



QUICK TIPS FOR RENTERS AND HOMEOWNERS FACING DEBT, FORECLOSURE OR EVICTION

Current as of March 30, 2020

Some suggestions for neighbors in need who may be struggling financially right now as a result of the COVID-19 pandemic, adapted from our friend, John Whitfield, Executive Director of Blue Ridge Legal Services and a legal aid lawyer for the last 39 years:

Legal Aid Works has been helping people for the past 47 years who are facing civil legal problems like evictions, foreclosures, debt collection, garnishments, bankruptcy, predatory lending, repossessions, and a host of legal problems that so often arise when someone is suddenly facing serious financial problems as a result of an economic turndown. We have worked through more than a few recessions over the decades, when thousands of local residents suddenly became eligible for our services and were totally disoriented by their state of affairs, and were wondering where that social safety net was that they had always heard about.

We can imagine some of our neighbors in need have had their livelihood income suddenly interrupted and are now facing a financial insecurity that is very unfamiliar and frightening. Let us try to share some information with you to help you cope with the current situation.

- We know you are stressed because you can't pay your bills. Understood – but the current circumstances aren't your fault.
- The courts in Virginia are effectively shut down until at least April 26th. That means no evictions, no debt collection lawsuits (“warrants in debt”), no garnishments are going to be issued by the court for the next 30 days or so. That gives you a little breathing room. Even if you can't pay your rent right now, your landlord can't take you to court to evict you – and it's illegal to try to put you out without going to court. Just let your landlord know your situation and document every conversation in writing.

- The State Corporation Commission has ordered the various utilities it regulates not to terminate services to customers who can't pay their utility bills during the shut-down. So you shouldn't worry about your utilities being cut off right now.
- The federal government has ordered a moratorium on foreclosures on federally insured mortgages, so most folks with a mortgage shouldn't need to worry about a foreclosure right now.
- There are at least two sources of financial help potentially available to you:
 - o the CARE Act government checks of \$1200 per person (plus \$500 for each dependent child)
 - o expanded unemployment benefits that cover not only regular employees whose hours have been reduced or cut completely, but also those who are self-employed and independent contractors.
- So you should apply right away for unemployment on-line at <http://www.vec.virginia.gov/>. If you are denied benefits, please feel free to seek free legal assistance from Legal Aid Works. See www.legalaidworks.org or your local legal aid office. We have attorneys who are experienced with handling contested unemployment claims.
- DON'T be tempted to take a high-interest loan while you're waiting for your benefits and your CARE Act checks from the government. They are robo-calling people like crazy to get desperate people to take out their high interest loans.
- Use what remaining funds you have to buy food and necessities. If you can't do that and pay your rent and utilities, put off paying your rent and utilities until you get your unemployment benefits and/or your CARE Act checks. On the other hand, don't fail to pay your landlord if you can afford to pay your rent!
- If you have court judgments already entered against you, don't put your CARE Act checks in your bank account after April 26th. Your creditors will likely be filing bank garnishments as soon as the court will allow them in order to snag your money. Get it out of the bank quickly if you have judgments.
- Once you get your CARE Act checks, and/or your unemployment benefits, make sure you pay your debts in the following order (as a general rule):
 - o Bring your rent or house payments up to date as quickly as possible

- o Then pay any outstanding utility bills (by doing these two things, your family will at least have a place to live)
- o Buy food and other necessities of life
- o Pay your car payment if you don't want it repossessed
- o Only after you've done all of the above should you pay any other debts

All of the foregoing is just general legal information that USUALLY makes sense. But if you're in trouble financially and you're afraid of an eviction, foreclosure, garnishment, debt collection lawsuit, or denied unemployment benefits, Medicaid, food stamps, or other public benefits, please feel free to call us at Legal Aid Works (or your local legal aid office) to see if you qualify and if we can possibly help sort things out for you. We are not trying to drum up business with this post- but we are trying to offer a path to survive while you're trying to get through these unprecedented times.

For a lot more in depth information on surviving debt, you might want to check out an excellent on-line free resource written by the National Consumer Law Center:

<https://www.nclc.org/for-consumers/guide-to-surviving-debt.html>

Again, they're not trying to drum up business- they're just trying to get helpful information out to people who might desperately need it.

Also, please see www.VaLegalAid.org for additional legal information for people struggling financially and to locate the legal aid office that serves your area in Virginia.