

Stradley Ronon Stevens & Young, LLP
2005 Market Street
Suite 2600
Philadelphia, PA 19103-7018
215.564.8000 Telephone
215.564.8120 Facsimile
www.stradley.com

With other offices in:
Washington, D.C.
New York
New Jersey
Illinois
Delaware



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CARES Act Summaries – Credit Reporting

The Act amends the FCRA, 15 U.S.C. § 1681s-2(a)(1), to add new, temporary requirements for furnishers of credit information. The Act will freeze in place a consumer's credit reporting to avoid a negative payment history caused by the COVID-19 outbreak. These limitations apply, however, only if two conditions are satisfied: (1) a furnisher must choose to extend an "Accommodation" to a consumer; and (2) the consumer must have been "affected" by COVID-19 during the "Covered Period." Importantly, there is no requirement that furnishers extend any Accommodations to anyone.

An "**Accommodation**" is an agreement to:

- Defer one or more payments.
- Make partial payments.
- Forbear on any delinquent accounts.
- Modify a loan or contract
- Extend any "other assistance or relief" to a "consumer who is affected by the coronavirus disease (COVID-19) pandemic during the covered period."

The **Covered Period** is Jan. 21, 2020 until the later of 120 days after: (a) the enactment of the CARES Act; or (b) the termination of the President's March 13, 2020 national emergency.

The Act separates consumers into four categories. For each category, the Act contemplates the following scenario: A furnisher enters into an Accommodation with a consumer and the consumer complies with the terms of that Accommodation. In that scenario:

1. For consumers that are **current** on their credit obligation or account, the furnisher must continue to report the consumer as **current**.
2. For consumers that were **already delinquent**, the furnisher must continue to report the consumer as having the **same level of delinquency**. For example, if a consumer was 60 or more days delinquent before they entered into an Accommodation, the furnisher must continue to report that consumer as 60 or more days delinquent through the end of the Covered Period, regardless of any further missed or partial payments.

3. For consumers that are **already delinquent but who bring current** their credit obligations or account during the pendency of an Accommodation, the furnisher must report the consumer as **current**.
4. For consumers whose credit obligations or accounts have been **charged off**, the furnisher may continue to report the credit obligation or account as **charged off**.



Eric M. Hurwitz



Benjamin E. Gordon

For more information, contact Eric M. Hurwitz at 856.321.2406 or ehurwitz@stradley.com or Benjamin E. Gordon at 215.564.8752 or bgordon@stradley.com.