

# Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)<sup>1</sup> was signed into law to provide relief to those who are impacted by the Coronavirus Disease 2019 (COVID-19) emergency.<sup>2</sup> Among other things, the CARES Act created new responsibilities for furnishers of certain credit information and mortgage servicers of certain mortgage loans.

With respect to furnishers of credit information, the CARES Act amends the Fair Credit Reporting Act (FCRA).<sup>3</sup> 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.

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."<sup>4</sup> In addition, this provision of the CARES Act prohibited servicers of these mortgages from initiating foreclosures through May 17, 2020.<sup>5</sup> Finally, the CARES Act requires servicers of certain multifamily mortgage loans to grant forbearance requests in certain circumstances.<sup>6</sup>

## Structure and Overview of Examination Modules

The examination procedures are structured as a series of modules, grouping similar requirements together.

Module 1 – Credit Reporting

Module 2 – Mortgage Servicing (Single Family Properties)

Module 3 – Mortgage Servicing (Multifamily Properties)

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<sup>1</sup> The CARES Act was signed into law on March 27, 2020. Pub. L. No. 116-136, 134 Stat. 281. In addition, financial institutions may be offering other programs to support consumers based on their own initiatives or as required by state or local laws.

<sup>2</sup> The United States has been operating under a presidentially declared emergency since March 13, 2020. 50 U.S.C. §1601 et seq.

<sup>3</sup> 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."

<sup>4</sup> CARES Act Section 4022(a), (b), (c)(1); 15 U.S.C. §9056(a), (b), (c)(1).

<sup>5</sup> CARES Act Section 4022(c)(2); 15 U.S.C. §9056(c)(2).

<sup>6</sup> CARES Act Section 4023(a)-(c), (f); 15 U.S.C. §9057(a)-(c), (f).

# Credit Reporting

## A. Coverage

This new provision of FCRA added by the CARES Act applies to a “furnisher” who has made an “accommodation” to a “consumer” who is affected by the COVID-19 pandemic during the “covered period.”

An **accommodation** includes an agreement to defer one or more payments, make a partial payment, forbear any delinquent amounts, modify a loan or contract, or any other assistance or relief granted to a consumer who is affected by the COVID-19 pandemic during the covered period. (FCRA Section 623(a)(1)(F)(i)(I))

**Exclusions.** This provision does not apply with respect to a credit obligation or account of a consumer that has been charged-off. (FCRA Section 623(a)(1)(F)(iii))

Note: This provision applies to all credit products and is not limited to mortgages. In addition, the accommodation does not have to be an accommodation that is required under the CARES Act (such as a mortgage forbearance for a federally-backed mortgage loan).

A **consumer** means an individual. (Regulation V, 12 CFR 1022.3(f))

The **covered period** means the period:

- Beginning on January 31, 2020, and
- Ending 120 days after the date on which the national emergency concerning the COVID-19 outbreak terminates.<sup>7</sup> (FCRA Section 623(a)(1)(F)(i)(II))

A **furnisher** means an entity that furnishes information relating to consumers to one or more consumer reporting agencies for inclusion in a consumer report.

**Exclusions.** An entity is not a furnisher when it:

- Provides information to a consumer reporting agency solely to obtain a consumer report in accordance with sections 604(a) and (f) of the FCRA;
- Is acting as a “consumer reporting agency” as defined in section 603(f) of the FCRA;
- Is a consumer to whom the furnished information pertains; or

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<sup>7</sup> The United States has been operating under a presidentially declared emergency since March 13, 2020. 50 U.S.C. §1601 et seq. Under the National Emergencies Act, an emergency declaration will automatically terminate on the one-year anniversary of the declaration if the President does not extend it during the ninety-day period before the anniversary. 50 U.S.C. 1622(d). An emergency declaration can also be terminated by a joint resolution of Congress enacted into law or by a Presidential proclamation. 50 U.S.C. §1622(a).

- Is a neighbor, friend, or associate of the consumer, or another individual with whom the consumer is acquainted or who may have knowledge about the consumer, and who provides information about the consumer's character, general reputation, personal characteristics, or mode of living in response to a specific request from a consumer reporting agency. (Regulation V, 12 CFR 1022.41(c))

Effective Dates: This provision of the CARES Act applies to an accommodation granted to a consumer who is affected by the COVID-19 pandemic during the *covered period*, which means the period:

- Beginning on January 31, 2020, and
- Ending 120 days after the date on which the national emergency concerning the COVID-19 outbreak terminates. (FCRA Section 623(a)(1)(F)(i)(II))

## **B. Credit Obligation Reporting**

The furnisher must report the credit obligation or account as current if:

- The credit obligation or account was current before the accommodation and the consumer makes the payments pursuant to the accommodation;
- The credit obligation or account was current before the accommodation and the consumer is not required to make one or more payments pursuant to the accommodation; or
- The credit obligation or account was delinquent before the accommodation and the consumer brings the credit obligation or account current during the period in which the accommodation is in effect. (FCRA Section 623(a)(1)(F)(ii))

The furnisher must maintain the delinquent status of the credit obligation or account during the period in which the accommodation is in effect if the credit obligation or account was delinquent before the accommodation. (FCRA Section 623(a)(1)(F)(ii)(II))

Note: The furnisher must “maintain” the delinquent status and cannot advance the delinquent status. For example, if at the time of the accommodation, the furnisher was reporting the credit obligation or account as 30 days past due, the furnisher must continue to report the credit obligation or account as 30 days past due for the duration of the accommodation, unless the consumer brings the credit obligation or account current during the accommodation.

# Mortgage Servicing (Single Family Properties)

## A. Coverage

This provision of the CARES Act applies to a servicer of a “Federally backed mortgage loan.”

A *Federally backed mortgage loan* includes any loan:

- That is secured by a first or subordinate lien on residential real property (including individual units of condominiums and cooperatives),
  - Which is designed principally for the occupancy of from 1-to-4 families; and
- That is:
  - Insured by the Federal Housing Administration under title II of the National Housing Act (12 U.S.C. §1707 et seq.);<sup>8</sup>
  - Insured under section 255 of the National Housing Act [also known as a Home Equity Conversion Mortgage or HECM] (12 U.S.C. §1715z–20);<sup>9</sup>
  - Guaranteed under section 184 or 184A of the Housing and Community Development Act of 1992 [also known as the Indian Home Loan Guarantee Program and the Native Hawaiian Housing Loan Guarantee Program, respectively] (12 U.S.C. §1715z–13a, 1715z–13b);<sup>10</sup>
  - Guaranteed or insured by the Department of Veterans Affairs;<sup>11</sup>
  - Guaranteed or insured by the Department of Agriculture [also known as the USDA Single Family Housing Guaranteed Loan Program];
  - Made by the Department of Agriculture [also known as the USDA Single Family Housing Direct Home Loan Program];<sup>12</sup> or

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<sup>8</sup> On April 1, 2020, the U.S. Department of Housing and Urban Development (HUD) issued a [press release](#) and [Mortgage Letter 2020-06](#) to implement the applicable CARES Act forbearance provisions for FHA Title II Single Family mortgage programs.

<sup>9</sup> On April 1, 2020, HUD issued a [press release](#) and [Mortgage Letter 2020-06](#) to implement the applicable CARES Act forbearance provisions for HECMs, including that: “[p]ursuant to the COVID-19 National Emergency, upon request of the Borrower, the Mortgagee must delay submitting a request to call a loan due and payable. The initial extension period may be up to 6 months. If needed, an additional period of up to 6 months may be approved by HUD.”

<sup>10</sup> On May 19, 2020, HUD issued [Dear Lender Letter 2020-06](#) to implement the applicable CARES Act forbearance provisions for the Indian Home Loan Guarantee Program and the Native Hawaiian Housing Loan Guarantee Program.

<sup>11</sup> On April 8, 2020, the U.S. Department of Veterans Affairs (VA) issued [Circular 26-20-12](#) to implement the applicable CARES Act forbearance provisions for loans guaranteed or insured by the VA. The circular noted that these provisions also cover VA’s Native American Direct Loans.

<sup>12</sup> On April 8, 2020, the U.S. Department of Agriculture (USDA) issued a [Stakeholder Announcement](#) to implement the applicable CARES Act forbearance provisions for loans guaranteed, insured, or made by the USDA.

- Purchased or securitized by the Federal Home Loan Mortgage Corporation [also known as Freddie Mac]<sup>13</sup> or the Federal National Mortgage Association [also known as Fannie Mae].<sup>14</sup> (CARES Act Section 4022(a)(2))

## B. Mortgage Forbearance

Effective Dates: This provision of the CARES Act is in effect during the ***covered period***, which means the period:

- Beginning on March 27, 2020 (the date of enactment of the CARES Act), and
- Ending on the sooner of:
  - The termination date of the COVID-19 emergency; or
  - December 31, 2020. (CARES Act Section 4023(f)(5))<sup>15</sup>

During the covered period, a borrower with a Federally backed mortgage loan experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency, may request a forbearance regardless of delinquency status. (CARES Act Section 4022(b)(1))

- The ***COVID-19 emergency*** means the national emergency concerning the novel coronavirus disease (COVID-19) outbreak declared by the President on March 13, 2020 under the National Emergencies Act (50 U.S.C. 1601 et seq.). (CARES Act Section 4022(a)(1))
- Note: This provision applies regardless of the delinquency status of the borrower.

The borrower may request the forbearance by:

- Submitting a request to the mortgage servicer, and
- Affirming that the borrower is experiencing a financial hardship during the COVID-19 emergency. (CARES Act Section 4022(b)(1))

The mortgage servicer may not require any additional documentation. (CARES Act Section 4022(c)(1))

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<sup>13</sup> On April 8, 2020, Freddie Mac issued [Bulletin 2020-10](#) to implement the applicable CARES Act forbearance provisions for loans purchased or securitized by Freddie Mac.

<sup>14</sup> On April 8, 2020, Fannie Mae issued [Lender Letter 2020-02](#) to implement the applicable CARES Act forbearance provisions for loans purchased or securitized by Fannie Mae.

<sup>15</sup> Although the single family mortgage provisions in Section 4022 of the CARES Act do not provide a definition for the “covered period,” the Board of Governors of the Federal Reserve (Board) generally regards the definition of the “covered period” in the multifamily mortgage provisions in Section 4023 of the CARES Act as applicable to Section 4022.

In response, the mortgage servicer must provide a forbearance for up to 180 days. If the borrower submits an additional request, the mortgage servicer must extend the forbearance for up to an additional 180 days. (CARES Act, Section 4022(b)(2))

- The borrower's request for an extension must be made during the covered period. (CARES Act Section 4022(c)(1))
- The borrower may request that either the initial or extended period be shortened. (CARES Act Section 4022(b)(2))

The mortgage servicer must provide the forbearance with no fees, penalties, or interest charged to the borrower beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full under the terms of the mortgage contract. (CARES Act Section 4022(c)(1))

### **C. Temporary Foreclosure Moratorium**

Effective Dates: This provision of the CARES Act was in effect:

- Beginning on March 18, 2020, and
- Ending on May 17, 2020. (CARES Act Section 4022(c)(2))

During the effective dates, a servicer of a Federally backed mortgage loan was prohibited from:

- Initiating any judicial or non-judicial foreclosure process,
- Moving for a foreclosure judgment or order of sale, or
- Executing a foreclosure-related eviction or foreclosure sale.
  - **Exclusion.** This provision did not apply to a vacant or abandoned property.

Note: This provision was a complete moratorium and was not limited to borrowers experiencing a financial hardship caused by the COVID-19 emergency.

## Mortgage Servicing (Multifamily Properties)

### A. Coverage

This provision of the CARES Act applies to a servicer of a “Federally backed multifamily mortgage loan” that receives a forbearance request from a “multifamily borrower.”

A ***Federally backed multifamily mortgage loan*** includes any loan:

- That is secured by a first or subordinate lien on residential multifamily real property,
  - Which is designed principally for the occupancy of 5 or more families; and
- That is:
  - Made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way by any officer or agency of the Federal Government,
  - Under or in connection with a housing or urban development program administered by the Secretary of Housing and Urban Development or housing or related program administered by any other such officer or agency, or
  - Is purchased or securitized by the Federal Home Loan Mortgage Corporation [Freddie Mac] or the Federal National Mortgage Association [Fannie Mae]. (CARES Act Section 4023(f)(2))
- ***Inclusion.*** This term includes any secured loan the proceeds of which are used to prepay or pay off an existing loan secured by the same property. (CARES Act Section 4023(f)(2)(A)).
- ***Exclusion.*** This term does not apply to temporary financing, such as a construction loan. (CARES Act Section 4023(f)(2)).

A ***multifamily borrower*** means a borrower of a residential mortgage loan that is secured by a lien against a property comprising 5 or more dwelling units.

### B. Mortgage Forbearance

Effective Dates: This provision of the CARES Act is in effect during the ***covered period***, which means the period:

- Beginning on March 27, 2020 (the date of enactment of the CARES Act), and
- Ending on the sooner of:
  - The termination date of the COVID-19 emergency; or
  - December 31, 2020. (CARES Act Section 4023(f)(5))

During the covered period, a multifamily borrower with a Federally backed multifamily mortgage loan experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency, may request a forbearance. (CARES Act Section 4023(a))

- The ***COVID-19 emergency*** means the national emergency concerning the novel coronavirus disease (COVID-19) outbreak declared by the President on March 13, 2020 under the National Emergencies Act (50 U.S.C. §1601 et seq.). (CARES Act Section 4023(f)(4))
- The multifamily borrower must be current on its payment as of February 1, 2020. (CARES Act Section 4023(b)).

The multifamily borrower may request the forbearance by:

- Submitting an oral or written request for forbearance to the mortgage servicer, and
- Affirming that the multifamily borrower is experiencing a financial hardship during the COVID-19 emergency. (CARES Act Section 4023(b))

In response, the mortgage servicer must:

- Document the financial hardship;
- Provide the forbearance for up to 30 days; and
- Extend the forbearance for up to two additional 30-day periods, upon the request of the multifamily borrower.
  - The multifamily borrower must make a request for an extension during the covered period and at least 15 days prior to the end of the forbearance period.
  - The multifamily borrower has the option to discontinue the forbearance at any time. (CARES Act Section 4023(c))

Note: This provision of the CARES Act does not specifically prohibit the servicer from imposing additional fees, penalties, or interest in connection with the forbearance.



# **Examination Procedures**

## **Examination Objectives**

- To determine the financial institution's compliance with the credit reporting and mortgage servicing provisions of the CARES Act.
- To assess the quality of the financial institution's compliance risk management systems and its policies and procedures for implementing the credit reporting and mortgage servicing provisions of the CARES Act.
- To determine the reliance that can be placed on the financial institution's internal controls, policies, and procedures for monitoring the financial institution's compliance with these provisions of the CARES Act.
- As appropriate, to determine corrective action when violations of law are identified or when the financial institution's compliance management system is deficient.

## **Initial Examination Procedures**

The initial examination procedures are designed to provide the framework for the examination, including evaluation of the adequacy of the compliance management system. The applicability of the functional examination modules (Modules 1 through 3) depends on a risk-focused evaluation of the financial institution's specific products, including an evaluation of materiality.

1. Through a review of available information and discussions with management, identify which provisions of the CARES Act and which functional examination modules (Modules 1 through 3) are applicable.
2. Determine the adequacy of the compliance management system.
  - a. Consider the following, as appropriate:
    - 1) Previous examinations and supervisory correspondence;
    - 2) Board minutes and management reports;
    - 3) Communications with the borrowers regarding credit reporting or mortgage servicing;
    - 4) Internal controls, including organizational charts, process flow charts, policies, procedures, loan documentation, checklists, telephone scripts, and computer system documentation;
    - 5) Training materials;

- 6) Risk monitoring reports, audits, and other compliance reviews;
  - 7) Consumer complaints and complaint processes;<sup>16</sup> and
  - 8) Sample loan files (as appropriate).
- b. *Board and management.* Through a review of all available information and discussions with management, determine whether the board and management have set clear expectations about compliance with the CARES Act, not only within the financial institution but also concerning key business partners, including software providers, to the extent relevant.
  - c. *Internal controls, policies and procedures.* Through a review of all available information and discussions with management, determine whether the financial institution’s internal controls are adequate to ensure compliance with the applicable provisions of the CARES Act.
  - d. *Training.* Through a review of the training materials and discussions with management, determine whether:
    - 1) The financial institution provides appropriate training to employees and other persons responsible for compliance and operational procedures related to the applicable provisions of the CARES Act, including customer service personnel.
    - 2) The training is comprehensive and covers the applicable provisions of CARES Act including, to the extent appropriate, those functions carried out by third-party service providers or other business partners.
  - e. *Risk monitoring and audits.* Through a review of all available information and discussions with management, determine whether the financial institution’s risk monitoring practices are adequate to ensure compliance with the applicable provisions of the CARES Act. In particular, determine whether:
    - 1) The scope of any reviews fully addresses the applicable provisions of the CARES Act.
    - 2) The scope of the review addresses all key business processes and functions, including those carried out by third-party service providers or key business partners, as appropriate.

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<sup>16</sup> The Board’s Risk-Focused Supervision Program defines “complaints” to include: complaints to the Federal Reserve or to the institution; concerns raised by community contacts during the CRA examination; complaints to other federal or state agencies; lawsuits by any party (private or government); inquiries or investigations by other federal or state agencies; complaints generated through Internet websites and/or social media; and press articles raising concerns about the institution’s practices. See [CA Letter 13-19](#), “Community Bank Risk-Focused Consumer Compliance Supervision Program” (November 18, 2013).

- 3) As applicable, transaction testing includes risk-based samples covering relevant product types and decision centers.
  - 4) The work performed is accurate.
  - 5) Significant deficiencies and their causes are included in reports to management and/or the board of directors.
  - 6) Management has taken corrective actions to follow up on any identified deficiencies.
  - 7) The frequency of the review is appropriate.
- g. *Consumer complaint systems.* Through a review of all available information and discussions with management, determine whether the financial institution's consumer complaint systems are adequate to ensure compliance with the applicable provisions of the CARES Act. In particular, verify that:
- 1) The financial institution's consumer complaint system identifies any complaints related to the applicable provisions of the CARES Act.
  - 2) Consumer complaint investigations and responses are generally prompt and thorough.
  - 3) Management adequately monitors consumer complaints and responds to issues identified.
3. Evaluate the financial institution's compliance with applicable provisions of the CARES Act using the functional examination modules (Modules 1 through 3), as appropriate.
  4. Evaluate any additional information discovered during the course of the examination.
  5. Summarize findings.
    - a. Identify any weaknesses in the compliance management system.
    - b. Identify any violations.
    - c. If violations are noted, determine the root cause by identifying the weaknesses in the compliance management system.
    - d. Identify any corrective actions needed to remedy violations and address weaknesses in the financial institution's compliance management system and, as appropriate.
    - e. Discuss findings with management and obtain a commitment for corrective action, as appropriate.

## Module 1 – Credit Reporting

### A. Determine the applicability of this module.

1. Determine whether the financial institution is a furnisher who has made an accommodation to a consumer who was affected by the COVID-19 pandemic during the covered period. If so, the financial institution is subject to Section 4021 of the CARES Act (FCRA Section 623(a)(1)(F)) and this module should be completed based on a risk-focused approach, as appropriate.

### B. Determine the extent and adequacy of the financial institution's policies and procedures for ensuring compliance with the credit reporting provisions of the CARES Act. In particular, determine whether the financial institution has policies and procedures in place to:

1. Determine whether the financial institution granted an accommodation (FCRA Section 623(a)(1)(F)(i)(I));
2. Determine whether the accommodation was granted to a consumer who was affected by the COVID-19 pandemic during the covered period (FCRA Section 623(a)(1)(F)(i)(II));
3. Refrain from including an accommodation for a consumer credit obligation or account that was charged-off (FCRA Section 623(a)(1)(F)(iii));
4. Report the credit obligation or account as current if:
  - a. The credit obligation or account was current before the accommodation and the consumer makes the payments pursuant to the accommodation (FCRA Section 623(a)(1)(F)(ii));
  - b. The credit obligation or account was current before the accommodation and the consumer is not required to make one or more payments pursuant to the accommodation (FCRA Section 623(a)(1)(F)(ii)); or
  - c. The credit obligation or account was delinquent before the accommodation and the consumer brings the credit obligation or account current during the period in which the accommodation is in effect (FCRA Section 623(a)(1)(F)(ii)); and
5. Maintain the delinquent status of the credit obligation or account during the period in which the accommodation is in effect if the credit obligation or account was delinquent prior to the accommodation (FCRA Section 623(a)(1)(F)(ii)(II)).

### C. Through a review of available information (including consumer complaints) and discussions with management, determine the financial institution's compliance with the credit reporting provisions of the CARES Act. In particular, determine whether the financial institution:

1. Reports the credit obligation or account as current if the credit obligation or account was current before the accommodation and the consumer makes the payments pursuant to the accommodation (FCRA Section 623(a)(1)(F)(ii));
2. Reports the credit obligation or account as current if the credit obligation or account was current before the accommodation and the consumer is not required to make one or more payments pursuant to the accommodation (FCRA Section 623 (a)(1)(F)(ii));
3. Reports the credit obligation or account as current if the credit obligation or account was delinquent before the accommodation and the consumer brings the credit obligation or account current during the period in which the accommodation is in effect (FCRA Section 623 (a)(1)(F)(ii)); and
4. Maintains the delinquent status of the credit obligation or account during the period in which the accommodation is in effect if the credit obligation or account was delinquent prior to the accommodation (FCRA Section 623(a)(1)(F)(ii)(II)).

## **Module 2 – Mortgage Servicing (Single Family Properties)**

A. Determine the applicability of this module.

1. Determine whether the financial institution is a servicer of Federally backed mortgage loans. If so, the financial institution is subject to Section 4022 of the CARES Act and this module should be completed based on a risk-focused approach, as appropriate.

### **Mortgage Forbearance**

A. Determine the extent and adequacy of the financial institution's policies and procedures for ensuring compliance with the single family mortgage forbearance provisions of the CARES Act. In particular, determine whether the financial institution has policies and procedures in place to:

1. Determine which mortgages are Federally backed mortgage loans (CARES Act Section 4022(a)(2));
2. Determine whether a borrower with a Federally backed mortgage loan has appropriately requested a forbearance by submitting a request for forbearance to the mortgage servicer and affirming that the borrower is experiencing a financial hardship during the COVID-19 emergency (CARES Act Section 4022(b)(1));
3. Determine whether the borrower's request and affirmation was submitted during the covered period (CARES Act Section 4023(f)(5));
4. Refrain from considering the borrower's delinquency status (CARES Act Section 4022(b)(1));
5. Refrain from requesting any additional documentation from the borrower (CARES Act Section 4022(c)(1));
6. Provide a forbearance for up to 180 days, based on an appropriate request by the borrower (CARES Act Section 4022(b)(2));
7. Provide an extension of the forbearance for an additional period of up to 180 days, based on an appropriate request by the borrower (CARES Act Section 4022(b)(2));
8. Determine whether the borrower has appropriately requested an extension of the forbearance period by requesting the extension during the covered period (CARES Act Section 4022(c)(1));
9. Shorten the initial or extended forbearance period at the borrower's request (CARES Act Section 4022(c)(1)); and

10. Refrain from charging any fees, penalties, or interest to the borrower beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full under the terms of the mortgage contract (CARES Act Section 4022(c)(1)).
- B. Through a review of available information (including consumer complaints) and discussions with management, determine the financial institution's compliance with single family mortgage forbearance provisions of the CARES Act. In particular, determine whether the financial institution:
1. Provides a forbearance to the borrower of a Federally backed mortgage loan who submits an appropriate request and affirmation, regardless of the borrower's delinquency status (CARES Act Section 4022(c)(1));
  2. Provides the forbearance to the borrower without requesting any additional documentation (CARES Act Section 4022(c)(1));
  3. Provides the forbearance for the appropriate initial time period or extended time period based on an appropriate request by the borrower (CARES Act Section 4022(c)(1));
  4. Shortens the initial or extended forbearance period at the borrower's request (CARES Act Section 4022(c)(1)); and
  5. Refrains from charging any fees, penalties, or interest to the borrower beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full under the terms of the mortgage contract (CARES Act Section 4022(c)(1)).

## **Temporary Foreclosure Moratorium**

- A. Determine the extent and adequacy of the financial institution's policies and procedures for ensuring compliance with the single family mortgage temporary foreclosure moratorium provisions of the CARES Act. In particular, determine whether the financial institution had policies and procedures in place to:
1. Determine which mortgages were Federally backed mortgage loans (CARES Act Section 4022(a)(2));
  2. Determine which properties were excluded because they were vacant or abandoned (CARES Act Section 4022(c)(2)); and
  3. Comply with the prohibition on foreclosures for the time period beginning on March 18, 2020 and ending on May 17, 2020 (CARES Act Section 4022(c)(2)).
- B. Through a review of available information (including consumer complaints) and discussions with management, determine whether the financial institution complied with the prohibition

on foreclosures for Federally backed mortgage loans for the time period beginning on March 18, 2020, and ending on May 17, 2020 (CARES Act Section 4022(c)(2)).



## **Module 3 – Mortgage Servicing (Multifamily Properties)**

A. Determine the applicability of this module.

1. Determine whether the financial institution is a servicer of Federally backed multifamily mortgage loans. If so, the financial institution is subject to Section 4023 of the CARES Act and this module should be completed based on a risk-focused approach, as appropriate.

B. Determine the extent and adequacy of the financial institution's policies and procedures for ensuring compliance with the multifamily mortgage forbearance provisions of the CARES Act. In particular, determine whether the financial institution has policies and procedures in place to:

1. Determine which mortgages are Federally backed multifamily mortgage loans (CARES Act Section 4023(f)(2));
2. Determine whether a multifamily borrower with a Federally backed multifamily mortgage loan has appropriately requested a forbearance by submitting a request for forbearance (orally or in writing) to the mortgage servicer and affirming that the multifamily borrower is experiencing a financial hardship during the COVID-19 emergency (CARES Act Section 4023(b));
3. Determine whether the multifamily borrower's request and affirmation was submitted during the covered period (CARES Act Section 4023(f)(5));
4. Determine whether the multifamily borrower was current on its payments as of February 1, 2020 (CARES Act Section 4023(b));
5. Document the multifamily borrower's financial hardship (CARES Act Section 4023(c)(1)(A));
6. Provide a forbearance for up to 30 days, based on an appropriate request by the multifamily borrower (CARES Act Section 4023(c)(1)(B));
7. Provide an extension of the forbearance for up to two additional 30-day periods, based on an appropriate request by the borrower (CARES Act Section 4023(c)(1)(C));
8. Determine whether the multifamily borrower has appropriately requested an extension of the forbearance period by requesting the extension during the covered period and at least 15 days prior to the end of the forbearance period (CARES Act Section 4023(c)(1)(C)); and
9. Discontinue the initial or extended forbearance period at the multifamily borrower's request (CARES Act Section 4023(c)(2)).

C. Through a review of available information (including consumer complaints) and discussions with management, determine the financial institution's compliance with single family mortgage forbearance provisions of the CARES Act. In particular, determine whether the financial institution:

1. Provides a forbearance to the multifamily borrower of a Federally backed multifamily mortgage loan who submits an appropriate request and affirmation and was current on its payments as of February 1, 2020 (CARES Act Section 4022(b)(1));
2. Documents the multifamily borrower's financial hardship (CARES Act Section 4023(c)(1)(A));
3. Provides the forbearance for the appropriate initial time period or extended time period based on an appropriate request by the multifamily borrower (CARES Act Section 4023(c)(1)); and
4. Discontinues the initial or extended forbearance period at the multifamily borrower's request (CARES Act Section 4023(c)(2)).