COVID-19 Alert: CARES Act Payment

CARES Act Payments are Public Assistance and Exempt From Seizure by Creditors and Debt Collectors Under Massachusetts Law

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On April 13, 2020, the Massachusetts Attorney General issued guidance concerning payments received by Massachusetts residents pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and the exemption of such payments from garnishment or attachment by creditors or debt collectors.

The CARES Act provides cash assistance to individuals and families. Under Massachusetts law, certain income and property are exempt from garnishment or attachment by creditors and debt collectors. As noted by the Massachusetts Attorney General, one such exemption is for amounts owing or paid to a person as public assistance. The Massachusetts Attorney General views the CARES Act payments as "public assistance" and therefore, such payments are exempt from seizure, including garnishment, under Massachusetts laws, and that such payments would remain exempt after receipt by Massachusetts residents regardless of the manner in which such payments are deposited or thereafter held.

Any attempt to seize such payments by a creditor or a debt collector violates the Massachusetts' Attorney General's Debt Collection Regulations and would further violate the Massachusetts' Attorney General's Emergency Debt Collection Regulations, which prohibit new garnishments or attachments by a creditor or a debt collector during the COVID-19 state of emergency period. The guidance would not apply to any actions taken by the Massachusetts Department of Revenue, including, but not limited to, any actions taken to collect past due child support.

We continue to monitor this and other topics related to the COVID-19 pandemic closely. Please feel free to reach out to your Morse contact, or to Tim Manning directly, should you have any questions.