

NORTH CAROLINA **PRO BONO** RESOURCE CENTER

Debt Relief During COVID-19

Thank you to Jennifer Arno, McGuireWoods LLP, for preparing this material.

I HAVE CREDIT CARD AND/OR STUDENT LOAN DEBT THAT I CANNOT PAY. WHAT SHOULD I DO? WHAT RESOURCES ARE THERE TO HELP?

North Carolina Answer:

Many credit card issuers, including Capital One, Chase, Citi, U.S. Bank, Wells Fargo, and others, have released statements on their websites announcing several kinds of assistance for consumers during the COVID-19 outbreak. Available help includes credit line increases, collection forbearance, and skipped payments. However, most card issuers have not provided any specifics about eligibility requirements for relief during this time, but instead encourage cardholders to contact their individual lenders, via mobile app, website, or phone, and ask about hardship options available at this time.

North Carolina Law on Topic (include all relevant statutes/court decisions):

Nothing specific at this time. The legislature is currently suspended in North Carolina until April 1, 2020 and there is no COVID-19 pending or enacted legislation yet.

Federal Answer:

Credit Cards - Many credit card issuers, including Capital One, Chase, Citi, U.S. Bank, Wells Fargo, and others, have released statements on their websites announcing several kinds of assistance for consumers during the COVID-19 outbreak. Available help includes credit line increases, collection forbearance, and skipped payments. However, most card issuers have not provided any specifics about eligibility requirements for relief during this time, but instead encourage cardholders to contact their individual lenders, via mobile app, website, or phone, and ask about hardship options available at this time.

Student Loans - Under the Senate's Coronavirus Aid, Relief and Economic Security Act ("CARES") which passed on March 25, 2020, student loan borrowers would be allowed to put off paying their *federal* student loan payments without penalty until September 30. Interest accrued during this period will be waived pursuant to CARES. The House of Representatives is supposed to vote on and approve the bill on Friday March 27, 2020.

CARES offers an additional benefit for those borrowers seeking loan forgiveness through the Public Service Loan Forgiveness program, for example. Those borrowers should still see their debt wiped away after 10 years, without being penalized for not making payments over the next six months.

The U.S. Department of Education will also put a halt to its collection practices during the health crisis, including seizing defaulted borrowers' tax refunds and Social Security checks.

If your student loan is not a federal student loan, a disaster forbearance may be available to you if your home/work has been impacted by COVID-19. You should reach out to your individual servicer to see what options might be available.

For further information, go to:

- Coronavirus Aid, Relief and Economic Security Act - <https://www.congress.gov/bill/116th-congress/senate-bill/3548/text>
- US Department of Education - <https://www.ed.gov/>
- Credit Karma: <https://www.creditkarma.com/advice/i/coronavirus-credit-card-relief-options/>