



April 23, 2020

The Honorable Mike Dunleavy
Governor of Alaska
Office of the Governor
3rd Floor, State Capitol
PO Box 110001
Juneau, AK 99811

Re: Alaska SB 241 / Chapter 10

Dear Governor Dunleavy:

The American Financial Services Association (AFSA)¹ appreciates your efforts to protect Alaska residents in numerous ways throughout the COVID-19 crisis. We write today regarding SB 241 / Chapter 10, which, in part, institutes a moratorium on repossessions of aircraft, motor vehicles, and watercraft if a consumer is experiencing financial hardship as a result of the COVID-19 pandemic until the earlier of June 30, 2020, or the end of the COVID-19 public health disaster emergency.

Our members share your goal of providing relief to borrowers facing financial hardship due to this pandemic and have taken tremendous steps to help borrowers during this emergency. In order to prevent significant market disruption and ensure that companies can continue to provide relief to those customers who need it most, we believe clarification related to vehicle repossession is necessary, and we request verification of our understanding of the law's scope.

First, we assume the Act is not intended to inhibit consumers' voluntary surrender of a vehicle, which allows borrowers to voluntarily turn over a vehicle based on their own assessment of their financial situation and vehicle needs.

Second, we assume you do not intend to prevent creditors or lessors from securing vehicles at risk (subject to mechanics liens, fraud, impound, abandoned vehicles, seized vehicles, or other cases where the collateral may be in jeopardy). Leaving creditors without the ability to secure their collateral in instances where it may be at risk would cause a significant disruption in the vehicle finance market, with implications for larger financial markets due to existing securitization and master credit agreements. It also wouldn't protect consumers, who would not have the vehicle in their control anyway at that point, and who stand to benefit if a total loss on the vehicle can be avoided.

¹ Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

Finally, we assume that this act is intended to protect Alaska's consumers from repossession of vehicles and does not apply to commercial transactions. Commercial transactions can involve large fleets of vehicles with hundreds of thousands or millions of dollars at risk.

Please correct us if we are mistaken in these three assumptions. We believe verification of these important points will help prevent a tremendous market disruption.

Thank you for your attention to this matter. If you have any questions, or if AFSA can be of any further assistance to you in any way, please do not hesitate to contact me at 952-922-6500 or dfagre@afsamail.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Danielle Fagre Arlowe', written in a cursive style.

Danielle Fagre Arlowe
Senior Vice President
American Financial Services Association
919 Eighteenth Street, NW, Suite 300
Washington, DC 20006-5517

cc:

Patrice Walsh, Director, Division of Banking and Securities