

March 20, 2020



1050 Fulton Avenue #120  
Sacramento, California 95825  
916.482.2462

The Honorable Sherrod Brown  
Ranking Minority Member  
Senate Banking Committee  
534 Dirksen Senate Office Bldg.  
Washington, D.C. 20510

Dear Senator Brown:

The Receivables Management Association International (“RMAI”) greatly appreciates the opportunity to respond to your letter to discuss the steps that we and our members are taking to help mitigate the economic impact of COVID-19 on American households.

### **RMAI’s COVID-19 Response**

To work with American households during this crisis in a manner that treats them with dignity and respect, we are strongly encouraging all of our members to enhance their current hardship policy to provide temporary hardship relief from collections for consumers who advise us that they are impacted by COVID-19. Specifically, we are issuing a second alert to our members today encouraging them to:

1. Temporarily suspend collection activities when a person demonstrates that he or she is experiencing significant financial hardship due to job loss or medical issues related to COVID-19. We are encouraging our members to honor written and oral requests from workers for relief through the hardship policy.
2. Cease collection activities when they receive documentation indicating that the person’s only source of income is from exempt sources, such as Social Security or Supplemental Security Income benefits, and that the person has access to no other assets;
3. Work with and be sensitive to people who encounter unforeseen circumstances, such as illness or job loss; and
4. Place collection holds with respect to the person, not only the account.

If any household is experiencing a financial hardship due to COVID-19, we are encouraging them to reach out to their creditor’s consumer support department or the collection company engaged with them to report that they are impacted by COVID-19 and request a temporary cessation of collection activities. This early contact is important as it is critical to help people in need who are directly impacted by COVID-19, such as through illness or job loss.

Maintaining open communications with workers also enables our members to work with them to create flexible repayment plans. Our debt servicer members currently have hardship programs in place that enable trained debt collectors to provide more payment flexibility for the individual than

the individual had with the originating creditor, which enables a debt owner to partner with an individual affected by COVID-19 and provide:

1. Extended payment plans with lower monthly payments;
2. A suspension of payment plans for individuals directly affected by the COVID19 crisis;
3. A stop on accumulating interest; and
4. Favorable settlements of the consumer account for less than the original balance.

As a best practice, the great majority of our members do not charge post-charge off interest to individuals as part of their existing policies and procedures. Further, most of them do not charge convenience fees for the special handling of payments, or any other reason.

### **Communicating our Expectations to Members**

On March 17, 2020, RMAI issued an initial alert to our members to help them respond to the COVID-19 crisis. The Member Alert stated, in part:

When contacting consumers, RMAI encourages its members to ensure its servicers actively listen for consumer hardships such as reduced work hours, loss of income, or the loss of employment associated with the current state of emergency and to respond appropriately. When a consumer claims a hardship, consider either not pursuing collections at this time or providing some other form of assistance such as an extended grace period, balance reduction, or the suspension of interest. RMAI certified businesses should document these actions as they may be required to demonstrate program compliance during future certification audits conducted by RMAI.

The Member Alert is consistent with RMAI's existing certification standards that provide best practices guidance for the industry on communicating with consumers during a state of emergency, whether it is the COVID-19 crisis, or a natural disaster (discussed further on page 3).

We and our members take hardship issues seriously, both in times of national crisis and in times of personal crisis, which is why we implemented guidance on hardship programs long before the COVID-19 crisis. Through these programs, temporary and permanent suspension of collection activities are available for people who are unable to pay. For example, people who are recent widows or widowers, ill, no longer employed, victims of a natural disaster, incarcerated, disabled or those who are on active duty are eligible for a temporary or permanent hold on collections as well as flexible repayment plans. These hardship programs allow consumers facing short-term setbacks to recover and prevent continued collections for those facing permanent setbacks.

### **Importance of Continued Communication with Individuals Effected by COVID-19**

As discussed, maintaining an open line of communicating between our members and individuals affected by COVID-19 is critical to assisting them during this crisis. If our members cannot



communicate with people affected by COVID-19, our members will be unable to help them resolve their debt or get them assistance through a hardship program. For people who are in default, debt owners and debt collectors are willing to work with them to provide unique solutions to their outstanding financial obligations. Communication is essential to doing so, and the need for communication is even more important during an unexpected financial crisis.

### **RMAI's Certification Program**

As you know, RMAI is the nonprofit trade association that represents more than 500 companies that purchase and service performing and nonperforming receivables on the secondary market. RMAI member companies work in a variety of financial services fields, including debt buying companies, collection agencies, law firms, originating creditors, international members, and industry-related product and service providers.

To further best practices, including the ones discussed above, RMAI established the Receivables Management Certification Program Fact Sheet (see, Appendix A) in 2013 and a Code of Ethics. Our Certification Program and Code of Ethics are the most rigorous in the industry and focus on protecting borrowers. Accordingly, the Certification Program was recognized through the Consumer Financial Protection Bureau's ("CFPB") debt collection rulemaking Small Business Regulatory Enforcement Fairness Act ("SBREFA") outline, published in 2016.

Currently, 145 companies and over 200 individuals hold the respected certifications and comply with the certification requirements for professional and ethical treatment of consumers, record keeping, and compliance with laws. These companies are committed to upholding standards that meet, and in many cases exceed current state and federal laws, regulations and rules. A review of the CFPB Consumer Response Portal shows that more than 50 percent of the RMAI's certified companies have not had a single complaint/inquiry on the CFPB portal since the CFPB started tracking debt collection complaints/inquiries in July 2013. In fact, only two percent of certified companies have a complaint/inquiry volume of greater than one percent.

Highlights of the certification program include a commitment to ongoing education, independent third-party audits, a company Chief Compliance Officer ("CCO") and compliance with robust standards including:

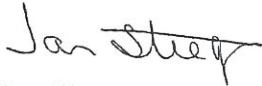
1. Vendor Management: Ensuring that anyone with access to or contact with consumer accounts adheres to the same robust standards as the certified company, including assurance of data security system/policies;
2. Integrity of Data and Documentation: Compliance with a comprehensive list of data and documentation requirements that exceeds all state and federal requirements;
3. Consumer Disputes: Multiple standards are required, including registration with the CFPB consumer portal, a well-defined dispute policy, a credit reporting standard, consumer direct access to the CCO, and a prohibition on the sale or resale of accounts that are currently in dispute or have been identified as fraud. When viewed together, these standards provide a previously unseen level of consumer protection; and

4. Portfolio Sale Standards: Ensuring the integrity of the account information and transparency in the sale and resale process is paramount. Standards on chain of title, due diligence in the portfolio review, and reps and warrants in the purchase and sale agreement combine to ensure the integrity of the account information providing important consumer protections.

## **Conclusion**

RMAI greatly appreciates the opportunity to apprise you of the steps that we and our members are taking to help mitigate the economic impact of COVID-19 on American households. Please do not hesitate to contact me if you have any additional questions.

Sincerely,



Jan Stieger  
Executive Director  
Receivables Management Association International

cc: The Honorable Michael D. Crapo, Chairman, Senate Banking Committee