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# COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY

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March 27, 2020

## GUIDANCE REGARDING CONSUMER CREDIT:

### **BORROWERS IMPACTED BY THE COVID-19 HEALTH EMERGENCY**

In response to the current health crisis, Governor Larry Hogan has declared a state of emergency, as well as a catastrophic health emergency, in the State of Maryland. Shopping malls, gyms, movie theaters, and entertainment venues have been ordered closed; restaurants and taverns have been ordered closed except for carryout service; public gatherings have been limited to ten people or less, and non-essential businesses have been ordered to close to the public. Additionally, many essential businesses that have remained open have reduced their hours of operation during the emergency. Further restrictions may be necessary to protect the public, and the full extent of the economic impact of this emergency is uncertain.

While various federal agencies, as well as the Commissioner of Financial Regulation, have issued guidance relating to mortgage debt, this advisory pertains to all consumer credit.

The Commissioner expects licensees to refrain from using the current health crisis as an opportunity to increase fees and interest rates normally charged to consumers. Licensees are reminded that “price gouging” and other predatory conduct are illegal in the State of Maryland.

Providers and facilitators of consumer credit should keep applicants and clients informed of any specific disruptions or delays in obtaining credit for which applications have been received, and should ensure that applicants and clients are aware of any changes or limitations in times or methods of communication.

The Commissioner strongly urges all Maryland-licensed businesses servicing or collecting consumer debt to take steps during these unprecedented times to mitigate the impact of this health crisis on their customers. At a minimum, these businesses should take reasonable steps in an attempt to offer assistance to all Maryland borrowers who have suffered a loss of income due to this emergency or have otherwise experienced impacts that could affect their ability to repay their debts. Steps that businesses should consider taking immediately could include:

- Waiving late fees as well as online and telephone payment fees;
- Forgoing the reporting of payment information during the health emergency or reporting payment information to credit reporting agencies in a manner that minimizes the impact of delinquent payment on a borrowers’ credit histories;;
- Offering modification, forbearance, or other options to allow borrowers to reduce and/or defer payments;

- Taking steps to ensure that borrowers are able to timely make inquiries and manage their accounts, and, if there is a reduction in the servicer's staff, ensuring that borrowers are provided with alternatives for managing accounts, making inquiries, and making payments;
- Reaching out to borrowers proactively to provide information on available assistance;
- Ensuring that all borrower-facing staff are fully informed regarding any assistance available and are proactive in informing borrowers of such.

The implementation of some or all of these steps would benefit consumers and should also result in maximizing returns to companies and investors by avoiding widespread defaults. When offering options for modification, forbearance, deferral, or other mitigation, licensees and their agents should ensure that they are in compliance with applicable Maryland law including all fair lending requirements. Licensees are reminded that they should retain appropriate documentation to support decisions regarding mitigation offers made to consumers.

The Commissioner believes that reasonable and prudent efforts to assist borrowers under these unusual and extreme circumstances are in the public interest and intended to protect against widespread defaults. Recognizing the impact of this request on businesses, the Commissioner's staff is ready to work with licensees in developing responsive programs. If you have any questions, please contact your regular point of contact in the Office of the Commissioner of Financial Regulation.

Please visit our website at [labor.maryland.gov/finance](https://labor.maryland.gov/finance) for additional COVID-19 related resources.



Office of the Commissioner of Financial Regulation  
Maryland Department of Labor