

116TH CONGRESS
2D SESSION

H. R. 6795

To prohibit confessions of judgment in connection with the extension of covered credit or creation of covered debt, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2020

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

A BILL

To prohibit confessions of judgment in connection with the extension of covered credit or creation of covered debt, 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. CONFESSIONS OF JUDGMENT PROHIBITION.**

4 (a) IN GENERAL.—During the covered period, in con-
5 nection with an extension of covered credit or the creation
6 of a covered debt in or affecting commerce (including any
7 advance of funds or sale or assignment of future income
8 or receivables that may or may not be credit), no person
9 may directly or indirectly take or receive from another per-
10 son, or seek to enforce, an obligation that constitutes or

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

6 (b) ENFORCEMENT.—Any person who fails to comply
7 with the requirements of this section with respect to any
8 obligation owed by a covered borrower shall—

9 (1) be held liable under section 813 of the Fair
10 Debt Collection Practices Act (15 U.S.C. 1692k)
11 where—

12 (A) the covered borrower is deemed to be
13 a “consumer”, as defined in section 803 of such
14 Act; and

15 (B) the person is deemed to be a “debt col-
16 lector”, as defined in such section; and

17 (2) be liable to the covered borrower in an
18 amount equal to 10 times the maximum amount of
19 damages allowed under section 813 of such Act for
20 each violation of the requirements of this section.

21 (c) CONSIDERATION.—At the end of the covered pe-
22 riod, a person to whom an obligation described in sub-
23 section (a) is owed shall take into consideration the finan-
24 cial situation of the covered borrower that owes such obli-
25 gation for the repayment of such obligation.

1 (d) DEFINITIONS.—In this section:

2 (1) COMMERCE.—The term “commerce” has
3 the meaning given in section 4 of the Federal Trade
4 Commission Act (15 U.S.C. 44).

5 (2) COVERED BORROWER.—The term “covered
6 borrower” means a person that—

7 (A) receives credit or an advance of funds;

8 or

9 (B) makes an assignment of future income
10 or receivables.

11 (3) COVERED CREDIT.—The term “covered
12 credit” means credit provided to a covered borrower
13 in an amount that is less than or equal to
14 \$2,000,000.

15 (4) COVERED DEBT.—The term “covered debt”
16 means any obligation of a covered borrower to pay
17 to another person an amount that is less than or
18 equal to \$2,000,000—

19 (A) regardless of whether such obligation
20 is absolute or contingent if the understanding
21 between the parties is that any part of such
22 amount shall be or may be returned;

23 (B) that includes the right of the person
24 providing the money to an equitable remedy for

1 breach of performance if the breach gives rise
2 to a right to payment; and

3 (C) regardless of whether the obligation or
4 right to an equitable remedy described in sub-
5 paragraph (B) has been reduced to judgment,
6 fixed, contingent, matured, unmatured, dis-
7 puted, undisputed, secured, or unsecured.

8 (5) COVERED PERIOD.—The term “covered pe-
9 riod” means the period beginning on the date of the
10 enactment of this section and ending 120 days after
11 the end of the incident period for the emergency de-
12 clared on March 13, 2020, by the President under
13 Section 501 of the Robert T. Stafford Disaster Re-
14 lief and Emergency Assistance Act (42 U.S.C. 4121
15 et seq.) relating to the Coronavirus Disease 2019
16 (COVID–19) pandemic.

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