

March 22, 2020

Call for Credit and Debt Protections to Address Financial Distress From COVID-19

Dear Senator or Representative,

At a time when tremendous financial stress is coming — or has already arrived — for millions of people and small businesses in the United States owing to the COVID-19 pandemic, Congress and the administration need to implement broad-based, efficient, and effective relief in these areas. And they need to do it swiftly.

A number of policy and legislative proposals from both the House and the Senate reflect these principles and priorities, and they need to be a part of the final package. These measures should include:

1. Stopping all foreclosures, evictions, car repossessions, and utility shut-offs. Repayment can wait until this public health crisis abates; when that time comes options must be flexible and affordable.
2. Ceasing all involuntary student loan debt collection, taking over student loan borrowers' monthly payments for the duration of the crisis, and ensuring that all borrowers have had at least \$10,000 in federal student loan debt cancelled.
3. Suspending all debt collection activities, and all referrals to debt collectors or sales to debt buyers, including a halt to garnishment or offset of income, bank accounts, government payments and tax returns. Creditors should make broad allowances for consumers, small businesses, and nonprofit organizations who cannot make payments in a timely fashion. Credit card companies, banks, government agencies and others must accommodate everyone hit by the crisis.
4. No late fees, default interest or compounding interest should accrue for any debt until the pandemic eases significantly and normal employment patterns resume. Banks should eliminate overdraft and nonsufficient funds fees.
5. Stopping all negative credit reporting. No one should see their credit record harmed or as a result of the pandemic.
6. Cap interest rates on new loans at 36% and ensure clear and enforceable prohibitions against predatory lenders and other profiteers taking advantage of people during a health crisis and severe economic stress.

Finance and debt related policies cannot take the place of a strong fiscal response, a focus on the health emergency, and the needs of workers, communities and small businesses. But they have a fundamentally important role to play in stopping the economic bleeding, and assuaging the very justified fears that many ordinary people have at this time.

Please also see [the letter linked here](#) from 17 consumer, civil rights, housing and labor organizations centered on similar themes and the need to provide meaningful assistance for all consumers affected by this ongoing crisis.

Sincerely,

Americans for Financial Reform
ACCESS
Action Center on Race and the Economy (ACRE)
Allied Progress
Arkansans Against Abusive Payday Lending
Boston Tax Help Coalition
Brazos Valley Financial Fitness Center
California Reinvestment Coalition
Center for Digital Democracy
Center for Popular Democracy
Center for Public Policy Priorities
Connecticut Legal Services, Inc.
Consumer Federation of America
Consumer Reports
Consumers for Auto Reliability and Safety
East Bay Community Law Center
Faith in Texas
Georgia Watch
Greater Boston Legal Services on behalf of its low-income clients
Greenlining Institute
Helping Hands Ministry of Belton
Hispanic Federation
Housing and Economic Rights Advocates (HERA)
Indivisible
International Brotherhood of Teamsters
Jacksonville Area Legal Aid, Inc.
Kentucky Equal Justice Center
Main Street Alliance
MHANY Management Inc.
Mission Asset Fund
Mississippi Center for Justice
Mobilization for Justice
Mountain State Justice
MyPath
NAACP Legal Defense and Educational Fund, Inc.
National Association of Consumer Advocates
National Center for Law and Economic Justice

National Center for Transgender Equality
National Community Reinvestment Coalition (NCRC)
National Community Stabilization Trust
National Consumer Law Center (on behalf of its low income clients)
National Employment Lawyers Association
National Fair Housing Alliance
National Housing Resource Center
National Urban League
NC Justice Center
People's Action
Prospera Community Development
Public Good Law Center
RAISE Texas
Reinvestment Partners
San Francisco Office of Financial Empowerment
SC Appleseed Legal Justice Center
Service Employees International Union
Shoreline Study Center
Statewide Poverty Action Network (WA)
Student Debt Crisis
Summit Co-Lab
Texas Appleseed
The Center for NYC Neighborhoods
Tzedek DC
United Way of Metropolitan Dallas
Working Families Party