 tution shall extend the time period to repay any past
23 due balance of the debt by—

24 “(A) 1 payment period for each payment
25 that a consumer or small business missed dur-

1 ing the applicable period, with the payments
2 due in the same amounts and at the same inter-
3 vals as the pre-existing payment schedule; and

4 “(B) 1 payment period in addition to the
5 payment periods described under subparagraph
6 (A).

7 “(2) DEBT ARISING FROM AN OPEN END CRED-
8 IT PLAN.—For debt arising from an open end credit
9 plan, as defined in section 103 of the Truth in
10 Lending Act (15 U.S.C. 1602), the financial institu-
11 tion shall allow the consumer or small business to
12 repay the past-due balance in a manner that does
13 not exceed the amounts permitted by the methods
14 described in section 171(c) of the Truth in Lending
15 Act (15 U.S.C. 1666i–1(c)) and regulations promul-
16 gated under that section.

17 “(3) DEBT ARISING FROM OTHER CREDIT.—

18 “(A) IN GENERAL.—For debt not de-
19 scribed under paragraph (1) or (2), the finan-
20 cial institution shall—

21 “(i) allow the consumer or small busi-
22 ness to repay the past-due balance of the
23 debt in substantially equal payments over
24 time; and

1 “(ii) provide the consumer or small
2 business with—

3 “(I) for past due balances of
4 \$2,000 or less, 12 months to repay, or
5 such longer period as the financial in-
6 stitution may allow;

7 “(II) for past due balances be-
8 tween \$2,001 and \$5,000, 24 months
9 to repay, or such longer period as the
10 financial institution may allow; or

11 “(III) for past due balances
12 greater than \$5,000, 36 months to
13 repay, or such longer period as the fi-
14 nancial institution may allow.

15 “(B) ADDITIONAL PROTECTIONS.—The Di-
16 rector of the Bureau of Consumer Financial
17 Protection may issue rules to provide greater
18 repayment protections to consumers and small
19 businesses with debts described under subpara-
20 graph (A).

21 “(C) RELATION TO STATE LAW.—This
22 paragraph shall not preempt any State law that
23 provides for greater protections for consumers
24 or small businesses than this paragraph.”.