



April 17, 2020

Via express mail and email

Governor Philip D. Murphy
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Hon. Stuart Rabner
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Commissioner Marlene Caride
Department of Banking & Insurance
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Re: Request for Consumer Financial Justice Relief

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Dear Governor Murphy, Chief Justice Rabner, AG Grewal and Commr. Caride:

In light of the coronavirus crisis hitting New Jersey especially hard, New Jersey Appleseed Public Interest Law Center, which works together with several nonprofit advocacy and social service groups on consumer financial justice issues, is asking you to provide guidance to licensed lenders of credit in the state to ensure that their practices in this difficult time do not unduly add to the burdens of New Jersey consumers and families. Organizations and networks with whom we work in non-emergency times are on the frontlines of this crisis, supporting the needs of families with the resources and tools that they have, but in a crisis of this nature, they cannot and should not bear all of the social obligation.

Federal regulators have adopted policies to suspend student loan interest charges,¹ place moratoriums on foreclosures and evictions related to certain home mortgage loans,² and called on regulated institutions to meet financial services needs of customers in a prudent manner,³ to help families weather the uncertain times ahead. Our Attorney General has joined 23 other attorneys general across the country to ask the federal government to exempt “stimulus” payments from the reach of debt collectors and other creditors.⁴ Notwithstanding, we are already seeing residents in our state laid off from jobs, part of a national surge in unemployment due to the changing business environment.⁵

As we brace for the unpredictable weeks and possibly months ahead, it is essential to the stability of families and creditors that state-licensed creditors take steps to accommodate the changing financial situation. **Mass defaults, accruing penalty fees, and car repossessions are neither in the interest of the long-term financial stability of New Jersey families nor in the long-term financial viability of DOBI licensees.**

To that end, we recommend that DOBI’s Office of Consumer Finance, under the

¹ See <https://www.consumerfinance.gov/about-us/blog/what-you-need-to-know-about-student-loans-and-coronavirus-pandemic/>.

² See <https://www.fanniemae.com/portal/media/corporate-news/2020/covid-homeowner-assistance-options-7000.html>; <https://freddiemac.gcs-web.com/news-releases/news-release-details/freddie-mac-announces-enhanced-relief-borrowers-impacted-covid>; and, https://www.hud.gov/press/press_releases_media_advisories/HUD_No_20_042.

³ <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200309a.htm>

⁴ https://ag.ny.gov/sites/default/files/04.13.20_multistate_letter_to_treasury_re_garnishment_and_cares_act_final.pdf

⁵ NJ Workers Seeking Unemployment as Coronavirus Job Losses Mount Now at a Staggering 718k, nj.com (April 16, 2020). <https://www.nj.com/coronavirus/2020/04/nj-workers-seeking-unemployment-as-coronavirus-job-losses-mount-now-at-a-staggering-718k.html>

direction of the Governor, provide guidance in support, and where possible, mandate the following:

1. Direct that licensees must work with borrowers experiencing a financial shortfall due to the coronavirus by suspending full or partial payments and interest, waiving any associated penalty fees, and establishing an affordable pathway to catch up on missed payments;
2. Require that 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; ^{SEP}
3. Impose a moratorium on vehicle repossessions for at least the next 120 days, and longer as appropriate, and an affordable process to allow families to catch up on required payments; ^{SEP}
4. Impose a moratorium on attempting to collect a deferred presentment in cases where a scheduled payment is missed, at least for 120 days, and longer as appropriate; ^{SEP}
5. In cases where payments are scheduled through ACH (or other bill payment programs) or debit authorizations, prohibit resubmission if the initial payment is rejected due to nonsufficient funds and waive any applicable fees at least for the next 120 days, and longer as appropriate; and ^{SEP}
6. Halt/Freeze debt collection actions and any negative credit reporting at least for the next four months, and longer as appropriate, for borrowers experiencing a financial short-fall due to the coronavirus pandemic. ^{SEP}

Specifically, as per our last request, we specifically ask that the Governor work with the Supreme Court to recommend to the Administrative Office of the Courts that it take the following actions to reduce court traffic until the state of emergency in New Jersey is lifted:

1. Postpone hearings for collection lawsuits (or at minimum, suspend the entry of default judgments);
2. Communicate postponement directly to affected consumers and also widely publicize the postponement of collection lawsuits; and
3. Delay entry of judgments against consumers in any pending civil cases, including agreements for judgment negotiated by the parties.

Furthermore, because creditors have access to powerful collection tools like garnishment that may leave consumers without enough money to pay for basic expenses, we also ask that, until 120 days after the state of emergency is lifted New Jersey, courts should do the following to ensure that collection of judgments on old consumer debts does not harm struggling consumers:

1. Stay enforcement of all existing judgments, including new and existing wage garnishment orders, bank account garnishment orders, offsets against benefits or tax returns, seizures of personal property, and liens;
2. Require any property seized after the date of the stay to be returned;
3. Postpone any post-judgment hearings such as payment reviews;
4. Cease issuance and enforcement of any civil arrest warrants in collection lawsuits;
5. Waive post-judgment interest;
6. Exempt any coronavirus-related stimulus payments from garnishment; and

7. Suspend due dates on payments for current settlements with payment plans, without any penalty to the consumer.

All of these provisions are necessary to place an effective moratorium on financial debt transactions in New Jersey and to prevent financial and physical harm primarily to low-income and working residents in the state, who simply do not have the resources to repay previous credit obligations during this public health emergency. These recommendations 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 understand that the Legislature is working on many of these issues. However, S.2330, the COVID-19 Financial Security for Consumers Act, was tabled this past week due to the resistance of many organized and financially strong special interests. New Jersey Appleseed believes that the aforementioned consumer financial justice issues are necessary to stave off enormous suffering on those residents who are already financially vulnerable. It requires executive action and leadership; otherwise, nothing will be done to protect such residents.

New Jersey Appleseed appreciates your consideration of our proposal. We look forward to your response and hope to see important guidance in support of the financial well-being of New Jersey families.

We look forward to your response, and further discussion on these matters. New Jersey Appleseed stands ready to assist in formulating the details of your response to the concerns raised in this letter.

Respectfully submitted,

NEW JERSEY APPLESEED
PUBLIC INTEREST LAW CENTER

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