MAXINE WATERS, CA
CHAIRWOMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

PATRICK MCHENRY, NC
RANKING MEMBER

January 10, 2019

The Honorable Jerome H. Powell
Chairman
Board of Governors of the
Federal Reserve System
20th Street & Constitution Avenue, NW
Washington, DC 20551

The Honorable Joseph M. Otting
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, D.C. 20219

The Honorable Jelena McWilliams
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

The Honorable J. Mark McWatters
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

The Honorable Kathy Kraninger
Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Dear Chairman Powell, Comptroller Otting, Chairman McWilliams, Chairman McWatters, and Director Kraninger:

I write regarding the innocent consumers, whose livelihood may have been, or could be, adversely impacted by this historic federal government shutdown, which began on December 22, 2018. I hope you share my view that these individuals and their families should not be further punished by being saddled with late or other penalty fees and fines due to any temporary difficulties in meeting their current credit obligations. It would also be unfair if these innocent borrowers were to experience rejections on requests for future credit or offered products or services on less favorable terms and conditions, due to the appearance of negative information on their consumer reports relating to partial, late or non-payments of their obligations caused by the shutdown. As such, I urge your agencies to take immediate actions to encourage your regulated entities to be responsive to the needs of their customers, who may be experiencing temporary financial hardship in making payments on their existing credit obligations as a result of the shutdown. This can be accomplished by, at a minimum, publicly re-affirming the joint statement issued on October 9, 2013,[1] that provided guidance to financial institutions that they could affirmatively make prudent workout arrangements during a previous shutdown, without fear of being subject to examiner criticisms. It is also important that this interagency statement is implemented so that field examiners can convey the importance of this policy to your regulated institutions.

[1] https://www.federalreserve.gov/newsevents/pressreleases/bcreg20131009a.htm

As you may know, I applauded the 2013 interagency statement.[2] However, given that today marks the 20th day of a federal government shutdown – the second longest, and soon to be the longest shutdown in U.S. history – that was initiated by President Trump, I believe that it is imperative for your agencies to take additional steps to underscore this common-sense practice to protect consumers, who through no fault of their own, may have, or could, experience financial hardships. I strongly urge your agencies to, once again, proactively notify regulated entities and the public that prudent workout arrangements assisting innocent borrowers harmed by this shutdown will not later be criticized by examiners, as long as they are consistent with safety and soundness principles. I am confident that such actions will inspire creditors to consider adjusting or altering terms on the existing payments for car, private education or student loans, mortgages, credit card payments and other outstanding credit obligations. This is important to ensure that customers can meet loan payments and avoid high fees and other penalties that they may otherwise incur. Through no fault of their own, some affected federal employees and others, such as federal contractors, may be unable to pay all their bills on-time because of the shutdown. Once negative information is reported to consumer reporting agencies, affected employees are likely to see a reduction in their credit scores. This may limit their ability to access credit or result in their being offered higher rates and more costly terms on credit in the future.

Finally, I am deeply troubled by President Trump's recent remarks that his government shutdown could needlessly extend for, "months or even years."[3] As independently funded government agencies who are not directly impacted by the shutdown, I urge you all to do what you can to minimize the profound and growing negative impact that the Trump shutdown is having on over 800,000 federal employees – 400,000 who have either been furloughed or 420,000 who are working without pay[4] – their families, their communities, businesses that work with and serve the federal government, and our economy.[5]

As I wrote to your agencies in 2013, it is in no one's interest to punish affected consumers who may be enduring this temporary period of financial stress. I look forward to your prompt written response and attention to this urgent matter.

Sincerely,

Maxine Waters

MAXINE WATERS
Chairwoman

[2] https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=383034

[3] Sheryl Gay Stolberg and Michael Tackett, "Trump Suggests Government Shutdown Could Last for 'Months or Even Years'," NEW YORK TIMES (Jan. 4, 2019), https://www.nytimes.com/2019/01/04/us/politics/democrats-trump-meeting-government-shutdown.html.

[4] Seth Hanlon and Saharra Griffin, "Effects of the Trump Shutdown on Federal Workers' Paychecks: State-by-State Estimates," CENTER FOR AMERICAN PROGRESS (Dec. 21, 2018), https://www.americanprogress.org/issues/economy/news/2018/12/21/464638/effects-trump-shutdown-federal-workers-paychecks-state-state-estimates/.

[5] According to analysis by Standards & Poor's, the October 2013 government shutdown cost the U.S. economy $24 billion, or $1.5 billion each day of the 16-day shutdown. See Steven Perlberg, "S&P: The Shutdown Took $24 Billion Out Of The US Economy," BUSINESS INSIDER (Oct. 16, 2013), https://www.businessinsider.com/sp-cuts-us-growth-view-2013-10.