

21 such as telling customers that they must agree to automatic withdrawals from a
22 checking or savings account in order to receive a line of credit, without informing
23 customers of alternative payment methods or their right to cancel automatic
24 payments; and

25 **WHEREAS,** various federal financial assistance programs, including those
26 initiated by the CARES Act disaster relief bill, are implemented based on the filing
27 of income taxes, and including direct deposit information in tax returns ensures that
28 a person eligible for funds under the CARES Act will receive funds quickly and
29 automatically; and

30 **WHEREAS,** predatory lenders' abuse of automatic withdrawals could mean
31 that customers who are eligible to receive relief funds under the CARES Act may
32 have federal disaster relief payments withdrawn as quickly as they are deposited; and

33 **WHEREAS,** many low-income residents are not required to file taxes, or face
34 challenges in preparing documents or setting up direct deposit, and so rely upon the
35 assistance of trusted non-profit service providers to help access these disaster relief
36 and financial assistance resources; and

37 **WHEREAS,** non-profit service providers have piloted and are prepared to
38 expand a mobile application that allows for tax preparation assistance to occur
39 remotely and in compliance with current physical distancing emergency orders prior
40 to the extended tax filing deadline of July 15, 2020

41 ~~WHEREAS, advocates locally and nationally have been working to ensure~~
42 ~~fair financial services and practices for vulnerable people impacted by this economic~~
43 ~~crisis, to mitigate penalties that may exacerbate financial distress;~~ **NOW,**

44 **THEREFORE,**

45 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

46 The Council asks financial institutions with customers in Austin to recognize
47 the extraordinary and fast-moving economic crisis facing our residents, and to
48 consider the important role residents will play in our community’s economic recovery
49 by making every effort to assist and accommodate residents with financial services
50 at this time. These actions include:

- 51 ● Waiving service fees such as overdraft fees, late payment fees, and check
52 cashing fees and make the waiver as automatic as possible;
- 53 ● Ensuring that fraud protections prioritize flexibility for customers, including
54 accepting as many forms of identification as possible, such as foreign consular ID
55 cards;
- 56 ● Implementing a streamlined loan forbearance request and payment deferral
57 request process available online or by phone, with flexible extensions and a
58 process to help affected customers catch up on payments when the emergency
59 declaration is no longer in place;
- 60 ● Refraining from negative credit reporting for borrowers with an active

61 forbearance or payment plan in order to minimize long-term harmful financial
62 impacts of the current crisis;

63 ● Expanding customer assistance programs to provide customers with flexibility
64 in deadlines and required documentation;

65 ● Expanding outreach efforts to serve customers, if possible, by reassigning staff
66 to make phone calls and emails to initiate assistance;

67 ● Working with local agencies to distribute philanthropic aid to cover immediate
68 basic needs but also strategies to help Austin residents navigate their new options
69 in the current financial system to prevent predatory lending downfalls and to
70 promote financial stability;

71 ● Facilitating customer requests to discontinue ~~Automatic Clearing~~
72 House automatic withdrawals and debit payments to predatory lenders operating
73 as payday lenders or auto title lenders;

74 ● Expanding outreach warning of predatory lending practices and fraud, and
75 providing information about resources available for victims of predatory lenders;

76 ● Avoiding selling new financial products that may incentivize additional risky
77 financial behavior, which will exacerbate economic distress and slow recovery for
78 individuals because of missed payments or penalties in the future; and

79 ● Working with local stakeholders, community development financial
80 institutions, financial education nonprofits such as Financial Literacy Coalition

81 of Central Texas, and fair financial services advocates such as Texas Appleseed
82 to develop outreach strategies and assistance plans.

83 **BE IT FURTHER RESOLVED:**

84 The City Manager is directed to evaluate proposals from existing or new social
85 service providers to expand tax preparation and direct deposit assistance, including
86 outreach efforts to targeted low-income communities, and return to City Council for
87 approval or ratification of needed contractual agreements by the April 23, 2020,
88 Council meeting.

89 **BE IT FURTHER RESOLVED:**

90 The Council directs the City Manager to assess and update the City’s consumer
91 protection ordinances and rules to ensure continued efficacy in light of the Attorney
92 General Opinion KP-0277. The City Manager should present an updated draft
93 ordinance for Council approval no later than April 23, 2020.

94
95
96 **ADOPTED:** _____, 2020 **ATTEST:** _____
97 Jannette S. Goodall
98 City Clerk
99