

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