

How COVID-19 is Impacting Your Credit Report

In the midst of a crisis, where unemployment exceeds 30 million individuals, oftentimes the last thing on your mind is your credit report. Why should you care about your credit report when your household income has decreased from two persons to one or zero. You should care because your credit report is tied to your next job, apartment rental or house purchase. This is why it is critical that preserving and protecting your credit be part of your pandemic survival strategy. Consider the following credit information.

1. Modifications under the CARES Act to the Fair Credit Reporting Act:

Under Section 4021 of the CARES Act, the Fair Credit Reporting Act (FCRA), 15 U.S.C. § 1681 et. seq., is amended to impose new reporting requirements on institutions that furnish credit information to credit reporting agencies. Section 4021 provides that an institution that makes an “accommodation” with respect to one or more payments on a credit obligation or account that is subject to deferrals or forbearance agreements because of the COVID-19 pandemic—and the consumer makes the payments or is not required to make one or more payments pursuant to the accommodation—must report such obligation or account as “current” or as the status reported prior to the accommodation.

Are all your credit accounts current?

In other words, accounts that were current before the accommodations would remain current during the relief period, irrespective of any accommodations. On the other hand, delinquent accounts before the accommodations would remain delinquent, unless brought current by the consumer.

It’s important to know that this new reporting requirement does not apply to consumer accounts that have been charged off. These responsibilities will apply to reporting on accommodations made to consumer accounts between January 31, 2020 until 120 days after the end of the COVID-19 national emergency.

2. Greater Credit Access:

Starting on April 20, 2020, the three credit reporting agencies: Equifax, Experian and TransUnion will allow you to check your credit report for free each week for the next twelve months. Given COVID-19 scams, it is critical that you check your credit report frequently. These frequent credit checks by you will not impact your credit score. You can access your free credit report each week through [AnnualCreditReport.com](https://www.annualcreditreport.com)

3. Current Account:

If your **account is current** and you make an agreement to make a partial payment, skip a payment, or other accommodation, then the creditor is to report to credit reporting companies that you are **current on your loan or account**. This applies **only** if you are meeting the terms of the agreement.

4. Delinquent Account:

If your **account is already delinquent** and you make an agreement, then your account will **maintain that status** during the agreement until you bring the account current. If your account is already delinquent and you make an agreement, and you **bring your account current**, the creditor must report that you are current on your loan or account.

Credit Protection

COVID-19 now provides a shield in protecting your credit status. Remember, the CARES Act requirement applies only to agreements made between January 31, 2020 and either 120 days after March 27, 2020 or 120 days after the national emergency concerning COVID-19 ends. Take advantage of these options. Who knows, it may even be an opportune time to start rebuilding your credit. *Ruthven R. Phillip, Esq., is a tax attorney, Stewardship and Philanthropy Ministry Assistant, and CEO of Give2Getrich, LLC*

Virus Economics: How to Spend Your Stimulus Check

Pandemic viruses are the mother of invention. Think about it! Within two weeks of the United States Congress passing stimulus legislation, the Internal Revenue Service (IRS), who would take several weeks if not months to provide taxpayers their refund, began issuing checks or direct deposits to over seventy-five million qualified individuals. While this issue is not the subject of my blog, I cannot help but ask, why does it take them so long to send me my Benjamins? Anyway, with social distancing and lock downs in effect we now have to deal with stimulus viral economics. How do you plan to spend your stimulus? Do you have a plan? What should you spend it on? Let's highlight some options and controversy.

1. TITHING

This is probably controversy #1. Should I really be giving the church 10% of my stimulus check? It's a pandemic after all! Can I defer my contribution and catch up later? I'm already behind on my other bills. Is tithe a necessary expense? Send your thoughts and responses to: ruthven@give2getrich.com let's talk!

2. CREDIT CARD

Some who provide financial information may have a different view, but stimulus checks should not be used to pay your credit card bills. They can wait! While it's not my considered recommendation to suggest ignoring your debt, this is an exception. Credit card payments are important but not necessary.

3. MORTGAGE /RENT

Now here is an expense worthy of top priority. Stimulus checks should be used

to keep a roof over your head. Remember the average American rent is estimated to be \$1,400.00. If your stimulus check is \$1,200.00 then you have the perfect opportunity to take care as much of this expense as possible. Although this might seem like a no brainer, it's worth mentioning: using your stimulus check to pay your mortgage or rent is a great way to use your stimulus check.

4. FOOD

In the battle of critical choices between food or mortgage who wins? It is a difficult choice, but I would probably choose to spend the money on mortgage/rent. My thought is I can always visit a soup kitchen, church, food pantry, neighbor or some place for assistance. Although, one can argue that since under the law and national emergency your landlord or mortgage company will probably not be able to evict you, I would vote in favor of paying the mortgage/rent. This decision is influenced by several factors like your family size, how many kids are at home or elderly parents living with you. The point is, either expense would qualify for stimulus check spending.

5. UTILITIES

When I say utilities I am thinking about electric, gas and telephone for starters. But this budget item begs the question, should stimulus checks be used to pay for cable bills? The answer is, do you need cable and if so, can you not find it at a cheaper price? Is cable a necessity? When considering whether or not to use your stimulus check on utilities ask whether or not the utility is a necessity and if you can get it elsewhere at a cheaper cost first.

6. CHILD SUPPORT

A client of mine text me this week to clarify whether or not her former husband's stimulus check would be garnished for child support payments. I had to inform her that unfortunately he would receive his stimulus check despite his outstanding child support obligation. Does child support qualify as a necessary stimulus check expense? I would argue yes. The decision as to whether or not child support is a budgetary item to spend ones stimulus check on seems to revolve around which parent has custody or who is the child living with. But should that really matter? For the non-custodial parent, is this your child? If the child were living with you would not food and shelter qualify as necessary stimulus check expenses? Then such suggests that individuals should consider using their stimulus check to pay their child support.

7. DONATE

There are at least 20 million plus individuals who have lost their employment. State systems and processes are not equipped to handle the deluge of people applying for unemployment. Additionally, it may take some time before the unemployed begin receiving payments. Due to such a crisis there are several non-profits and churches who are addressing the needs of those in underserved communities during this virus. If you are in the position to do so I believe donating to these organizations is definitely a worthwhile expense. Again, if you are in the financial position to do so.

8. EMERGENCY FUND

If you can afford it, put some into your emergency fund. While you may still be employed and able to work from home, nothing is guaranteed in this economy. It's called a rainy day fund, because one day it's going to rain! In conclusion, spend your stimulus check on absolute necessities first. It's government assistance tailor-made to helping you meet your most important needs. Needs you are potentially unable to meet due to the drastic shift in our economy due to the virus.

Pandemic Spending

The stock market has experienced one of its most volatile weeks in history. With the Dow falling over 2,000 points in a few days, shoppers have become panic buyers descending upon grocery stores in sheer pandemonium. But do you have pandemic money? How do you manage your resources during a national emergency? Here are a few financial suggestions to help you navigate your finances during this COVID -19 pandemic.

1. **FAITH SPENDING:** During this pandemic, your spending cannot be predicated upon your fears, panic and anxiety. In times like these, your spending should be buttressed by the reassurance found in Luke 12:24, *"Consider the ravens, for they neither sow nor reap, which have neither storehouse nor barn; and God feeds them. Of how much more value are you than the birds?"*
2. **LONG TERM MANAGEMENT:** All your finances should not be spent on acquiring emergency food in the moment. If you spend your resources on emergency goods, what will you have left to pay the utility bills, rent or mortgage when they become due? Exercise balance spending. Spend wisely, not out of fear!
3. **WISE SPENDING:** Perhaps you find yourself at Costco among the crowd attempting to purchase bottles of water. You find out you are only limited to two cases. Not to worry! Perhaps you can focus on purchasing a water filter and save the cost of several cases of water in the future. If all else fails, you can also boil your tap water. Spend wisely!
4. **FINANCIAL ACCESS:** This may be a time for you to consider paying your bills on line or to conduct more online banking transactions. Be sure to have the proper internet security structure to protect your finances as you conduct these transactions online. Also, keep some cash readily available for easy access.
5. **EMERGENCY FUND:** If you have an emergency fund continue to contribute to it if possible. Sure, you need to use some of it now, but at your earliest opportunity start putting funds back into it. For those who haven't created an emergency fund, start one now. An easy way to start your emergency fund is to use your tax refund as the first deposit. Even reserving small amounts can make a big difference, and it's never too late to get started.
6. **CREDIT CARD:** Call your credit card company and ask them to waive your

late fees as part of your financial strategy during this pandemic. If necessary, ask them to move your payment date as you rearrange your cash flow during this crisis.

7. **PAY DAY LOANS:** If you need money to see you through this pandemic, avoid payday loans at all cost! During the last financial crisis, the average payday loan was \$300.00 with annualized interest rates of 350 percent. These interest rates are criminal! Try other sources of borrowing and avoid predatory lending.

In conclusion, strike a balance between how you spend now and how much your spending needs will be for the next few months during this crisis. As I like to say, make a distinction between what's necessary verses what's important.

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