January 24, 2019

Dear banks, credit unions, consumer lenders, and consumer loan servicers:

We write today with serious concerns about federal employees and contractors who are facing significant financial distress due to President Trump's shutdown, which has now entered its fifth week. Many federal government employees, like the majority of Americans, live paycheck to paycheck, and missing a single paycheck can have dire economic consequences. Because of this reckless shutdown, 800,000 federal workers and many more federal contractors have missed two paychecks and many are now in serious danger of missing payments on their mortgages, student loans, car loans, credit cards, and other debt. We write to ask your financial institutions to do everything in their power to proactively work with customers who are affected by the federal government shutdown.

We encourage your financial institutions to make the following relief measures available, consistent with safe and sound banking practices:

- Allow customers to defer or modify payments;
- Extend no or very low interest credit;
- Waive fees and penalties;
- Waive high interest rates on credit card debt;
- Modify the terms of existing loans;
- Immediately suspend reporting missed or late payments to consumer reporting agencies; and
- Inform applicable borrowers of the availability of homeownership and credit counseling.

These are relief measures that federal financial regulators have encouraged financial institutions to offer customers impacted by the shutdown. The FDIC, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Consumer Financial Protection Bureau issued a joint letter to financial institutions on January 11, 2019, to encourage financial institutions to consider "prudent workout arrangements" for customers affected by the federal government shutdown, including "extending new credit, waiving fees, easing credit card limits, allowing customers to defer or skip payments, modify terms on existing loans, and delaying submission of delinquency notices to credit bureaus." According to the agencies, "prudent efforts to meet such customers' financial needs should not be subject to examiner criticism."

Federal housing regulators have also urged mortgage lenders and servicers to assist federal workers and contractors. On January 8, 2019, the Federal Housing Administration (FHA) issued a letter to lenders reminding them that it is their obligation to offer forbearance to borrowers experiencing temporary loss of income and further encouraging them to waive late fees and suspend credit reporting for impacted borrowers. We expect that your institutions are fulfilling their duties for government guaranteed loans, such as those backed by FHA, the Department of Veterans Affairs, and the United States Department of Agriculture.

Similarly, Fannie Mae and Freddie Mac have issued guidance for servicers on offering forbearance for federal employees and contractors who are experiencing a temporary reduction in income. We remind you of your institutions' obligation to ensure compliance with the Consumer Financial Protection Bureau's mortgage servicing rules, especially as they relate to notifying all borrowers if they are delinquent, advising them of their loss mitigation options, and reviewing their hardship assistance applications.

Ultimately, we hope your financial institutions not only comply with what is legally required to help distressed borrowers, but will go above and beyond to provide relief for customers impacted by the shutdown. We therefore urge you to grant forbearance for any impacted workers who may be at risk of falling behind on their mortgages—agreements that do not require federal employees to issue a lump sum payment once the government reopens but rather provide for affordable repayment plans or loan modifications where needed. Asking these borrowers to make a larger than normal mortgage payment when the government reopens will unfairly strain their limited financial resources as they try to recover from the shutdown. These measures should be available during the federal government shutdown and for at least 30 days after the government reopens because it will take some time for impacted workers to receive back pay.

Furthermore, it would be useful for your institutions to have a portion of your websites and customer service lines specifically dedicated to impacted employees. You should make as much information available on your websites as possible and, to the extent feasible, proactively reach out to customers to share the kinds of relief available for customers impacted by the shutdown.

We also urge your financial institutions to refrain from reporting missed payments by impacted federal employees and contractors to consumer reporting agencies. Reporting delinquent payments to consumer reporting agencies would prevent otherwise creditworthy consumers from accessing affordable credit options. Moreover, many federal employees and contractors are required to hold security clearances for their positions, and any adverse items on their credit reports, such as missed loan payments, may jeopardize their ability to maintain such clearances.

You have the green light from federal financial regulators to take the steps necessary to prevent customers impacted by the shutdown from falling behind on their financial obligations, incurring fees and fines, and damaging their credit for years. The cost of the shutdown is already enormous—and it grows each day—but the shutdown should not ruin the financial lives of over 800,000 workers who have no control over the situation.

We hope your financial institutions can work with your customers to help them avoid financial harm during this shutdown. Thank you for your attention to this matter.

Sincerely,

Robert Menendez

Brian Schatz

Chris Van Hollen

Catherine Cortez Masto

Kyrsten Sinema