

116TH CONGRESS
2D SESSION

H. R. 7913

To amend the CARES Act to improve the temporary relief from troubled debt restructurings, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2020

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

A BILL

To amend the CARES Act to improve the temporary relief from troubled debt restructurings, 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 “Financial Institution
5 Forbearance Act”.

6 **SEC. 2. TEMPORARY RELIEF FROM TROUBLED DEBT**
7 **RESTRUCTURINGS.**

8 (a) DEFINITIONS.—Section 4013(a) of the CARES
9 Act (15 U.S.C. 9051(a)) is amended—

1 (1) in paragraph (1), by striking “the earlier of
2 December 31, 2020, or the date that is 60 days
3 after the date on which the national emergency con-
4 cerning the novel coronavirus disease (COVID–19)
5 outbreak declared by the President on March 13,
6 2020 under the National Emergencies Act (50
7 U.S.C. 1601 et seq.) terminates” and inserting
8 “March 1, 2021”; and

9 (2) by adding at the end the following:

10 “(3) DEPOSITORY INSTITUTION.—The term ‘de-
11 pository institution’—

12 “(A) has the meaning given the term in
13 section 3 of the Federal Deposit Insurance Act;
14 and

15 “(B) means a State or Federal credit
16 union, as such terms are defined, respectively,
17 under section 101 of the Federal Credit Union
18 Act.

19 “(4) FINANCIAL INSTITUTION.—The term ‘fi-
20 nancial institution’ means—

21 “(A) a depository institution;

22 “(B) a lender that is not a depository in-
23 stitution; and

24 “(C) an insurer.”.

1 (b) APPLICABILITY.—Section 4013(b)(2)(A) of the
2 CARES Act (15 U.S.C. 9051(b)(2)(A)) is amended by
3 striking “December 31, 2019” and inserting “March 1,
4 2020”.

5 (c) TREATMENT BY REGULATORS.—Section 4013 of
6 the CARES Act (15 U.S.C. 9051) is amended—

7 (1) in subsection (c), by striking “financial in-
8 stitution” each place such term appears and insert-
9 ing “depository institution”; and

10 (2) by adding at the end the following:

11 “(e) TREATMENT BY REGULATORS.—

12 “(1) IN GENERAL.—With respect to any loan
13 for which an election has been made by a depository
14 institution under subsection (b), the appropriate
15 Federal banking agency—

16 “(A) at the election of the depository insti-
17 tution, shall not require the depository institu-
18 tion to classify such loan as impaired for credit
19 risk until April 1, 2022; and

20 “(B) at the election of the depository insti-
21 tution, shall, until April 1, 2022, for the pur-
22 pose of calculating reserves and capital, and for
23 any other accounting purpose, allow a deposi-
24 tory institution to treat such loan in the same

1 manner as the loan was (or would have been)
2 treated on December 31, 2019.

3 “(2) LIMITATION.—

4 “(A) IN GENERAL.—Paragraph (1) shall
5 not apply to a depository institution if the ap-
6 propriate Federal banking agency determines
7 that—

8 “(i) the depository institution was not
9 well capitalized as of December 31, 2019;

10 “(ii) applying paragraph (1) to the
11 depository institution would pose a direct
12 risk to the Deposit Insurance Fund or the
13 National Credit Union Share Insurance
14 Fund; or

15 “(iii) there is reasonable cause to be-
16 lieve that the depository institution or an
17 institution-affiliated party is violating, or is
18 about to violate, a Federal statute or rule.

19 “(B) CEASE AND DESIST LETTER RE-
20 QUIREMENT.—Before the appropriate Federal
21 banking agency may make a determination
22 under clause (ii) or (iii) of subparagraph (A),
23 the appropriate Federal banking agency shall
24 issue a cease and desist order to the depository
25 institution and comply with the process re-

1 required under section 8(b) of the Federal De-
2 posit Insurance Act (12 U.S.C. 1818) with re-
3 spect to a cease and desist order.”.

4 (d) BALANCE SHEET TREATMENT OF LOANS.—Sec-
5 tion 4013 of the CARES Act (15 U.S.C. 9051), as amend-
6 ed by subsection (c), is further amended by adding at the
7 end the following:

8 “(f) BALANCE SHEET TREATMENT OF LOANS.—For
9 purposes of a financial institution’s balance sheet, the fi-
10 nancial institution shall place all loans for which an elec-
11 tion has been made under subsection (b) into a separate
12 account.”.

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