Banking and Finance Law Daily Wrap Up, TOP STORY—Waters: Financial industry, HUD must help consumers during government shutdown; Treasury impacted, (Jan. 22, 2019)

Banking and Finance Law Daily Wrap Up

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By Thomas G. Wolfe, J.D.

"President Trump's shutdown of the federal government is inflicting tremendous harm to millions of Americans," Waters commented. "It is in no one's interest to punish those who may be enduring financial stress through no fault of their own."

Expressing her concerns about the continuing government shutdown by the Trump administration, Congresswoman Maxine Waters (D-Calif), Chair of the House Financial Services Committee, not only is asking members of the banking and finance industry to more fully describe their efforts to help customers affected by the shutdown, she also is criticizing the Department of Housing and Urban Development for failing to follow its own "Contingency Plan for Possible Lapse in Appropriations." In addition to her pertinent January 2019 letters to industry organizations, the three national credit reporting agencies, and HUD Secretary Ben Carson, Waters emphasizes in a separately released statement that the government shutdown is adversely impacting the Treasury Department in its critical role in the national economy.

Waters' letter to industry. In her Jan. 18, 2019, letter to banking, lending, and credit union organizations, as well as the three national credit bureaus, Waters urges the groups to adopt "prudent workout arrangements" with consumers who may be affected by the ongoing federal government shutdown. According to Waters, "borrowers, through no fault of their own, are facing immediate hardship in making timely payments on debts such as mortgages, student loans, car loans, business loans, or credit cards." Moreover, she notes that "once negative information is reported to consumer reporting agencies, affected employees are likely to see a reduction in their credit scores."

Asking for all financial institutions in general, and the letter recipients in particular, to exhibit a "robust effort" by engaging in "proactive outreach" and providing "flexible workout arrangements" for consumers who may be finding it difficult to pay their bills in full and on-time due to the shutdown, Waters requests that the banking and finance industry respond by Jan. 25, 2019, to "describe what your institutions and member companies are doing to help innocent consumers in response to this unprecedented federal government shutdown."

Similarly, in January 2019, Sen. Elizabeth Warren (D-Mass) sent letters to the CEOs of the nation's largest retail banks seeking information on how the banks are helping workers and businesses facing financial hardship due to the federal government shutdown. Although Warren commended the banks for their promises, her letter pressed the CEOs for details on exactly which services they would be providing, and to which affected group of workers and businesses (see *Banking and Finance Law Daily*, Jan. 17, 2019).

Waters' letter to HUD. Also, the Financial Services Committee Chairwoman transmitted a Jan. 18, 2019, letter to HUD Secretary Ben Carson insisting that the federal agency follow its own "Contingency Plan for Possible Lapse in Appropriations." In Waters' view, by not adhering to the Contingency Plan, HUD has been "unnecessarily accelerating some of the most painful impacts of the shutdown on HUD-assisted families as well as homeless assistance providers and private landlords that participate in HUD programs." Waters pointed out that HUD has failed to renew hundreds of project-based rental assistance contracts and that the agency "does not appear to have any plans to make FY 2018 funding available for HUD's largest homeless assistance grant program despite clear language in the Contingency Plan to the contrary."

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While stating that the Trump administration has created the unfortunate circumstances of holding the government "hostage for the sake of a senseless border wall," Waters maintains that it is still HUD's duty to "ensure that essential employees are responding appropriately to emergencies and other urgent conditions as outlined in its Contingency Plan." Along these lines, Waters urges HUD to "immediately take steps to bring HUD into compliance" with that plan.

Waters' statement on Treasury. Further, Waters stressed that the government shutdown has impacted the Treasury Department. She remarked that "over 87,000 of Treasury Department employees and contractors are either working without pay or have been furloughed due to the Trump shutdown, which is harming our economy and hindering the department's mission of safeguarding our nation's financial system."

She noted that along with collecting taxes, paying the nation's bills, advising on financial, monetary, economic, trade, and tax policy, and investigating counterfeiters and tax evaders, the Treasury "houses the Financial Crimes Enforcement Network (FinCEN)," combats money laundering, and aids law enforcement and its partners in the fight against terrorism.

Companies: American Bankers Association; Bank Policy Institute; Consumer Data Industry Association; Credit Union National Association; Equifax; Experian North America; Financial Innovation Now; Independent Community Bankers of America; Marketplace Lending Association; Mortgage Bankers Association; National Association of Federally Insured Credit Unions; National Bankers Association; TransUnion

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