



NJ A.3908 AFSA Testimony

Testimony of Danielle Fagre Arlowe
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Good morning and thank you Mr. Chairman and members of this committee. For the record, my name is Danielle Fagre Arlowe. I am Senior Vice President for the American Financial Services Association. AFSA is over 100 years old--founded in 1916, we are the primary national trade association for the consumer credit industry. Thank you for this opportunity to testify on AB 3908. This is my first time testifying by Zoom and it's very exciting. Our members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and other types of consumer and commercial credit. Our members are **banks and non-banks**, offering everything from **subprime to superprime credit**. AFSA does not represent payday lenders or title lenders.

We share your goal of providing relief to consumers affected by COVID-19 and our members have been offering unprecedented relief for their customers since the pandemic began. However, we do have serious concerns about this bill.

We understand that amended version removes Section 3. We applaud these changes, as that section was particularly problematic. For instance:

- the **repossession** restrictions could have prevented the voluntary surrender of vehicles by consumers, and could have prevented creditors from securing vehicles at risk—meaning subject to mechanics liens, fraud, impound, abandoned vehicles, seized vehicles, or other cases where collateral is in jeopardy.

- And the prohibition on **communication by phone** would have precluded creditors from communicating with their own customers, in many cases preventing them from proactively reaching out to consumers to offer relief and provide information on programs available to them.

Limiting the covered period to the sooner of 90 days past the state of emergency or December 1, 2020 is a comparable step in the right direction. However, even 90 days past the emergency declaration does create problems and would make New Jersey an extreme outlier relative to other states. Keep in mind that our members have **already been providing relief for nearly two months** for affected consumers.

The bill would restrict creditors from considering adverse credit information resulting from the pandemic, **but it is not possible for us to isolate or disregard the specific effect of coronavirus-related adverse information. Creditors do not have the ability to remove or dissect information from a consumer report, or to identify how particular information may have affected an individual's credit score.**

This provision could limit the ability of creditors to use consumer reports overall and thus affect the availability of credit in New Jersey for people who need it most. That major harm would come with little benefit, because the federal CARES Act already provides protections from adverse credit reporting due to the pandemic.

This is an overview of our concerns. We would be delighted to provide more detail at your convenience. Thank you so much for the opportunity to testify today.