

Union Calendar No. 336

116TH CONGRESS
2D SESSION

H. R. 3490

[Report No. 116–417]

To amend the Truth in Lending Act to prohibit certain unfair credit practices,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2019

Ms. VELÁZQUEZ (for herself, Mr. MARSHALL, and Mr. SCHNEIDER) introduced the following bill; which was referred to the Committee on Financial Services

MARCH 19, 2020

Reported with an amendment; committed to the Committee of the Whole
House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on June 25, 2019]

A BILL

To amend the Truth in Lending Act to prohibit certain
unfair credit practices, 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 “Small Business Lending*
 5 *Fairness Act”.*

6 **SEC. 2. OBLIGOR TRANSACTIONS.**

7 *(a) IN GENERAL.—Chapter 2 of the Truth in Lending*
 8 *Act (15 U.S.C. 1631 et seq.) is amended by adding at the*
 9 *end the following:*

10 **“§ 140B. Unfair credit practices**

11 *“(a) IN GENERAL.—In connection with the extension*
 12 *of credit or creation of debt in or affecting commerce, as*
 13 *defined in section 4 of the Federal Trade Commission Act*
 14 *(15 U.S.C. 44), including any advance of funds or sale or*
 15 *assignment of future income or receivables that may or may*
 16 *not be credit, no person may directly or indirectly take or*
 17 *receive from another person an obligation that constitutes*
 18 *or contains a cognovit or confession of judgment (for pur-*
 19 *poses other than executory process in the State of Lou-*
 20 *isiana), warrant of attorney, or other waiver of the right*
 21 *to notice and the opportunity to be heard in the event of*
 22 *suit or process thereon.*

23 *“(b) EXEMPTION.—The exemption in section 104(1)*
 24 *shall not apply to this section.”.*

25 *(b) TECHNICAL AND CONFORMING AMENDMENTS.—*

1 (1) *Section 103 of the Truth in Lending Act (15*
2 *U.S.C. 1602) is amended by adding at the end the fol-*
3 *lowing:*

4 “(ff) *The term ‘debt’ means any obligation of a person*
5 *to pay to another person money—*

6 *“(1) regardless of whether such obligation is ab-*
7 *solute or contingent if the understanding between the*
8 *parties is that any part of the money shall be or may*
9 *be returned;*

10 *“(2) that includes the right of the person pro-*
11 *viding the money to an equitable remedy for breach*
12 *of performance if the breach gives rise to a right to*
13 *payment; and*

14 *“(3) regardless of whether the obligation or right*
15 *to an equitable remedy described in paragraph (2)*
16 *has been reduced to judgment, fixed, contingent, ma-*
17 *tured, unmatured, disputed, undisputed, secured, or*
18 *unsecured.”.*

19 (2) *Section 130(a) of the Truth in Lending Act*
20 *(15 U.S.C. 1640) is amended by striking “creditor”*
21 *each place the term appears and inserting “person”.*

22 (3) *The table of sections in chapter 2 of the*
23 *Truth in Lending Act (15 U.S.C. 1631 et seq.) is*
24 *amended by adding at the end the following:*

“140B. Unfair credit practices.”.

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