



April 17, 2020

The Honorable Muriel Bowser
Mayor of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Re: District of Columbia Act A23-0286

Dear Mayor Bowser:

The American Financial Services Association (AFSA)¹ appreciates your efforts to protect Washington, DC residents in numerous ways throughout the COVID-19 crisis. Our members share your goal of providing relief to borrowers facing financial hardship and have taken tremendous steps to help borrowers during this emergency.

We write today regarding Bill B23-0277 / Act A23-0286, which prohibits vehicle repossessions for the duration of the public health emergency and 60 days after its conclusion. We applaud your provision permitting consumers to voluntarily surrender collateral,² which allows borrowers to voluntarily turn over a vehicle based on their own assessment of their financial situation and vehicle needs.

We also respectfully request verification of our understanding of the Act's scope. We assume (1) that by prohibiting repossession, 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.

We further assume (2) that this Act is intended to protect D.C. consumers from repossession of vehicles, and does not apply to commercial transactions. Commercial transactions can involve

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.

² D.C. Act A23-0286, Sec. 207(b)(2)(C) 2020.

large fleets with hundreds of thousands or millions of dollars at risk. Please correct us if we are mistaken in these reasonable assumptions. We believe verification of these two important points would help prevent a tremendous market disruption.

We thank you for your attention to this matter. If you have any questions, or if AFSA can be of 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:

Karima Woods, Acting Commissioner, District of Columbia Department of Insurance, Securities and Banking

Phil Mendelson, Chairman, District of Columbia Council