

Congress of the United States  
Washington, DC 20515

April 1, 2020

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

Dear Chairman Powell:

We applaud the Federal Reserve's effort to play a strong role in helping to shore up the economy, including the recent announcement of the establishment of a Term Asset-Backed Securities Loan Facility (TALF) to support the flow of credit within the national markets. However, we are concerned that the initial term sheet that accompanied the release of this program does not go far enough to ensure that working families all across the country can have the confidence that this program will help them deal with the threat and reality of lost jobs and disrupted income. We urge the Federal Reserve to augment this initial term sheet to support the availability of responsible consumer credit at a time when bank funding lines are not being extended to non-bank lenders and fintech platforms and the ABS market is frozen.

Large numbers of Americans rely on non-bank credit to make ends meet, finance major purchases (including automobiles), and to handle emergency expenses. As you know, non-bank lenders and fintech lending platforms in turn rely on the capital markets including through the sale of asset-backed securities to fund loans and to continue to extend credit. According to the Federal Reserve, non-bank lenders held over \$600 billion in consumer credit, not including mortgages, at the end of 2019.

While past versions of TALF did not include consumer loan-backed ABS as eligible collateral, we note that since 2008 the market has changed considerably, and the market for consumer and small business credit, including consumer installment loans,<sup>1</sup> play a much more vital role in the economy than they did twelve years ago. In light of this development, we hope you agree that any expanded TALF program should include investment-grade securities backed by unsecured consumer loans as eligible collateral.

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<sup>1</sup> We define consumer installment loans as distinct from payday loans. Installment loans are loans with fixed-rate, fully-amortizing payments. They are radically different from payday loans in the way they are structured, priced, and regulated. Unlike payday lenders, installment lenders do not charge prepayment penalties for early repayment or prepayment and do not require large, one-time balloon payments.

This is a critical time in our nation's history. Consumers and small business owners are among the hardest hit by the COVID-19 pandemic. In fact, according to the 2017 Federal Reserve Small Business Credit Survey, personal loans are disproportionately relied on by disaster-affected firms, startups, and the smallest, most vulnerable businesses. We appreciate the actions that the Federal Reserve has taken to date to maintain the stability of the financial system and support the flow of credit to American families and businesses, and encourage you to continue to think about the broadest possible solutions, including those outlined in this letter.

Sincerely,



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Bill Foster  
Member of Congress



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Barry Loudermilk  
Member of Congress



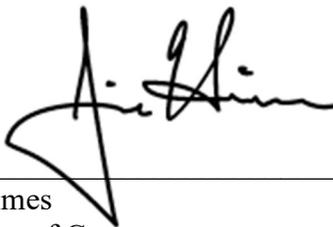
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Ed Perlmutter  
Member of Congress



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Blaine Luetkemeyer  
Member of Congress



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Jim Himes  
Member of Congress



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Scott Tipton  
Member of Congress



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Denny Heck  
Member of Congress



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Lee Zeldin  
Member of Congress



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Josh Gottheimer  
Member of Congress



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Warren Davidson  
Member of Congress



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Vicente Gonzalez  
Member of Congress



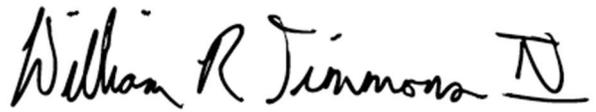
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Denver Riggleman  
Member of Congress



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Jennifer Wexton  
Member of Congress



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William R. Timmons IV  
Member of Congress