



April 15, 2020

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232, U.S. Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
S-230, U.S. Capitol  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
S-220, U.S. Capitol  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
H-204, U.S. Capitol  
Washington, D.C. 20510

Dear Speaker Pelosi and Leader McConnell,

As America's depository institutions work diligently to service their customers and communities during these trying times, we urge Congress to clarify that future stimulus payments responding to this public health emergency are exempt from otherwise legally binding garnishment orders.

America's banks stand ready to provide full access to funds appropriated for the explicit purpose of helping families make ends meet. Under the CARES Act, Congress exempted these payments from offset for debts owed to federal and state agencies, except in the case of child support, but did not exempt them from court-ordered garnishment to pay creditors. As a result, banks are obligated to treat them accordingly, which will impose a significant burden for some families facing unprecedented circumstances. We believe it is imperative that Congress make it clear that these payments are treated as benefits subject to the federal exemption from garnishment.

Further, the ability of financial institutions to protect future payments from garnishment depends, in large part, on the Treasury making payments via Direct Deposit and minimizing the distribution of paper checks. Direct Deposit payments can be coded to contain an exemption identifier, whereas checks cannot be readily identified as exempt from garnishment, and in order to protect their payments from garnishment, recipients would need to cash, rather than deposit, such checks. It is also critical that the government further distinguish these special purpose checks from routine Treasury payments such as tax refunds.

Unless Congress takes action to provide legal certainty, banks are legally required to provide garnishments to third-party creditors. We urge Congress to provide this certainty to ensure that American families are receiving these benefits as intended.

We thank you for your leadership during this moment of crisis and continue to stand ready to support our economy during this emergency, and to help invest in the recovery to follow.

American Bankers Association  
Bank Policy Institute  
Consumer Bankers Association  
The Financial Services Forum  
The Clearing House