

116TH CONGRESS
2D SESSION

H. R. 7796

To amend the Fair Debt Collection Practices Act to restrict collections of consumer debt during a national disaster or emergency, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2020

Mrs. BEATTY (for herself and Ms. WATERS) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To amend the Fair Debt Collection Practices Act to restrict collections of consumer debt during a national disaster or emergency, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Consumer Relief dur-
5 ing COVID–19 Act”.

1 **SEC. 2. RESTRICTIONS ON COLLECTIONS OF CONSUMER**
2 **DEBT DURING A NATIONAL DISASTER OR**
3 **EMERGENCY.**

4 (a) IN GENERAL.—The Fair Debt Collection Prac-
5 tices Act (15 U.S.C. 1692 et seq.) is amended by inserting
6 after section 812 (15 U.S.C. 1692j) the following:

7 **“§ 812A. Restrictions on collections of consumer debt**
8 **during a national disaster or emergency**

9 “(a) DEFINITIONS.—In this section:

10 “(1) COVERED PERIOD.—The term ‘covered pe-
11 riod’ means the period beginning on the date of en-
12 actment of this section and ending 120 days after
13 the end of the incident period for the emergency de-
14 clared on March 13, 2020, by the President under
15 section 501 of the Robert T. Stafford Disaster Relief
16 and Emergency Assistance Act (42 U.S.C. 4121 et
17 seq.) relating to the Coronavirus Disease 2019
18 (COVID–19) pandemic.

19 “(2) CREDITOR.—The term ‘creditor’ means
20 any person—

21 “(A) who offers or extends credit creating
22 a debt or to whom a debt is owed; or

23 “(B) to whom any obligation for payment
24 is owed.

25 “(3) DEBT.—The term ‘debt’—

1 “(A) means any obligation or alleged obli-
2 gation that is or during the covered period be-
3 comes past due, other than an obligation aris-
4 ing out of a credit agreement entered into after
5 the effective date of this section, that arises out
6 of a transaction with a consumer; and

7 “(B) does not include a mortgage loan.

8 “(4) DEBT COLLECTOR.—The term ‘debt col-
9 lector’ means a creditor and any other person or en-
10 tity that engages in the collection of debt, including
11 the Federal Government and a State government, ir-
12 respective of whether the applicable debt is allegedly
13 owed to or assigned to such creditor, person, or enti-
14 ty.

15 “(5) MORTGAGE LOAN.—The term ‘mortgage
16 loan’ means a Federally backed mortgage loan (as
17 defined under section 4022 of the CARES Act) and
18 a Federally backed multifamily mortgage loan (as
19 defined under section 4023 of the CARES Act).

20 “(b) PROHIBITIONS.—

21 “(1) IN GENERAL.—Notwithstanding any other
22 provision of law, no debt collector may, during a cov-
23 ered period—

1 “(A) enforce a security interest securing a
2 debt through repossession, limitation of use, or
3 foreclosure;

4 “(B) take or threaten to take any action to
5 deprive an individual of their liberty as a result
6 of nonpayment of or nonappearance at any
7 hearing relating to an obligation owed by a con-
8 sumer;

9 “(C) collect any debt, by way of garnish-
10 ment, attachment, assignment, deduction, off-
11 set, or other seizure, from—

12 “(i) wages, income, benefits, bank,
13 prepaid or other asset accounts; or

14 “(ii) any assets of, or other amounts
15 due to, a consumer;

16 “(D) commence or continue an action to
17 evict a consumer from real or personal property
18 for nonpayment;

19 “(E) disconnect or terminate service from
20 a utility service, including electricity, natural
21 gas, telecommunications or broadband, water,
22 or sewer, for nonpayment; or

23 “(F) threaten to take any of the foregoing
24 actions.

1 “(2) RULE OF CONSTRUCTION.—Nothing in
2 this section may be construed to prohibit a consumer
3 from voluntarily paying, in whole or in part, a debt.

4 “(c) LIMITATION ON FEES AND INTEREST.—After
5 the expiration of a covered period, a debt collector may
6 not add to any past due debt any interest on unpaid inter-
7 est, higher rate of interest triggered by the nonpayment
8 of the debt, or fee triggered prior to the expiration of the
9 covered period by the nonpayment of the debt.

10 “(e) VIOLATIONS.—Any person or government entity
11 that violates this section shall be liable to the applicable
12 consumer as provided under section 813, except that, for
13 purposes of applying section 813—

14 “(1) such person or government entity shall be
15 deemed a debt collector, as such term is defined for
16 purposes of section 813; and

17 “(2) each dollar figure in such section shall be
18 deemed to be 10 times the dollar figure specified.

19 “(f) TOLLING.—Any applicable time limitations for
20 exercising an action prohibited under subsection (b) shall
21 be tolled during a covered period.

22 “(g) PREDISPUTE ARBITRATION AGREEMENTS.—
23 Notwithstanding any other provision of law, no predispute
24 arbitration agreement or predispute joint-action waiver
25 shall be valid or enforceable with respect to a dispute

1 brought under this section, including a dispute as to the
2 applicability of this section, which shall be determined
3 under Federal law.”.

4 (b) CLERICAL AMENDMENT.—The table of contents
5 for the Fair Debt Collection Practices Act is amended by
6 inserting after the item relating to section 812 the fol-
7 lowing:

“812A. Restrictions on collections of consumer debt during a national disaster
or emergency.”.

8 **SEC. 3. REPAYMENT PERIOD AND FORBEARANCE FOR CON-**
9 **SUMERS.**

10 Section 812A of the Fair Debt Collection Practices
11 Act (15 U.S.C. 1692 et seq.), as added by section 2, is
12 amended—

13 (1) by inserting after subsection (c) the fol-
14 lowing:

15 “(d) REPAYMENT PERIOD.—After the expiration of
16 a covered period, a debt collector shall comply with the
17 following:

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

23 “(A) 1 payment period for each payment
24 that a consumer missed during the covered pe-

1 riod, with the payments due in the same
2 amounts and at the same intervals as the pre-
3 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 debt collector
11 shall allow the consumer to repay the past-due bal-
12 ance in a manner that does not exceed the amounts
13 permitted by the methods described in section
14 171(c) of the Truth in Lending Act (15 U.S.C.
15 1666i–1(c)) and regulations promulgated under that
16 section.

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

18 “(A) IN GENERAL.—For debt not de-
19 scribed under paragraph (2) or (3), the debt
20 collector shall—

21 “(i) allow the consumer to repay the
22 past-due balance of the debt in substan-
23 tially equal payments over time; and

24 “(ii) provide the consumer with—

1 “(I) for past due balances of
2 \$2,000 or less, 12 months to repay, or
3 such longer period as the debt col-
4 lector may allow;

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

9 “(III) for past due balances
10 greater than \$5,000, 36 months to
11 repay, or such longer period as the
12 debt collector may allow.

13 “(B) ADDITIONAL PROTECTIONS.—The Di-
14 rector of the Bureau may issue rules to provide
15 greater repayment protections to consumers
16 with debts described under subparagraph (A).

17 “(C) RELATION TO STATE LAW.—This
18 paragraph shall not preempt any State law that
19 provides for greater consumer protections than
20 this paragraph.”; and

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

22 “(h) FORBEARANCE FOR AFFECTED CONSUMERS.—

23 “(1) FORBEARANCE PROGRAM.—Each debt col-
24 lector that makes use of the credit facility described

1 in paragraph (4) shall establish a forbearance pro-
2 gram for debts available during the covered period.

3 “(2) AUTOMATIC GRANT OF FORBEARANCE
4 UPON REQUEST.—Under a forbearance program re-
5 quired under paragraph (1), upon the request of a
6 consumer experiencing a financial hardship due, di-
7 rectly or indirectly, to COVID–19, the debt collector
8 shall grant a forbearance on payment of debt for
9 such time as needed until the end of the covered pe-
10 riod, with no additional documentation required
11 other than the borrower’s attestation to a financial
12 hardship caused by COVID–19 and with no fees,
13 penalties, or interest (beyond the amounts scheduled
14 or calculated as if the borrower made all contractual
15 payments on time and in full under the terms of the
16 loan contract) charged to the borrower in connection
17 with the forbearance.

18 “(3) EXCEPTION FOR CERTAIN MORTGAGE
19 LOANS SUBJECT TO THE CARES ACT.—This sub-
20 section shall not apply to a mortgage loan subject to
21 section 4022 or 4023 of the CARES Act.”.

22 **SEC. 4. CREDIT FACILITY.**

23 Section 812A(h) of the Fair Debt Collection Prac-
24 tices Act (15 U.S.C. 1692 et seq.), as added by section
25 3, is amended by adding at the end the following:

1 “(4) CREDIT FACILITY.—The Board of Gov-
2 ernors of the Federal Reserve System shall—

3 “(A) establish a facility, using amounts
4 made available under section 4003(b)(4) of the
5 CARES Act (15 U.S.C. 9042(b)(4)), to make
6 long-term, low-cost loans to debt collectors to
7 temporarily compensate such debt collectors for
8 documented financial losses caused by forbear-
9 ance of debt payments under this subsection;
10 and

11 “(B) defer debt collectors’ required pay-
12 ments on such loans until after consumers’ debt
13 payments resume.”.

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