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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

SEC. 2. TEMPORARY RELIEF FROM TROUBLED DEBT RESTRUCTURING.

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

(1) in subsection (a)—

(A) in paragraph (1) by striking “the earlier of December 31, 2020, or the date that is 60 days after the date on which the national emergency concerning the novel coronavirus disease (COVID-19) outbreak declared by the President on March 13, 2020 under the National Emergencies Act (50 U.S.C. 1601 et seq.) terminates” and inserting “June 30, 2021”; and

(B) by adding at the end the following:

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

(2) by adding at the end the following:

“(e) FORBEARANCE.—

“(1) IN GENERAL.—A financial institution that makes any election under subsection (b)(1) shall, during the applicable period and upon the request of a consumer or small business experiencing a financial hardship due (directly or indirectly) to COVID–
19, grant forbearance with respect to payments on a credit card, other loan, or other debt obligation of the consumer or small business.

“(2) REQUIREMENTS.—A financial institution required to grant a forbearance to a person pursuant to paragraph (1) shall do so with no additional documentation required other than the person’s attestation to a financial hardship caused by COVID–19 and with no fees, penalties, or interest (beyond the amounts scheduled or calculated as if the person made all contractual payments on time and in full under the terms of the contract) charged to the person in connection with the forbearance.

“(f) LOAN MODIFICATIONS.—With respect to a credit card, other loan, or other debt obligation for which forbearance was granted under subsection (e), after the applicable period the financial institution providing such forbearance shall comply with the following:

“(1) DEBT ARISING FROM CREDIT WITH A DEFINED PAYMENT PERIOD.—For any debt arising from credit with a defined term, the financial institution shall extend the time period to repay any past due balance of the debt by—

“(A) 1 payment period for each payment that a consumer or small business missed dur-
ing the applicable period, with the payments
due in the same amounts and at the same inter-
vals as the pre-existing payment schedule; and

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

“(2) Debt arising from an open end cred-
it plan.—For debt arising from an open end credit
plan, as defined in section 103 of the Truth in
Lending Act (15 U.S.C. 1602), the financial institu-
tion shall allow the consumer or small business to
repay the past-due balance in a manner that does
not exceed the amounts permitted by the methods
described in section 171(c) of the Truth in Lending
Act (15 U.S.C. 1666i–1(c)) and regulations promul-
gated under that section.

“(3) Debt arising from other credit.—

“(A) In general.—For debt not de-
scribed under paragraph (1) or (2), the finan-
cial institution shall—

“(i) allow the consumer or small busi-
bness to repay the past-due balance of the
debt in substantially equal payments over
time; and
“(ii) provide the consumer or small business with—

“(I) for past due balances of $2,000 or less, 12 months to repay, or such longer period as the financial institution may allow;

“(II) for past due balances between $2,001 and $5,000, 24 months to repay, or such longer period as the financial institution may allow; or

“(III) for past due balances greater than $5,000, 36 months to repay, or such longer period as the financial institution may allow.

“(B) ADDITIONAL PROTECTIONS.—The Director of the Bureau of Consumer Financial Protection may issue rules to provide greater repayment protections to consumers and small businesses with debts described under subparagraph (A).

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