

**104 Small Business, Nonprofit, Consumer, Community,
Human Rights and Civil Rights Organizations**

June 23, 2020

Majority Leader Mitch McConnell
United States Senate
Washington, DC 20510

Minority Leader Chuck Schumer
United States Senate
Washington, DC 20510

Chairman Mike Crapo
Senate Committee on Banking, Housing and Urban Development
Washington, DC 20510

Ranking Member Sherrod Brown
Senate Committee on Banking, Housing and Urban Development
Washington, DC 20510

Re: Support debt collection provisions of HEROES Act to give small businesses, nonprofits and consumers a path to recovery

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Crapo and Ranking Member Brown,

The 104 undersigned small business, nonprofit, consumer, community, human rights and civil rights organizations write to urge you to include in the next recovery package the critical protections of Section 110402 and 110601 of the HEROES Act, H.R. 6800, restricting the collection of consumer and small business debt. That section gives consumers and small businesses that are facing mounting debts a path to recovery.

The direct financial support provided in the HEROES Act is needed to help small businesses, nonprofits and consumers deal with the economic crisis. But even with that support, many will face back bills that they need time to repay. Because of underlying health and socioeconomic disparities caused by systemic discrimination, communities of color are disproportionately bearing the brunt of COVID-19. Small businesses, nonprofits and consumers in hard-hit communities of color especially need assistance with recovery because centuries of discrimination have left them without the personal, family and community assets that white communities can rely on to get through hard times.

Sections 110402 and 110601 do not relieve small businesses, nonprofits or consumers of their obligation to repay their debts. Nor do those sections restrict creditors or debt collectors from attempting to collect debts or from filing collection lawsuits other than eviction or foreclosure actions.

Those sections of the HEROES Act merely **pause the most aggressive forms of debt collection** so that small businesses, nonprofits and consumers can maintain essential services to support their families or

organizations and have time to get back on their feet. In particular, during the emergency period and for 120 days afterward, debt collectors may not:

- Repossess a car or enforce another security interest
- Imprison a debtor for nonpayment or for nonappearance at a hearing related to failure to pay an obligation
- Garnish wages or a bank account or otherwise seize income or assets
- Evict a small business or consumer
- Disconnect utility service, including electricity, natural gas, telecommunications broadband, water or sewer for nonpayment
- Threaten to take any of these prohibited actions

These measures will not only help weather the financial crisis, but will also ensure that people have a safe home, access to essential utilities and internet, and transportation for food and medical care while they are advised to stay at home or are trying to preserve their small business.

The bill also helps people repay their debts by preventing past-due bills from ballooning with late fees and interest on interest and establishing a **clear and reasonable repayment plan**:

- For loans, such as a car loan, with a defined repayment period, missed payments are simply added to the end of the term.
- For lines of credit such as credit cards, creditors may increase minimum payments for past-due balances but no greater than permitted under the Credit CARD Act.
- For other debts, the creditor must allow the small business or consumer to repay the debt in equal payments over one, two or three years depending on the amount of back payments.

Finally, the bill gives **creditors that offer forbearance programs to small businesses, nonprofits or consumers access to a low-cost credit facility**. The facility will assist businesses that wish to help their struggling customers so that they are able to meet their own expenses.

These modest provisions will help small businesses, nonprofits and American families recover, repay their debts, and help the economy rebuild. While many responsible creditors are already providing similar forms of relief, company policies are uneven, and some debt collectors are continuing to engage in aggressive collection tactics, including seizure of stimulus payments. People have been unable to get answers to how they will be allowed to repay debts once forbearance periods end or have been told they will have to make an impossible lump sum payment.

Throwing small businesses, nonprofits and families to the debt collection wolves is in no one's interest. People will merely be driven to default, bankruptcy, and perhaps even homelessness, delaying recovery for everyone. With support during the economic crisis, and a path to recovery afterwards, everyone, including creditors and the American economy, will be better off.

Thank you for considering these important protections.

Yours very truly,

Alabama Appleseed Center for Law and Justice
Alabama Arise
Alaska PIRG

Allied Progress
American Family Voices
Americans for Financial Reform
Arkansans Against Abusive Payday Lending
Arkansas Community Organizations
California Low-Income Consumer Coalition
California Reinvestment Coalition
CAMBA Legal Services, Inc
Catholic Charities Archdiocese Oklahoma City
Center for Digital Democracy
Center for Economic Integrity
Centro Legal de la Raza
Charlotte Center for Legal Advocacy
CLARIFI
Coalition on Human Needs
Colgan Consulting
Columbia Legal Services
Community Economic Development Assoc. of MI (CEDAM)
Community Legal Services of Philadelphia
Connecticut Legal Services, Inc.
Consumer Action
Consumer Federation of America
Consumer Reports
Consumers for Auto Reliability and Safety
Consumers League of New Jersey
Convencion Bautista Hispana de Texas
Delaware Community Reinvestment Action Council, Inc.
Demos
East Bay Community Law Center
Every Texan
Fair Housing Center of Central Indiana, Inc.
Fellowship Congregational UCC
Florida Legal Services, Inc.
Georgia Watch
Greater Boston Legal Services, on behalf of its low-income clients
Health Law Advocates, Inc.
Heartland Alliance for Human Needs & Human Rights
Hoosier Action
Hpp Cares CDE
Human Rights Watch
Jacksonville Area Legal Aid, Inc.
Jewish Women International
Kentucky Equal Justice Center
Legal Aid Justice Center
Legal Aid Service of Broward Co.
Legal Aid Society of Milwaukee
Legal Aid Society of Palm Beach County, Inc.
Legal Aid Society of San Mateo County

Legal Aid Society of the District of Columbia
Legal Services of New Jersey
Main Street Alliance
Maryland Consumer Rights Coalition
Michigan League for Public Policy
Mississippi Center for Justice
Missouri Faith Voices
Mobilization for Justice
Montana Organizing Project
Mountain State Justice
NAACP
National Association for Latino Community Asset Builders
National Association of Consumer Advocates
National Center for Law and Economic Justice
National Consumer Law Center (on behalf of its low income clients)
National Fair Housing Alliance
National Housing Law Project
New Georgia Project
North Dakota Economic Security and Prosperity Alliance
OnTrack Financial Education & Counseling
Pennsylvania Council of Churches
Prospect Church
Prosperity Now
Public Citizen
Public Counsel
Public Good Law Center
Public Justice Center
Public Law Center
Public Utility Law Project of New York
Recharge Financial Solutions
Reinvestment Partners
RISE for Youth
SC Appleseed Legal Justice Center
Small Business Majority
South Carolina Christian Action Council
SPLC Action Fund
Tennessee Citizen Action
Texas Appleseed
The Women's Resource of Greater Houston
TURN-The Utility Reform Network
Tzedek DC
U.S. PIRG
UCI Consumer Law Clinic on behalf of our clients
UnKoch My Campus
Virginia Citizens Consumer Council
Virginia Citizens Consumer Council
Virginia Organizing
VOICE - OKC

Volunteer Lawyers Project of Onondaga County, Inc.
Western Center on Law and Poverty
Wildfire: Igniting Community Action to End Poverty in Arizona
William E. Morris Institute for Justice (Arizona)
Woodstock Institute