

National Consumer Law Center Advocates' Statement Regarding U.S. House Passage of HEROES Act

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Washington, D.C. - Today, the U.S. House passed a \$3 trillion dollar package in response to the COVID-19 crisis. In the consumer area, the bill provides desperately needed help for families dealing with the economic crisis, beyond the modest start in the previous CARES Act. In particular, the HEROES Act, HR 6800:

- Provides immensely needed funds to help families cover necessities through increased stimulus payments, extended unemployment benefits, and, for the poorest families, increased support for food, rent, home energy, water, and basic broadband service.
- Expands recently passed debt forbearance relief to most mortgages, federal and private student loans, and rent.
- Stops debt collection activities that endanger stimulus payments, wages, bank accounts, homes, utilities, and cars.
- Creates a path to recovery by halting negative credit reporting and by requiring creditors to offer affordable repayment options.

"The HEROES Act recognizes that people need much more direct support to pay for basic necessities, and much broader forbearances to ensure that they do not lose their homes or face debt collectors over loans they cannot repay right now due to no fault of their own. The HEROES Act focuses on real people because consumers drive our economy and we can't just leave American families to trickle-down help from businesses," **said Lauren Saunders, associate director of the National Consumer Law Center.**

Mortgages and Housing: "The HEROES Act builds on the vital relief offered to homeowners by the CARES Act by expanding forbearance protections to the whole mortgage market while offering essential new housing protections," **said Alys Cohen, attorney at the National Consumer Law Center.** "The HEROES Act will ensure homeowners receive accurate information about their forbearance rights and other hardship assistance, and sustainable and streamlined ways to repay past due amounts. And the HEROES Act makes certain that no homeowner who has obtained assistance will face an imminent foreclosure before having a chance to make affordable arrangements to retain their family home."

Student Loans: "The HEROES Act extends vital protection to the nine million student loan borrowers who were left out of the CARES Act. But making sure that all borrowers have access to a temporary hiatus from making payments, though necessary, is insufficient," **said Persis Yu, staff attorney and director of NCLC's Student Loan Borrower Assistance Project.** "Unfortunately, the paired down federal and private student loan forgiveness provisions will leave many borrowers without long-term relief. Many borrowers - especially low-income borrowers, borrowers of color, and those who lost their jobs due to the pandemic - will still be burdened with historically high student loan debt and will face a potentially devastated economy when they start making payments again. Their student loan payments will likely prevent them from recovering and contributing to rebuilding our economy. Widespread debt cancellation is imperative."

Debt Collection and Debt Repayment: “It is astonishing that during this challenging public health and economic crisis, debt collectors are still trying to grab stimulus payments, wages, and assets in bank accounts, and people are still facing threats of eviction, utility shut-offs, and car repossessions,” **said Margot Saunders, senior counsel at the National Consumer Law Center.** “The HEROES Act addresses those problems by imposing a temporary halt to debt collection activities and by giving people time to repay their debts after the economic crisis eases.”

Autos: “The HEROES Act protects a family’s car, often their lifeline to work, groceries, testing and so much more, from repossession by prohibiting repossessions both in person and electronically, for at least the next four months,” **said John Van Alst, attorney at the National Consumer Law Center.**

Criminal justice debt: “The last thing that we need right now is to have people in unsafe prisons and jails for the crime of being poor,” **said Abby Shafroth, attorney at the National Consumer Law Center.** “By prohibiting the government from incarcerating people for nonpayment of debts, restricting the use of money bail to detain poor people who have not been convicted of a crime, and incentivizing state and local governments to suspend imposition and collection of fines and fees during the crisis, the HEROES Act protects people from being imprisoned or trapped in the broken criminal justice system merely because they are unable to afford a debt or a fine.”

Home energy, water, and broadband assistance: “The HEROES Act’s emergency benefit for broadband service will help protect public health by ensuring vulnerable households have critical broadband service so that every member of a household can perform essential tasks online from home,” **said Olivia Wein, attorney at the National Consumer Law Center.** “The bill also provides \$1.5 billion to help low-income households stay connected to vital water and wastewater service, a critical human need, but even more so to protect health and safety during this COVID-19 crisis. However, the magnitude of the need will require more robust funding for water assistance.”

“The HEROES Act also provides a much-needed additional \$1.5 billion in funds for the Low Income Home Energy Assistance Program,” added **Charlie Harak, attorney at the National Consumer Law Center.** “Increased Low Income Home Energy Assistance funds will keep many households connected to life-saving home heating and cooling services, but much more will be needed to help families trying to avoid termination of their utility services.”

Credit Reporting: The HEROES Act includes a temporary moratorium on negative credit reporting and a permanent ban on reporting medical debt related to COVID-19, which will greatly help consumers whose finances have been devastated by the economic crisis caused by COVID-19. “By recognizing the need to stop negative credit reporting for at least four months and by providing further relief to consumers experiencing continuing hardship, the HEROES Act will help tens of millions of consumers who have lost their jobs, small businesses, or other income from this pandemic,” **said National Consumer Law Center attorney Chi Chi Wu.** “The HEROES Act will prevent the current financial catastrophe from haunting the credit reports of consumers for the next seven years, which could otherwise impede their ability to find housing, jobs, and generally financially recover once the crisis is over.”

Prison phone justice: “The need for communication between incarcerated people and their families is greater than ever during this crisis, with in-person visits suspended and family members facing grave threats to their health. But even absent the widespread economic hardship caused by the crisis, the cost of prison calls can be prohibitively expensive to families,” **said Ariel Nelson, attorney at the National Consumer Law Center.** “The HEROES Act takes a critical step towards helping families to stay connected by immediately capping the cost of calls and prohibiting exploitative practices that take advantage of families’ basic need to connect to generate revenue.”