117TH CONGRESS
1ST SESSION **H. R. 1151**

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

FEBRUARY 18, 2021

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

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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, 2021, to remain available until Sep-

10   tember 30, 2022, $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 INDI-

20 VIDUAL.—The aggregate amount of payments made

21 under this Act with respect to a single vulnerable

22 borrower may not exceed $9,500.

23   (c) REQUIREMENTS ON HOLDERS OF QUALIFIED

24 LOANS.—

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.

SEC. 5. NOTIFICATION TO BORROWER BEFORE CERTAIN TRANSFERS OF OR COLLECTIONS ON A 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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