

March 20, 2020

The Honorable Mitch McConnell
Majority Leader
Unites States Senate
S-230, The Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
Unites States House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader
Unites States Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
Unites States House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Senate Majority Leader McConnell, Senate Minority Leader Schumer, House Speaker Pelosi, and House Minority Leader McCarthy,

The undersigned consumer, civil rights, housing, and labor organizations write with urgency to recommend that the stimulus package for COVID-19 provide substantial relief for workers, consumers, and small businesses. Although various sectors of the American public will experience negative impacts from the COVID-19 pandemic, priority needs to be given to families and individuals most severely impacted by reduction of income and loss of employment, and those in the gig economy. Workers in specific industries like hotel, restaurant, airlines, and the many handymen, house-cleaners, home health care-givers and other “casual workers” help sustain our economy without any of the financial back-stops available to employees.

Crucially, the best and least costly relief is that which comes immediately – before defaults, evictions, spiraling late fees, or other financial dislocations occur. The lessons of the Great Recession make plain the need to get out ahead of financial disruptions to avoid the needless compounding of losses to all families and communities, irrespective of legal status.

In order to make a stimulus package most effective in curtailing the negative economic impact of the crisis and assisting those who are most vulnerable, including immigrant consumers already engaged in financial services, we recommend the following measures be implemented immediately:

Provide relief to struggling student borrowers

- Broad universal debt forgiveness should be provided for all federal student loan borrowers (including PLUS loan borrowers) with a guaranteed minimum of \$20,000 to ensure the benefits of cancellation reach the lowest income and most vulnerable borrowers. Many student and parent borrowers are already burdened by unaffordable debt and it is essential to provide this relief. Simply deferring payments or waiving interest on this crushing debt is not a sufficient policy response.
- Student loan borrowers should continue to receive credit for any forgiveness programs they are working towards.
- Students who were defrauded by schools such as Corinthian or ITT Tech and have pending claims before the Department of Education should also receive immediate relief.
- All collections on federal student loans, including offsets against or seizures of Social Security benefits and other federal or state payments, tax refunds, wages, and other forms of involuntary collection should cease.

Ensure individuals and families are safe and secure

- Forbearance of up to 12 months on mortgages and all remaining balances of government-backed or owned loans (student, small business, etc.). No late fees, default interest, or interest on interest should be charged. Balances should not balloon during this period as a result of forbearance. When forbearance ends, borrowers should be offered affordable payment options and no lump sum demands should be permitted. For privately held loans, the government should require and provide lender assistance for comparable forbearance on these loans.
- Shut-offs of water, gas, electricity, sewage service, telecommunication services and broadband should be suspended during the emergency.
- Adequate funding should be provided for rental assistance, including rent for manufactured home lots, to those struggling to make payments.
- A moratorium on evictions and foreclosures for renters and homeowners should be put in place for at least 6 months or the duration of the crisis if longer. The moratorium should cover manufactured homes whether titled as real or personal property and should prohibit evictions in manufactured homes communities. The moratorium should not apply to vacant or abandoned properties.
- Emergency funding should be provided to address the needs of people experiencing homelessness.

Protect borrowers from abusive interest rates and debt collection practices

- All new loans made during the crisis should comply with consumer safeguards in the Military Lending Act, including a cap of 36% APR.
- The following activities should cease for at least three months: all referrals to debt collectors or sales to debt buyers, all new and existing court filings, garnishments, offsets, repossessions and other ways to seize or deprive the consumer of the use or benefit of wages, income, government payments, bank accounts, cars and other household assets, and any other enforcement actions or adverse actions.
- Any additional aid provided to state or local governments should require suspension of the collection of debts owed or assigned to them, including criminal fines and fees, medical debt, and student loan debt, and suspension and vacating of consequences for nonpayment such as arrest warrants and suspension of drivers' licenses.
- Negative credit information should not be reported to the credit bureaus during the crisis; longer protection periods should be available to those facing lasting financial hardship from the outbreak.

Fully fund critical financial relief efforts

- Adequate increased funding should be provided for counseling, legal services, outreach, free advice, and assistance to all consumers seeking to navigate their financial situation.
- Adequate increased funding should be provided for fair housing and fair lending enforcement.

Prevent a no-strings-attached bailout

- Any relief to financial institutions should be contingent upon and proportionate to the direct relief they provide to their borrowers and customers for the duration of the crisis, including collection relief and full relief from overdraft, late, and other penalty fees for individuals and small businesses.

Target relief to the most vulnerable workers

- Any proposals aimed at providing relief or capital for businesses or industries should specifically provide for similar relief and capital for small businesses and a mechanism for providing relief or cash payments to the employees of these businesses or industries and to workers who participate in today's gig economy.
- Eligibility definitions for new funding and programs should target relief to those who will be most impacted by this crisis, and should be automatic and self-executing wherever possible to ensure that the requirements to access these provisions are not unduly onerous and do not tax the ability of lenders or servicers to handle the requests during the crisis.

Suspend rulemaking unrelated to the pandemic

- All federal financial rulemaking other than coronavirus crisis relief or extensions of rules that would otherwise sunset should be suspended.

This is not the time to exacerbate the financial stress of millions of families. We hope you will be receptive to these recommendations at this time of national crisis.

Sincerely,

AFL-CIO
Americans for Financial Reform
Center for Responsible Lending
Economic Policy Institute
Leadership Conference on Civil and Human Rights
League of United Latin American Citizens (LULAC)
NAACP
National Fair Housing Alliance
National Association for Latino Community Asset Builders
National CAPACD
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Housing Resource Center
National Low Income Housing Coalition
National Urban League
Service Employees International Union
UnidosUS