

March 31, 2020

Michael E. Hill
Superintendent
Alabama State Banking Department
P.O. Box 4600
Montgomery, AL 36103-4600

Dear Superintendent Hill,

As the coronavirus pandemic unfolds here in Alabama, the undersigned organizations ask you to provide guidance to payday and title lending licensees to ensure that their business practices are responsive to this crisis and supportive of Alabama families. Our organizations and so many others across the state are on the front lines of community response, and we are using all the resources we can marshal to assist people in our communities who have been impacted by this economic downturn. But a crisis of this size and nature presents more challenges and burdens than we can manage alone.

At the time of this letter's writing, federal regulators are adopting or have already enacted policies suspending student loan interest charges,¹ placing moratoriums on foreclosures and evictions related to certain home mortgage loans,² and issuing a call on regulated institutions to meet the financial service needs of customers in a manner that is sensitive and appropriate to the times we are living through.³ These kinds of sensible steps will reduce the blow soon to hit many people in Alabama, and we urge you to demonstrate similar vision and leadership. As households across Alabama brace for a massive hit to our budgets, the prospect of continuing with "business as usual" in the payday loan industry is not compatible with the unusual times we are living through. Alabamians cannot afford inaction.

To that end, we are recommending that the State Banking Department issue the following guidance to payday and title lenders and, where possible, mandate the following responses to the coronavirus crisis:

1. Lenders must affirmatively notify current borrowers about extended repayment options;
2. Direct licensees to work with borrowers experiencing a financial shortfall due to the coronavirus by suspending full or partial payments and interest, waiving any associated

¹ ["President Donald J. Trump Has Mobilized the Full Resources of the Federal Government to Respond to the Coronavirus."](#) The White House (March 13, 2020)

² ["FHFA Suspends Foreclosures and Evictions for Enterprise-Backed Mortgages."](#) Federal Housing Finance Agency (March 18, 2020)

³ ["Agencies encourage financial institutions to meet financial needs of customers and members affected by coronavirus."](#) Board of Governors of the Federal Reserve System (March 9, 2020).

penalty fees, and establishing an affordable pathway to catch up on missed payments;

3. Loans or refinances of loans where the borrower has paid amounts, including associated fees, that exceed the original loan amount should be deemed paid in full;
4. There should be a moratorium on attempting to collect a deferred presentment in cases where a scheduled payment is missed for at least 60 days, and longer as appropriate;
5. There should be a moratorium on vehicle repossessions for at least the next 60 days from title lenders, and longer as appropriate, and an affordable process for families to catch up on missed payments:
6. In cases where payment is scheduled through ACH or automatic debit authorizations, there should be a prohibition on resubmission if the initial payment is rejected due to non-sufficient funds and any applicable fees should be waived for at least the next 60 days, and longer as appropriate;
7. Debt collection actions should cease for at least the next four months, and longer as appropriate, for borrowers experiencing a financial shortfall due to the coronavirus pandemic;
8. As more and more borrowers face the possibility of job loss in the days after taking out a loan, payday loans should be scheduled on a 30 day repayment window for at least four months, and longer as appropriate, to provide a cushion to borrowers in this time of employment volatility; and
9. Payday lenders should continue reporting into the Veritec database, and the State Banking Department should publicly release Veritec data on loan usage monthly for the next four months to closely track industry impact during these tumultuous times.

These provisions are substantially similar to federal policies and recommendations that have been adopted or are under consideration and are warranted due to the current state of emergency in Alabama. They are meant to stave off a peak in failing loans and create a time period for families to recover financially, which is a win-win for lenders and borrowers alike.

We would appreciate a reply indicating when you may be able to issue such guidance to payday and title lenders in Alabama. Please address correspondence to Carla Crowder, executive director of the Alabama Appleseed Center for Law & Justice, by email (carla.crowder@alabamaappleseed.org). She will serve as an intermediary and share your response with the full network of organizations signed below.

We appreciate your consideration of this proposal. We look forward to your response and hope to see important guidance in support of the financial wellbeing of Alabama families.

Sincerely,

Alabama Appleseed Center for Law & Justice

Alabama Arise

Alabama-West Florida Conference of the United Methodist Church

Alliance for Responsible Lending in Alabama (ARLA)

Community Foundation of Greater Birmingham

Faith in Action Alabama

Hispanic Interest Coalition of Alabama (HICA)

League of Women Voters of Alabama

Southside Baptist Church of Birmingham

SPLC Action Fund

Tuscaloosa Citizens Against Predatory Practices (T-CAPP)

YWCA of Central Alabama

Zonta Club of Birmingham