

116TH CONGRESS
2D SESSION

H. R. 6423

To provide for a temporary debt collection moratorium during the COVID-19 emergency period, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 2020

Mr. LAWSON of Florida introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide for a temporary debt collection moratorium during the COVID-19 emergency period, 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. DEBT COLLECTION.**

4 (a) TEMPORARY DEBT COLLECTION MORATORIUM
5 DURING THE COVID-19 EMERGENCY PERIOD.—

6 (1) IN GENERAL.—The Fair Debt Collection
7 Practices Act (15 U.S.C. 1692 et seq.) is amended
8 by inserting after section 812 the following:

1 **“§ 812A. Temporary debt collection moratorium dur-**
2 **ing the COVID-19 emergency period**

3 “(a) DEFINITIONS.—In this section:

4 “(1) CONSUMER.—The term ‘consumer’ means
5 any natural person obligated or allegedly obligated
6 to pay any debt.

7 “(2) COVID-19 EMERGENCY PERIOD.—The
8 term ‘COVID-19 emergency period’ means the pe-
9 riod that begins upon the date of the enactment of
10 this Act and ends upon the date of the termination
11 by the Federal Emergency Management Administra-
12 tion of the emergency declared on March 13, 2020,
13 by the President under the Robert T. Stafford Dis-
14 aster Relief and Emergency Assistance Act (42
15 U.S.C. 4121 et seq.) relating to the Coronavirus
16 Disease 2019 (COVID-19) pandemic.

17 “(3) CREDITOR.—The term ‘creditor’ means
18 any person who offers or extends credit creating a
19 debt or to whom a debt is owed or other obligation
20 of payment.

21 “(4) DEBT.—The term ‘debt’—

22 “(A) means any past due obligation or al-
23 leged obligation of a consumer, non-profit orga-
24 nization, or small business to pay money—

25 “(i) arising out of a transaction in
26 which the money, property, insurance, or

1 services which are the subject of the trans-
2 action are primarily for personal, family,
3 business, non-profit, or household pur-
4 poses, whether or not such obligation has
5 been reduced to judgment; and

6 “(ii) owed to a local, State, or Federal
7 government; and

8 “(B) does not include federally related
9 mortgages (as defined under section 3 of the
10 Real Estate Settlement Procedures Act of
11 1974) unless a deficiency judgment has been
12 made with respect to such federally related
13 mortgage.

14 “(5) DEBT COLLECTOR.—The term ‘debt col-
15 lector’ includes a creditor and any person or entity
16 that engages in the collection of debt (including the
17 Federal Government or a State government) whether
18 or not the debt is allegedly owed to or assigned to
19 that person or entity.

20 “(6) DEPOSITORY INSTITUTION.—The term ‘de-
21 pository institution’—

22 “(A) has the meaning given that term
23 under section 3 of the Federal Deposit Insur-
24 ance Act; and

1 “(B) means a Federal or State credit
2 union (as such terms are defined, respectively,
3 under section 101 of the Federal Credit Union
4 Act).

5 “(7) NON-PROFIT ORGANIZATION.—The term
6 ‘non-profit organization’ means an organization de-
7 scribed in section 501(c)(3) of the Internal Revenue
8 Code of 1986 and exempt from taxation under sub-
9 section (a) of such section.

10 “(8) SMALL BUSINESS.—The term ‘small busi-
11 ness’ has the meaning given the term ‘small business
12 concern’ under section 3 of the Small Business Act
13 (15 U.S.C. 632).

14 “(b) PROHIBITIONS.—Notwithstanding any other
15 provision of law, during COVID-19 emergency period and
16 the 120-day period immediately following, a debt collector
17 is prohibited from—

18 “(1) capitalizing or adding extra interest or fees
19 triggered by the non-payment of an obligation by a
20 consumer, small business, or non-profit organization
21 to the balance of an account;

22 “(2) suing or threatening to sue a consumer,
23 small business, or non-profit for a past-due debt;

24 “(3) continuing litigation initiated before the
25 date of enactment of this section to collect a debt

1 from a consumer, small business, or non-profit orga-
2 nization;

3 “(4) enforcing a security interest, including
4 through repossession or foreclosure, against a con-
5 sumer, small business, or non-profit organization;

6 “(5) reporting a past due debt of a consumer,
7 small business, or non-profit organization to a con-
8 sumer reporting agency;

9 “(6) taking or threatening to take any action to
10 enforce collection, or any adverse action against a
11 consumer, small business, or non-profit organization
12 for non-payment or for non-appearance at any hear-
13 ings related to a debt;

14 “(7) except with respect to enforcing an order
15 for child support or spousal support, initiating or
16 continuing any action to cause or to seek to cause
17 the collection of a debt from wages, Federal benefits,
18 or other amounts due to a consumer, small business,
19 or non-profit organization, by way of garnishment,
20 deduction, offset, or other seizure, or to cause or
21 seek to cause the collection of a debt by seizing
22 funds from a bank account or any other assets held
23 by such consumer, small business, or non-profit or-
24 ganization;

1 “(8) in the case of action or collection described
2 under paragraph (7) that was initiated prior to the
3 beginning of the date of such disaster or emergency,
4 failing to suspend the action or collection until 120
5 days after the end of the COVID-19 emergency pe-
6 riod;

7 “(9) upon the termination of the incident period
8 for such disaster or emergency, failing to extend the
9 time period to pay an obligation by one payment pe-
10 riod for each payment that a consumer, small busi-
11 ness, or non-profit organization missed during the
12 incident period, with the payments due in the same
13 amounts and at the same intervals as the pre-exist-
14 ing payment schedule of the consumer, small busi-
15 ness, or non-profit organization (as applicable) or, if
16 the debt has no payment periods, allow the con-
17 sumer, small business, or non-profit a reasonable
18 time in which to repay the debt in affordable pay-
19 ments;

20 “(10) disconnecting a consumer, small business,
21 or non-profit organization from a utility prepaid or
22 post-paid electricity, natural gas, telecommuni-
23 cations, broadband, water, or sewer service; or

24 “(11) exercising a right to set off provision con-
25 tained in any consumer, small business, or non-prof-

1 it organization account agreement with a depository
2 institution.

3 “(c) VIOLATION.—Any person who violates a provi-
4 sion of this section shall—

5 “(1) be treated as a debt collector for purposes
6 of section 813; and

7 “(2) be liable to the consumer, small business,
8 or non-profit organization an amount equal to 10
9 times the damages allowed under section 813 for
10 each such violation.”.

11 (2) TABLE OF CONTENTS AMENDMENT.—The
12 table of contents at the beginning of the Fair Debt
13 Collection Practices Act (15 U.S.C. 1692 et seq.) is
14 amended by inserting after the item relating to sec-
15 tion 812 the following new item:

“812A. Temporary debt collection moratorium during the COVID-19 emergency
period.”.

16 (b) CONFESSIONS OF JUDGMENT PROHIBITION.—

17 (1) IN GENERAL.—Chapter 2 of the Truth in
18 Lending Act (15 U.S.C. 1631 et seq.) is amended—

19 (A) by adding at the end the following:

20 **“§ 140B. Confessions of judgment prohibition**

21 “(a) IN GENERAL.—During a period described under
22 section 812A(b) of the Fair Debt Collection Practices Act,
23 no person may directly or indirectly take or receive from
24 another person or seek to enforce an obligation that con-

1 stitutes or contains a cognovit or confession of judgment
2 (for purposes other than executory process in the State
3 of Louisiana), warrant of attorney, or other waiver of the
4 right to notice and the opportunity to be heard in the
5 event of suit or process thereon.

6 “(b) EXEMPTION.—The exemption in section 104(1)
7 shall not apply to this section.

8 “(c) DEBT DEFINED.—In this section, the term
9 ‘debt’ means any obligation of a person to pay to another
10 person money—

11 “(1) regardless of whether the obligation is ab-
12 solute or contingent, if the understanding between
13 the parties is that any part of the money shall be
14 or may be returned;

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

19 “(3) regardless of whether the obligation or
20 right to an equitable remedy described in paragraph
21 (2) has been reduced to judgment or is fixed, contin-
22 gent, matured, unmatured, disputed, undisputed, se-
23 cured, or unsecured.”; and

24 (B) in the table of contents for such chap-
25 ter, by adding at the end the following:

“140B. Confessions of judgment prohibition.”.

1 (2) CONFORMING AMENDMENT.—Section
2 130(a) of the Truth in Lending Act (15 U.S.C.
3 1640(a)) is amended by adding at the end the fol-
4 lowing: “For purposes of this section, the term
5 ‘creditor’ refers to any person charged with compli-
6 ance.”.

○