

A Letter to Share with Your Legislators

TO:

FROM:

The purpose of my communication with you today is as a result of reviewing the recommendations of the Former Director of the Consumer Financial Protection Bureau, Richard Cordray's current white paper on Immediate Actions for CFPB To Address COVID-19 Crisis published on April 6, 2020.

Mr. Cordray's white paper makes several recommendations that as an industry we can support in terms of protecting consumer rights – as we ourselves as small business owners with employees are subject to some of the same economic fallout concerns that Cordray speaks of.

However of great concern to me, my family, my employees, their families and countless others involved in and employed in the debt collection & repossession industries (which totals in the hundreds of thousands), is in his echoing the call of Hon. Maxine Waters and others for a nationwide moratorium on debt collection efforts and specifically the repossession of autos for the "duration of the crisis and its economic aftermath."

Mr. Cordray is correct in that there is "an entire industry whose business is repossessing automobiles"; putting a nationwide moratorium on those activities would decimate that entire industry of which he speaks and would have significant long term impact on other industries including the collection industry, insurance operations, auto manufacturers and dealers and the auto finance industry.

We support efforts to help consumers during this challenging time, however there must be recognition that prior to COVID19 there were consumers who already in default and not meeting their financial obligations. There are still others that although still able to make their loan payments will actively choose not to should a nationwide moratorium be enacted. You can see this sentiment already everywhere as people discuss how they are going spend their stimulus checks and in demanding rent/mortgage freezes.

Without the efforts of debt collectors and repossessioners, the auto finance industry would not be able to attempt to recoup their losses when consumers default on their loans and would not be able to continue to finance those with marginal or less than perfect credit and payment histories. But the answer to protecting the consumer from himself is not in alleviating him from his obligations. It is to provide opportunities and requirements for increased communication, for restructuring loans and payment terms if need be and to provide a clear process for understanding what happens when obligations are not met.

Under no circumstances are we promoting or accepting of predatory collection practices, but the collection of debt is a critical function of and for a successful economy. In a webinar earlier today Cornell Business School Professors advised that the US Economy is 70% consumer driven, meaning consumer buying is essential to the economic success of our country. If decisions are made today to stop consumer debt collection, an unintended consequence of this decision could be lenders unwillingness to lend to

consumers in the future. Please we urge you not to support any initiative that would prevent all efforts to collect on consumer debts.