



**FOR IMMEDIATE RELEASE**  
**March 27, 2020**

## **MESSAGE REGARDING COVID-19 HEALTH CRISIS**

In order to minimize the spread of the COVID-19 virus, governments at all levels have taken actions and imposed restrictions that may impact the collection of debt. Financial regulators are committed to providing timely updates and information to consumers and commercial debtors, financial institutions (including collection agencies), and fellow regulators on actions taken to support communities during this health crisis. In support of this commitment, the North American Collection Agency Regulatory Association (NACARA) is providing the following information and guidance:

### ***For Consumers and Commercial Debtors***

Actions taken in response to COVID-19 may have impacted your income making it difficult to repay accounts held by debt collectors. If you are concerned about your ability to make timely payments or otherwise meet your debt obligations, contact your collection agency as soon as possible. While many people and businesses may find this difficult, keep in mind that a collection agency can't offer help without communication. Payment assistance, including deferral of payments, or other mitigation options may be available.

### ***For Regulated Entities***

NACARA encourages collection agencies, whenever feasible, to mitigate the impact of this health crisis on consumers and commercial debtors. At a minimum, regulated entities should take reasonable steps in an attempt to offer assistance to all consumers and commercial debtors who have suffered a loss of income due to this emergency or have otherwise experienced impacts that could affect their ability to repay their debts. Actions that businesses should consider taking immediately could include: 1) forgoing the reporting of payment information during the health emergency, or modify the reporting of payment information to credit reporting agencies in a manner that minimizes the impact of delinquent payment on credit histories; 2) offering modifications, forbearances, or other options to allow consumers and commercial debtors to reduce and/or defer payments; 3) ensuring customers are provided options to make timely inquiries, manage their accounts, and make payments, even if there is a reduction in the collection agency's staff; 4) reaching out to customers proactively to provide information on available assistance; and 5) ensuring that all customer-facing staff are fully informed regarding any assistance available and are proactive in informing customers of such.

Applicants for licensure should be aware that while NACARA's member agencies are taking steps to ensure that operations continue with as little interruption as possible, application turnaround times at some agencies could be impacted, and agencies appreciate your patience and understanding.

### ***For Regulators***

NACARA encourages member agencies to consider the impact of COVID-19 in their dealings with regulated collection agencies. Many of these regulated entities are impacted by state laws and regulations that limit the ability of employees to work remotely. Furthermore, executive agency orders in response to COVID-19 may limit their ability to serve their clients and debtors altogether. NACARA strongly encourages regulators to offer guidance on this topic if you have not already done so. Certain prudent restrictions that could be imposed when authorizing remote work arrangements are the following: 1) a prohibition on the storage of records relating to collection agency activities at the remote work location; 2) a requirement that the records created as part of collecting a claim are being entered remotely into an electronic system housed at a licensed location; and 3) a requirement that no payments on a claim are received at the remote work location.

Additionally, it is imperative that regulators be sensitive to the fact that collection agencies may be facing significant hardship in supporting full operations and serving customers during this health crisis (especially given the size, scope, and complexity of operations from collection agency to collection agency). To that end, regulators may wish to consider offering regulated entities, when reasonable, extended deadlines for responses to agency requests, whether for licensing, examination, or other purposes. An increase in remote work by a regulated entity's staff could impact its ability to retrieve documents, as well as the scheduling of meetings and conference calls. Flexibility in reporting requirements should also be considered, and regulators are urged to be lenient and not take unnecessary punitive action if reporting due dates are not met. NACARA encourages regulators to work cooperatively with regulated entities whenever possible.

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Consumers, Commercial Debtors, and Collection Agencies who wish to contact their local and state collection agency regulators may find links to NACARA member agencies' websites [here](#).

Please reach out to the NACARA Executive Committee, at [nacaraboard@gmail.com](mailto:nacaraboard@gmail.com), with any feedback or concerns regarding this message.

NACARA is an association comprised of state and municipal governmental agencies that regulate the debt collection industry and administer and enforce laws and regulations. NACARA's member agencies regulate debt collectors through such methods as licensing or registration, compliance and consumer protection examinations, responses to consumer complaints, and administrative or civil enforcement actions.