



# MARKETPLACE LENDING ASSOCIATION

January 24, 2019

The Honorable Maxine Waters Chairwoman  
United States House of Representatives  
2221 Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Waters,

This is a critical time for our nation. The Marketplace Lending Association (MLA) and its members urge elected leaders to work to find common ground, put federal employees and contractors back on the job, and move our nation forward. We also urge Congressional leaders and the President to come together and ensure that those who have missed paychecks are all repaid in full when the government reopens.

As this unprecedented federal government shutdown stretches into its second month, you have asked the MLA and other financial trade associations to describe what our member companies are doing to help federal workers who are not receiving their regular government pay. MLA member institutions have taken a range of proactive measures to help those impacted by the government shutdown, including:

- Providing more than 1,000 impacted borrowers with forbearance, loan extensions, and other repayment flexibility that is typically provided to borrowers in natural disasters such as the recent California wildfires and North Carolina hurricane. This is true even in cases where lenders are not 100% certain that the borrower requesting the assistance is actually furloughed. On certain larger and longer term student loans, MLA members have postponed payments for impacted federal workers for up to 24 months. And again, during the time of payment forbearance, the lenders are electing not to report borrowers as “late on payment” to the credit bureaus.
- Waiving late fees for borrowers in forbearance due to the shutdown (to the extent that MLA member companies apply late fees).
- Informing federal employee customers about these support options in a variety of ways, including but not limited to: public posts on social media sites, emails to customers, posting a helpline on a company's homepage, and communicating options via a company servicing portal.

Second, it is important to note that those who are impacted by the shutdown may be seeking new financing. As highlighted by personal finance news outlets like CNBC, simple installment loans like those from MLA members are a borrower-friendly options for those seeking such financing.<sup>1</sup> In particular, installment loan products can be a good option for a few reasons:

- Lower interest rates than many other products such as credit cards
- Fast approvals
- No requirement to borrow against something of value, like a house, making them attractive for renters or homeowners without significant home equity
- No prepayment penalties, so loans can be paid off as soon as workers are made whole with no additional fee

Finally, you also asked for anecdotal information on any challenges experienced in dealing with the shutdown. As responsible digital lenders, MLA members work to verify employment and income for virtually all borrowers, but in many cases, that verification still typically depends on a borrowers' willingness to share information. Even federal employees with outstanding loans often use personal email addresses, not work email addresses, when applying for digital loans, so they would not necessarily be recorded in lenders' internal systems with a ".gov" email address. Unfortunately, it can be even more difficult to validate with certainty non-federal-employee borrowers – such as government contractors - who may be directly impacted by this shutdown.

The MLA and its members therefore would welcome any efforts that the Committee, federal banking regulators and other government agencies might pursue to gather and publish information on contractor entities that are not being paid due to this unprecedented government shutdown. This information would help to prevent fraudulent claims and speed response times.

We look forward to continuing to work with you to help those impacted by this political impasse and implore leaders to find a path to fully reopen the U.S. government.

Sincerely,

Nathaniel L. Hoopes  
Executive Director  
Marketplace Lending Association

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<sup>1</sup> <https://www.cnbc.com/2019/01/22/the-best-and-worst-ways-to-borrow-money-during-the-federal-shutdown.html>