

March 24, 2020

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Patrick McHenry  
Ranking Minority Member  
Committee on Financial Services  
U.S. House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairwoman Waters and Ranking Minority Member McHenry:

On behalf of the Receivables Management Association International (RMAI), the nonprofit trade association representing more than 550 companies that purchase or support the purchase of performing and nonperforming receivables on the secondary market, I submit this letter to apprise you of the actions our members are taking to assist consumers during the COVID-19 National State of Emergency. I also write to express some concerns about the unintended effects of proposals to implement a moratorium on all debt collection-related activity and the reporting of certain information to consumer reporting agencies.

#### **RMAI's COVID-19 Response**

To work with American households during the COVID-19 National State of Emergency in a manner that treats them with dignity and respect, we are strongly encouraging all of our members to follow their current hardship policy to provide temporary hardship relief from collections for consumers who advise them that they are impacted by COVID-19. Specifically, we are encouraging them to:

- 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;
- Obtain consumer hardship contact information and recommend any consumer who is experiencing a financial hardship due to the recent COVID-19 outbreak to reach out to the consumer support departments of the creditor, collection agency or collection law firm engaged with them to report that they are impacted by COVID-19 and request a temporary cessation of collection activities;
- Upon learning of consumer hardship, help consumers in need who are directly impacted by COVID-19, either through illness or job loss, to understand their payment options, maintain open lines of communications and extend temporary hardship assistance whenever possible;
- Cease collection activities when they receive documentation indicating that the consumer's only source of income is from exempt sources, such as Social Security or Supplemental Security Income benefits, and that the consumer has access to no other assets;

- Place collection holds with respect to the consumer, not only the account. In other words, suspend collections on all of the consumer's accounts, not just on an account by account basis; and
- Work with and be sensitive to consumers who encounter unforeseen circumstances.

Our debt servicer members currently have hardship programs in place that enable trained collection agencies 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 the COVID-19 crisis and provide:

- Extended payment plans with lower monthly payments;
- A stop on accumulating interest; and
- Favorable settlements of the consumer account for less than the original balance.

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 National State of Emergency. 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.

### **Unintended Consequences of Moratoriums on Debt Collection-related Activities and Reporting of Certain Information to Consumer Reporting Agencies**

RMAI and its members appreciate and support your and the Committee's efforts to help American workers, households, and businesses weather the severe effects of COVID-19, including the inclusion of provisions intended to assist consumers with their debt obligations. We also appreciate the constructive dialogue we have had with you and Members of the Committee with respect to ensuring effective safeguards for consumers with debt obligations. To continue that dialogue, RMAI offers for your consideration the following regarding the unintended consequences of these proposals in the "Take Responsibility for Workers and Families Act" (H.R. 6379).

#### *A Moratorium on the Reporting of Collection Account Information will Harm Consumers' Credit Reports and Scores*

If RMAI's members are prohibited from reporting collection account information related to actions that occurred during the COVID-19 National State of Emergency to the consumer reporting agencies for three months or longer, consumers' credit history and their credit scores will not improve in light of any payments they make on outstanding accounts.

RMAI's members do not report any information to the consumer reporting as a "trade line item." Rather, all of the information our members report are categorized as "collection account information." Collection account information is deemed to be negative or adverse information. However, such information includes consumer disputes of accounts, payments towards accounts, whether an account has been settled in full, and updates of the balances on outstanding accounts. Thus, any information reported by RMAI's members, including these beneficial data points, would be excluded by the bill.

If RMAI's members cannot report consumer disputes of accounts, payments towards accounts, whether an account has been settled in full, and updates of the balances on outstanding accounts, the consumer reporting agencies will not update their files, resulting in consumer reports that provide an inaccurate and unfairly negative picture of a consumer's credit history. As a result, consumers' credit reports and their credit scores, which are derived from their reports, will be artificially negative.

We support the proposed rule of construction in the recently released "Taking Responsibility for Workers and Families Act" allowing consumers to make voluntary payments on a debt. This is an important provision because, as discussed, a consumer may want to make a payment to improve their credit history and credit score. Should a consumer make such payments, they should receive the full benefit of doing so, a benefit they cannot receive if the information cannot be reported to the consumer reporting agencies.

Collectively, the industry works with approximately 70 million American consumers. A moratorium of this nature would accidentally prevent these consumers from improving their credit histories and credit scores.

*Restrictions on Communications Between Collection Agencies and Consumers would Raise Barriers to Consumers' Access to Hardship Programs*

The most efficient and rapid way for consumers to access the hardship programs and relief previously discussed is to communicate their challenges to the collection agency or collection law firm engaged with them. Our members are working diligently with consumers to connect them to the programs they need. Open and non-delayed communications are critical to this effort.

Accordingly, we are concerned that some of the provisions of the proposed legislation would make communication more difficult and less timely, resulting in fewer consumers obtaining relief (because our members cannot communicate with them effectively) or obtaining relief later than necessary. For instance, under the proposal, a collector may not continue to communicate with a consumer via telephone or electronically in the event that the consumer has consented to such calls prior to enactment of the proposed legislation, unless the consumer consents to such communications after enactment. Consumers who expect a phone call or an electronic communication from their collection agencies will have to wait for written communications, which they may miss, causing further delays and inconvenience. Moreover, the legislation would prohibit collectors from communicating with a consumer electronically or telephonically absent prior consent or a court order. These limitations would raise communications barriers between consumers and collectors, making it more difficult for consumers and RMAI's members to act quickly.

Fundamentally, a suspension of collection activity that would prevent RMAI's members from communicating with consumers efficiently and effectively would result in all consumers, whether affected by the COVID-19 crisis or not, losing the opportunity to either resolve their debt or discuss their hardship options.

*A Moratorium on All Debt Collection-related Activity would Create Economic Insecurity for Thousands of American Workers*

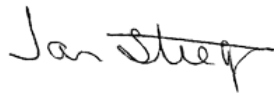
Finally, these legislative proposals would result in economic insecurity for tens of thousands of workers. Approximately 270,000 Americans are employed as industry professionals who participate in the management of both performing and nonperforming receivables on the secondary market. RMAI's members are composed of debt purchasers, collection agencies, collection law firms and related service providers that employ tens of thousands of American workers. If a moratorium on all debt collection-related activity is implemented, these workers will be unable to do their work and the businesses who employ them will be unable to fund their payroll. As with other industries, our workers and businesses will face significant financial hardships if they cannot work for several consecutive months.

RMAI's members can, will, and are working with consumers to provide hardship relief. Allowing our members to continue to do so will help both consumers and the workers in our industry.

### **Conclusion**

RMAI and its members appreciate and support your and the Committee's efforts to help American workers, households, and businesses weather the severe effects of COVID-19. To further these efforts, we and our members will continue to work with consumers to provide them the hardship services they need. Moreover, we and our members will continue to treat consumers with empathy, dignity and respect. As you work toward a final relief package, we are hopeful that you will consider our input.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Stieger". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Jan Stieger  
Executive Director  
Receivables Management Association International