

April 3, 2020

The Hon. Phil Mendelson  
The Hon. Charles Allen  
The Hon. Anita Bonds  
The Hon. Mary M. Cheh  
The Hon. Vincent C. Gray  
The Hon. David Grosso  
The Hon. Kenyan McDuffie  
The Hon. Brianne K. Nadeau  
The Hon. Elissa Silverman  
The Hon. Brandon T. Todd  
The Hon. Robert White, Jr.  
The Hon. Trayon White, Sr.:  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004  
Via email

*Re: Recommended Consumer Protection Provisions for the COVID-19 Response Supplemental Emergency Amendment Act of 2020*

Dear Chairman Mendelson and Fellow Members of the Council of the District of Columbia:

As organizations that advocate for the interests of vulnerable DC residents, we write to urge the Council to adopt a number of critical consumer protection provisions in its upcoming April 7th consideration of additional legislation to address the COVID-19 emergencies facing DC.

The COVID-19 public health emergency is creating both a current financial crisis and major risks of near-and medium-term financial crisis for many thousands of DC residents. Nation-wide, more than half of the jobs in the U.S. economy “are at high or moderate risk,” [according to Moody's Analytics](#).

And in the District, for example, as of March 27 of this year, DC residents had already filed more unemployment insurance claims in the first three months of 2020 than in the entirety of 2019.

It is therefore critical that the Council take measures to protect residents from immediate-term financial ruin and even loss of housing caused by the public health emergency, and to create some breathing room for residents to be able to address the financially toxic combination of dramatic income loss and mounting personal debts. Towards that end, we are highlighting here four recommended emergency consumer protection measures.

**1. Protect Stimulus Funds.** The Council should ensure that to the maximum extent permitted by federal law (including limitations related to child support obligations), funds received by DC residents via CARES Act stimulus payments are protected from attachment or seizure by creditors. These stimulus payments must be available for residents to rely on for basic life necessities, including food and medical supplies.

**2. Debt Collection Relief.** During the emergency period and months following, the Council should protect DC residents from enduring debt collection or debt collection litigation, which can lead to devastating wealth extraction through wage garnishment and the attachment by creditors and draining of DC residents' bank accounts. Even before the emergency, as a recent Washington City Paper headline put it, it has been the case that "[More And More D.C. Residents Are Being Sued Over Debt.](#)" With the tide of defaults facing residents, this is an increasingly pressing issue of both racial and economic justice. The average person with a debt in collections in DC - even pre-emergency - had over \$1,200 of debt subject to collection, and over 43% of African-Americans in DC have a debt in collections, more than quadruple the rate for white DC residents. [See Urban Institute, Debt in America: An Interactive Map, Debt Delinquency \(as of Dec. 17, 2019\).](#) Without intervention, residents in this emergency period facing major reduction (if not the entire loss) of income, combined with continued bills, risk suffering long-term financial harm through the debt collections process.

**3. Credit Protection.** The Council should address credit impairment arising from the public health emergency. A resident's credit report is often the difference between having access to or being denied rental housing, a loan, or a job. Residents during the emergency and the period after will be at an especially high risk of credit impairment. We recommend that the Council allow residents to defer payments arising from, for example, consumer credit sales, consumer leases, and certain secured car loans, without incurring any late fees or increases in interest rates. These recommended provisions permit deferrals of payments, and do not extinguish any debt obligation. The Council should also provide DC residents with the right to request that credit reporting agencies include a COVID-19 alert in the consumer's credit report, and should prohibit entities that generate credit-scoring models from treating as a negative factor any COVID-19 tagged account.

**4. Preserve Home Ownership.** Last, but certainly not least, the Council should significantly enhance the bill's protections for DC homeowners. The federal government has already provided a moratorium on initiating and conducting foreclosures for those federally-backed mortgages within its purview. The Council should now extend that moratorium more broadly to all homeowners, including those subject to foreclosure based on inability to pay condo or homeowners fees, during the emergency period and in the immediate months following. This would not only address the current disparity between the level of protection for those with federally-backed mortgages and those without, but would also recognize the harm of foreclosure and threatened foreclosure on the mental and physical health and stability of DC homeowners, many of whom are elderly, low-income, or otherwise vulnerable (including those vulnerable to scams that target distressed homeowners). An emergency moratorium would also help avoid wealth loss and displacement here in DC, and would help to preserve multi-generational homes and homeownership by long-time DC residents of color.

The Council should also strengthen and streamline the protections for residents in the current bill's section on mortgage deferment and align those provisions with the now-enacted protections of the federal CARES Act forbearance provision. Like the deferral rights we recommend be created for consumer debts, these protections would allow delayed payment for the sake of providing short-term, partial relief of financial pressures, and in no way extinguish a debtor's obligation.

For each of these four recommendations, we have in the attached addendum provided specific suggested statutory text for consideration, along with pertinent policy and technical notes. We hope these specifics will be of help to the Council's members and staff in this compressed period of legislative process on this crucial set of issues. Our organizations are available to support your work on these matters in the upcoming days. We have been working on these issues with the Office of the Attorney General for the District of Columbia ("OAG"), which has confirmed that OAG is fully supportive of the goals we are seeking in these measures to achieve, and will work with us and the Council on final language.

Thank you for considering our recommendations.

Sincerely,

/S

Amara Legal Center  
Children's Law Center  
Jewish Community Relations Council for Greater Washington  
Legal Aid Society for the District of Columbia  
National Consumer League  
Tzedek DC  
Washington Legal Clinic for the Homeless

Cc:

The Hon. Muriel Bowser, Mayor, District of Columbia  
The Hon. Karl Racine, Attorney General for the District of Columbia