



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D.C. 20551

DIVISION OF CONSUMER AND
COMMUNITY AFFAIRS

CA 20-11

July 6, 2020

**TO THE OFFICERS AND MANAGERS IN CHARGE OF CONSUMER AFFAIRS
SECTIONS:**

**SUBJECT: Examination Procedures for the Coronavirus Aid, Relief, and
Economic Security Act (CARES Act)**

Applicability to Community Banking Organizations: For the credit reporting provisions, this guidance applies to institutions supervised by the Federal Reserve with total consolidated assets of \$10 billion or less. For the mortgage servicing provisions, this guidance applies to all institutions supervised by the Federal Reserve, including those with total consolidated assets of \$10 billion or less.

The Board of Governors of the Federal Reserve (Board) recently developed the attached examination procedures for the credit reporting and mortgage servicing provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).¹ The CARES Act was signed into law on March 27, 2020, to provide relief to those who are impacted by the Coronavirus Disease 2019 (COVID-19) emergency. Among other things, the CARES Act created new responsibilities for furnishers of certain credit information and for mortgage servicers of certain mortgage loans.

With respect to furnishers of credit information, the CARES Act amends the Fair Credit Reporting Act (FCRA).² Generally, the amendment requires furnishers who provide a credit accommodation to a consumer affected by the COVID-19 emergency to continue to report the consumer's account or credit obligation as "current" if the consumer was current prior to the accommodation. This provision ensures that consumers affected by the pandemic can obtain relief while minimizing the impact on their credit scores and their future ability to obtain credit, insurance, housing, or employment. For this provision, the Board has supervisory authority for institutions supervised by the Federal Reserve with total consolidated assets of \$10 billion or less.

¹ Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (Mar. 27, 2020).

² Section 4021 of the CARES Act amends section 623(a)(1) of the Fair Credit Reporting Act (15 U.S.C. §1681s-2(a)(1)) by adding a new section "(F) Reporting Information during COVID-19 Pandemic."

With respect to mortgage servicers, the CARES Act generally requires servicers of certain mortgages to grant forbearance requests from borrowers “experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency.”³ In addition, this provision of the CARES Act prohibited servicers of these mortgages from initiating foreclosures through May 17, 2020.⁴ Finally, the CARES Act requires servicers of certain multifamily mortgage loans to grant forbearance requests in certain circumstances.⁵ For this provision, the Board has supervisory authority for all institutions supervised by the Federal Reserve, including those with total consolidated assets of \$10 billion or less.

Consistent with recent statements,⁶ when exercising supervisory and enforcement responsibilities, the Board will take into account the unique circumstances impacting borrowers and institutions resulting from the COVID-19 emergency. The Board will take into account an institution’s good-faith efforts demonstrably designed to support consumers and comply with consumer protection laws.⁷ The Board expects that supervisory feedback for institutions will be focused on identifying issues, correcting deficiencies, and ensuring appropriate remediation to consumers. The Board does not expect to take a consumer compliance public enforcement action against an institution, provided that the circumstances were related to the COVID-19 emergency and that the institution made good faith efforts to support borrowers and comply with the consumer protection requirements, as well as responded to any needed corrective action.

If you have any questions, please contact Maureen Yap, Senior Counsel, Supervisory Policy and Outreach, at (202) 452-2642, or Meghan Karellas, Manager, Reserve Bank Oversight, at (202) 736-5536. In addition, questions may be sent via the Board’s public website.⁸

Sincerely,

Carol Evans
Associate Director
Division of Consumer
and Community Affairs

³ CARES Act Section 4022(a), (b), (c)(1); 15 U.S.C. §9056(a), (b), (c)(1).

⁴ CARES Act Section 4022(c)(2); 15 U.S.C. §9056(c)(2).

⁵ CARES Act Section 4023(a)-(c), (f); 15 U.S.C. §9057(a)-(c), (f).

⁶ See, e.g., [Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus \(Revised\)](#) (April 7, 2020).

⁷ As reflected in the Uniform Interagency Consumer Compliance Ratings System, the agencies recognize that compliance management programs vary based on the size, complexity, and risk profile of supervised institutions. The agencies further recognize that institutions can promote consumer protection by preventing, self-identifying, and addressing compliance issues in a proactive manner. See FFIEC Guidance on the Uniform Interagency Consumer Compliance Rating System, available at: https://www.ffiec.gov/press/PDF/FFIEC_CCR_SystemFR_Notice.pdf.

⁸ See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.

Attachment:
Examination Procedures for the Coronavirus Aid, Relief, and Economic Security Act
(CARES Act)