

# Federal, State, and Private Protections for Older Consumers Impacted by the COVID-19 Pandemic

PRACTICE TIP • April 2020

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Older adults and those with underlying health issues are most at risk of contracting COVID-19. Many will incur significant expenses related to sheltering in place or taking other measures to protect their health. Older adults with fixed or limited incomes, and those with few resources, may face foreclosure, eviction, and other financial challenges in the near and long term.

This Practice Tip focuses on the protections that have been put in place recently to protect consumers at risk of financial harm. Many of the protections put in place for consumers in response to the COVID-19 pandemic mirror those adopted by governments after a major disaster. Information on disaster-focused relief is available through [NCLER's \*Legal Challenges After a Natural Disaster: Helping Older Adults Face the Aftermath\*](#).

## What protections are available to consumers facing overwhelming debt in the wake of COVID-19?

Federal and state governments and businesses are putting consumer protections in place to alleviate the financial stress caused by the COVID-19 pandemic. These protections include suspensions of some foreclosures and evictions, shut-off protections for utility and telecommunication services, forbearance and elimination of additional interest accrual on some student loan payments, narrow limits on debt collection, and expanded unemployment benefits. Below is a sample of the consumer protections currently available. Some of these protections are time limited but may be extended or changed in the future. For an up-to-date list of protections, including those put in place by the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law on March 27, 2020, please see National Consumer Law Center, [Major Consumer Protections Announced in Response to COVID-19](#).

Protections for homeowners and renters are discussed below. In a nutshell, non-housing protections include:

- **Protections from termination of utility and telecommunications service.** Many states have imposed a temporary moratorium on the termination of natural gas, electric, and water service for unpaid bills until the state of emergency is lifted or a specific date. Protections vary by state, and consumers can check with the service provider or the state utility commission. In addition, most broadband and telephone companies signed a pledge with the Federal Communications Commission (FCC) that they will not terminate service or impose late fees based on inability to pay caused by the COVID-19 pandemic. The companies also agreed to open their Wi-Fi hotspots to the public. The pledge is dated March 13, 2020, and runs for 60 days.
- **Suspension of payments for student loans held by the federal government.** The CARES Act provides relief to student loan borrowers with Direct Loans and Federal Family Education Loans (FFEL) currently owned by the U.S. Department of Education. FFEL loans include Stafford loans and PLUS loans taken out by parents to subsidize their child's education. Payments are suspended until September 30, 2020. Interest does not accrue during this period. Collection activity from defaulted student loans, including seizure of tax refunds, reduction of Social Security benefits, and

other collection activities are paused temporarily. Borrowers with Perkins loans and private loans are not protected. Private lenders may offer their own relief options.

- **Protections for Social Security Benefits.** The U.S. Department of the Treasury has exempted Social Security benefit payments from offset to satisfy delinquent federal debts. This protects consumers owing government debts, such as those arising from deficiency judgments on FHA-insured mortgages. This exemption will remain in effect through September 21, 2020.
- **Direct cash assistance to consumers.** Many consumers will receive direct payments of up to \$1,200, with an additional \$500 for each child. Consumers receiving social security retirement and disability benefits will automatically receive this payment even if they have not filed a tax return for 2018 or 2019. The IRS has not yet determined whether recipients of Supplemental Security Income (SSI) and Veterans Administration (VA) Disability Compensation or Veterans Pension benefits will need to file a tax return to collect their stimulus payments. These payments are generally protected from seizure by the federal government for debts owed to the United States. However the CARES Act does not specifically address garnishment for other types of debts. The U.S. Department of Treasury, which has the authority to issue rules regarding these payments, has yet to issue guidance to protect these funds once deposited in consumers' bank accounts. Consumers with outstanding court judgments should consider removing the amount of the stimulus check from their bank account immediately so it is not subject to garnishment.
- **Limits on debt collection.** Very few states have put in place temporary limits on debt collectors and creditors' ability to contact consumers for delinquent debt or initiate lawsuits or collection actions. More commonly, many courts are closed, limiting in-person hearings on debt collection and other matters to only essential matters that may take place on the telephone or through video conferencing. Depending on the specific terms of the courts' closure orders, important deadlines, such as redemption periods after foreclosure, may continue to run.
- **Limits on price gouging.** In light of numerous complaints regarding excessive pricing during the COVID-19 pandemic, a few states have enacted emergency laws prohibiting unfair price gouging for essential goods like food, fuel, medicine, medical supplies, and cleaning products during the state of emergency.

## What options are available to protect older homeowners and tenants impacted by COVID-19?

Older homeowners facing financial distress due to the COVID-19 pandemic should contact their mortgage company if they are unable to make the monthly payment. Persistence and patience may be required as the companies that service mortgages will be deluged with calls. Some servicers are suggesting that borrowers contact them online if possible to request help. HUD-approved [housing counseling agencies](#) can help older homeowners negotiate with mortgage servicers to put in place the best option to save the home. Housing counseling organizations also help renters facing eviction and at risk of displacement.

Below is a description of federal and state protections for homeowners and tenants.

- *Foreclosure moratorium:* The CARES Act imposes a moratorium on foreclosure for a sixty-day period beginning on March 18, 2020. The loan servicer of a federally backed mortgage loan may not start or continue the foreclosure process, order a sale, or conduct a foreclosure-related eviction or foreclosure sale. Federally backed loans are those where Fannie Mae or Freddie Mac is the investor or where the Federal Housing Administration (FHA), Veterans Affairs (VA), or the U.S. Department of Agriculture's Rural Home Service (RHS) insures or guarantees the mortgage. This protection is not limited to borrowers with a COVID-19 related hardships. The moratorium does not apply to properties that are vacant or abandoned.

- *Forbearance:* A borrower with a federally backed mortgage loan experiencing a financial hardship due directly or indirectly to the COVID-19 pandemic may request a forbearance. Forbearance means the monthly payment is suspended or reduced for a specific time. During a period of forbearance, no fees, penalties, or interest will accrue on the borrower's account beyond the amounts required by the mortgage contract. Forbearance will be granted for up to 180 days, and can be extended for an additional 180 days on request. The borrower does not have to be delinquent on the loan to request forbearance. Forbearance is not automatic; the request for forbearance is made to the loan servicer.
- *Tenant protections:* For a 120-day period beginning on the Act's March 27, 2020 enactment date, landlords of certain properties may not file an eviction action or charge additional fees for nonpayment of rent. This CARES Act provision covers properties secured by federally backed mortgage loans or properties that are a part of certain federal housing programs. After that 120-day period, the landlord cannot require the tenant to vacate until they give the tenant a thirty-day notice to quit.
- *State tenant protections:* While tenants in certain properties are temporarily protected from eviction by the federal CARES Act, a wide assortment of state laws protects all tenants from eviction. Numerous states have suspended residential evictions for the duration of the emergency or a set period. A list of [state eviction moratoria](#) is published by the National Housing Law Project.

## Are older borrowers with reverse mortgages and their surviving spouses protected from foreclosure and eviction?

On March 18, 2020, HUD imposed a 60-day moratorium on foreclosure and eviction from properties with FHA-insured Single-Family mortgages. This includes properties with Home Equity Conversion Mortgage (HECM) reverse mortgages. The moratorium applies to the initiation and completion of foreclosures in process. HUD has also clarified that for HECM loans in default or at risk of foreclosure, if the borrower requests, the servicer must delay calling the loan due and payable for six months, with an additional six months' extension possible.

## What else should older adults look out for?

Scams and frauds have increased dramatically in the wake of the COVID-19 pandemic. Older adults are particularly at risk and may be offered useless supplements and cures, home test kits, and other devices. Scammers will solicit personal financial information putting older adults at further risk for identity theft. With any type of financial scam, the resources and assets that are depleted or stolen are difficult to recover. Quick action is necessary to preserve elders' remaining assets, including reporting the scam to a law enforcement agency and obtaining legal assistance. The [Federal Trade Commission \(FTC\)](#) provides guidance for addressing identity theft and other scams.

## Where can older adults who are in financial distress obtain assistance?

A variety of assistance is available to older adults in financial distress. Older adults facing foreclosure and eviction from their home should seek the assistance of a HUD-approved housing counselor, or an attorney if the foreclosure process has started. Consumers with questions or complaints about financial products, including mortgages, can contact the Consumer Financial Protection Bureau. State attorneys general may assist with complaints related to a particular business or service. Many have elder units focused on the needs of older adults, especially those victimized by frauds and scams.

## Additional Resources

- Federal Agencies—Homes & Mortgages
  - » [Federal Housing Finance Agency](#) (oversees Fannie Mae and Freddie Mac)
  - » [U.S. Department of Housing and Urban Development, Federal Housing Administration](#)
  - » Housing Counseling: [HUD-approved housing counseling agency](#)
  - » [HOPE NOW](#)
  - » [Department of Veterans Affairs](#)
  - » [U.S. Department of Agriculture, Rural Housing Service \(RHS\)](#)
- Federal Agencies—Scams & Fraud
  - » [Federal Trade Commission \(FTC\)](#)
  - » [Consumer Financial Protection Bureau](#)
- State Agencies
  - » State attorneys general: [National Association of Attorneys General](#)
  - » [National Association of Regulatory Commissioners](#)

## Other Resources

- National Housing Law Project
  - » [State Tenant Protections Spreadsheet](#)
- Legal services
  - » [Legal Services Corporation \(LSC\) Programs](#)
  - » [OAA Title III-B Legal Assistance for Older Adults](#)

## Publications related to disasters & COVID-19 Pandemic

- National Consumer Law Center, [Major Consumer Protections Announced in Response to COVID-19](#)
- Student Loan Borrower Assistance, [What the CARES Act Means for the Repayment of Federal Student Loans](#)
- National Consumer Law Center, [Obtaining Mortgage Relief for Victims of Disasters](#)
- National Consumer Law Center, [Surviving Debt](#), 2020 50<sup>th</sup> Ann. Ed.

*As the COVID-19 public health situation is developing rapidly, these policies may change. Please check relevant websites for updated services and policy information, and contact us at [ConsultNCLER@acl.hhs.gov](mailto:ConsultNCLER@acl.hhs.gov) with questions.*

**Please contact [ConsultNCLER@acl.hhs.gov](mailto:ConsultNCLER@acl.hhs.gov) for free case consultation assistance. Sign up for our email list and access more resources at [NCLER.acl.gov](http://NCLER.acl.gov).**