

116TH CONGRESS
2D SESSION

H. R. 8857

To establish a Consumer Protection Relief Fund to empower lenders to deploy credit to vulnerable borrowers needing access to credit as a result of the COVID–19 pandemic.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 2020

Mr. LYNCH introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish a Consumer Protection Relief Fund to empower lenders to deploy credit to vulnerable borrowers needing access to credit as a result of the COVID–19 pandemic.

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 Protection
5 Relief Fund Act” or the “CPR Fund Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) **ADMINISTRATOR.**—The term “Adminis-
9 trator” means the Administrator of the CDFI Fund.

1 (2) CDFI FUND.—The term “CDFI Fund”
2 means the Community Development Financial Insti-
3 tutions Fund.

4 (3) CLOSED-END INSTALLMENT LOAN.—The
5 term “closed-end installment loan”—

6 (A) means a loan—

7 (i) extended at a set amount; and

8 (ii) repaid by the borrower with a
9 fixed amount over a limited number of
10 payment periods; and

11 (B) does not include a student, auto, or
12 mortgage loan.

13 (4) FUND.—The term “Fund” means the Con-
14 sumer Protection Relief Fund established under sec-
15 tion 3.

16 (5) COVERED AMOUNT.—

17 (A) IN GENERAL.—With respect to a quali-
18 fied loan, the term “covered amount” means—

19 (i) 95 percent of the outstanding prin-
20 cipal balance and accrued interest on the
21 loan (not including any late payment or
22 other fees charged to the loan), minus

23 (ii) any previously charged fees above
24 36 percent of the annual percentage rate.

1 (B) CALCULATION OF APR.—For purposes
2 of subparagraph (A), the annual percentage
3 rate shall be calculated using the method pro-
4 vided under section 232.4(c) of title 32, Code of
5 Federal Regulations, for the calculation of the
6 military annual percentage rate.

7 (6) QUALIFIED LOAN.—The term “qualified
8 loan” means an extension of a closed-end installment
9 loan—

10 (A) to a vulnerable borrower;

11 (B) with respect to which the borrower has
12 made an attestation to the holder of the loan
13 that the borrower is experiencing financial dif-
14 ficulty in repaying the loan due to the impact
15 of COVID–19; and

16 (C) under which the loan terms—

17 (i) do not contain negative amortiza-
18 tion, interest-only payments, or balloon
19 payments;

20 (ii) do not provide for an automatic
21 renewal; and

22 (iii) do not contain a prepayment pen-
23 alty.

24 (7) VULNERABLE BORROWER.—The term “vul-
25 nerable borrower” means a consumer who—

1 (A) has an income that is 80 percent or
2 less of the median income for the area in which
3 the consumer lives;

4 (B) has—

5 (i) a FICO score under 675;

6 (ii) an adjusted gross income of—

7 (I) \$75,000, or less, in the case
8 of an individual tax return filer;

9 (II) \$150,000, or less, in the case
10 of a joint return filer; or

11 (III) \$112,500, or less, in the
12 case of an individual filing as a head
13 of household;

14 (C) attests to the holder of a qualified loan
15 that the consumer is unemployed; or

16 (D) is a seasonal or temporary worker.

17 **SEC. 3. CPR FUND.**

18 (a) ESTABLISHMENT.—There is established the Con-
19 sumer Protection Relief Fund, which shall be used by the
20 Administrator to make payments to holders of qualified
21 loans under section 4.

22 (b) USE OF OUTSIDE ENTITIES.—In carrying out
23 this Act, the Administrator may—

24 (1) consult with other agencies of the Federal
25 Government; and

1 (2) enter into contracts with private sector enti-
2 ties, at reasonable or market rates.

3 (c) RULEMAKING.—The Administrator shall issue
4 such rules as may be necessary to carry out this Act.

5 (d) FUNDING.—

6 (1) APPROPRIATION.—There is appropriated to
7 the Fund, out of any amounts in the Treasury not
8 otherwise appropriated, for the fiscal year ending
9 September 30, 2020, to remain available until Sep-
10 tember 30, 2021, \$10,000,000,000 for the cost of
11 making payments to holders of qualified loans under
12 this Act and the cost of administering this Act.

13 (2) USE OF FUNDS AFTER THE PROGRAM.—

14 (A) IN GENERAL.—Any amounts appro-
15 priated under paragraph (1) that have not been
16 obligated by the date described under subpara-
17 graph (B) shall be transferred to the CDFI
18 Fund and used by the Administrator to—

19 (i) extend or promote access to re-
20 sponsible lending;

21 (ii) develop technology resources;

22 (iii) hire necessary staff; or

23 (iv) extend credit to community devel-
24 opment financial institutions.

1 (B) DATE.—The date described in this
2 subparagraph is the later of—

3 (i) December 31, 2021; and

4 (ii) the date on which the Adminis-
5 trator determines that the national unem-
6 ployment rate has been 8 percent or less
7 for a period of 90 days.

8 **SEC. 4. PAYMENTS WITH RESPECT TO QUALIFIED LOANS.**

9 (a) IN GENERAL.—The Administrator shall make
10 payments to holders of qualified loans—

11 (1) upon submission of the qualified loans to
12 the Administrator; and

13 (2) after the Administrator determines such
14 loans are compliant with this Act.

15 (b) LIMITATIONS ON AMOUNT.—

16 (1) MAXIMUM AMOUNT.—The amount of a pay-
17 ment described under subsection (a) shall not exceed
18 the covered amount.

19 (2) AGGREGATE LIMITATION PER INDIVIDUAL.—The aggregate amount of payments made
20 under this Act with respect to a single vulnerable
21 borrower may not exceed \$9,500.

22 (c) REQUIREMENTS ON HOLDERS OF QUALIFIED
23 LOANS.—
24

1 (1) ADMINISTRATOR FEE.—With respect to any
2 payments to holders of a qualified loan under this
3 Act, the Administrator shall charge the holders of
4 the loan a fee equal to 5 percent of the outstanding
5 principal and interest due on the loan at the time
6 the payment is made.

7 (2) REQUIREMENTS BEFORE PAYMENT.—No
8 person may receive a payment under this Act with
9 respect to a qualified loan unless they comply with
10 the following:

11 (A) At the time of the payment, the person
12 commits to issuing or purchasing other quali-
13 fied loans in an amount that is at least equal
14 in value to the amount of such payment re-
15 ceived.

16 (B) The person forgives the remaining bal-
17 ance on the loan, along with any late fees or
18 other fees related to the loan.

19 (C) The person terminates any negative re-
20 porting to consumer reporting agencies with re-
21 spect to the loan.

22 (D) With respect to the borrower of the
23 qualified loan, if the borrower applies for an ex-
24 tension of credit in the future, the person shall
25 not take the borrower's performance on the

1 qualified loan into consideration for purposes of
2 performing underwriting for such application.

3 (E) The person provides for either forbear-
4 ance or deferral options for distressed bor-
5 rowers.

6 **SEC. 5. NOTIFICATION TO BORROWER BEFORE CERTAIN**
7 **TRANSFERS OF OR COLLECTIONS ON A**
8 **QUALIFIED LOAN.**

9 (a) IN GENERAL.—With respect to any qualified loan
10 (regardless of whether a payment is made with respect to
11 the qualified loan under this Act), the holder of the quali-
12 fied loan may not sell or otherwise transfer the loan, or
13 attempt to collect on the loan if it is in default or delin-
14 quency, unless the holder has notified the borrower of the
15 possibility of a payment under this Act.

16 (b) TERMINATION.—This section shall have no force
17 or effect after the date described under section 3(d)(2)(B).

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