

Credit Protection & The CARES Act

Nov 17, 2020

LSC

Agenda

- Welcome and Housekeeping
- CFPB Research and Resources on Credit Reports and Scores
Irene Skricki, Office of Community Affairs, CFPB
- Credit Protection and the CARES Act
Maria Sennett, Manager of Programs and Stakeholder Engagement, CBA
- Q&A
- Closing

Housekeeping

- All lines have been muted upon entry to reduce background noise
- Please enter any questions you have into the chat box – we will answer at the end
- This session is being recorded and will be posted on our website within a week
- Slide deck and recording will be distributed after session

CFPB Research and Resources on Credit Reports and Scores

November 17, 2020

Irene Skricki, Office of Community Affairs, CFPB



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Why focus on credit?

Having a credit record is an important aspect of financial well-being. For example:



Credit reports and credit records can influence whether consumers can access credit and how much they will pay.

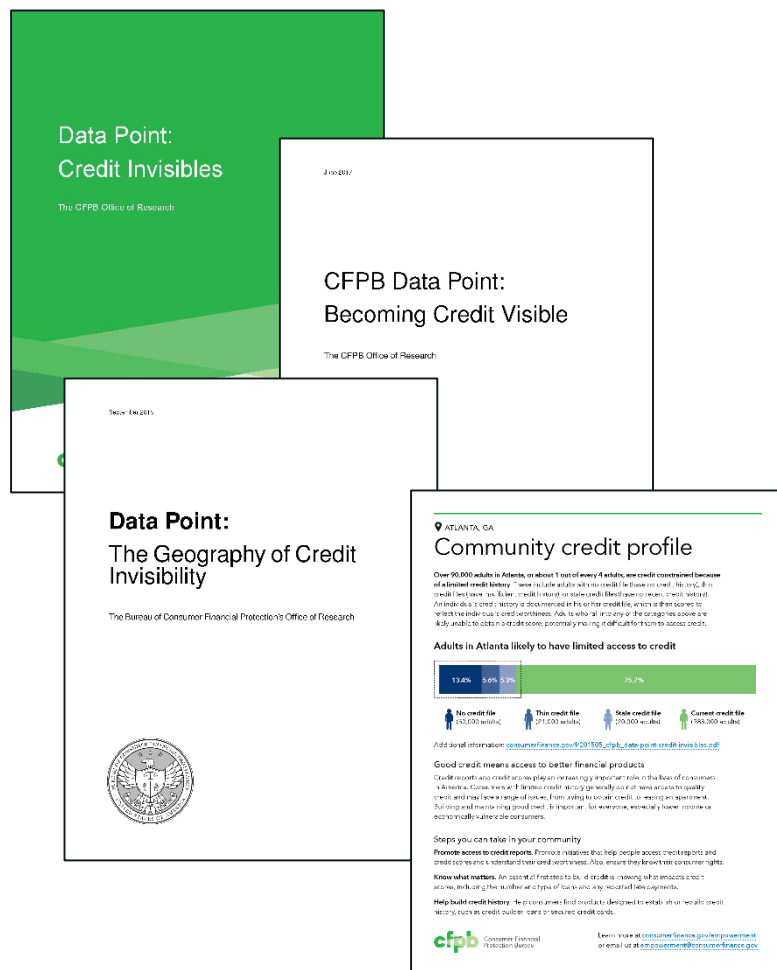


Economically vulnerable consumers are more likely to have limited financial resources and a lack of a credit record can further limit their opportunities.



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How has the CFPB explored credit invisibility?



Series of reports

- 2015: Number and characteristics of credit invisible consumers
- 2017: How consumers become credit visible
- 2018: Geography of credit invisibility

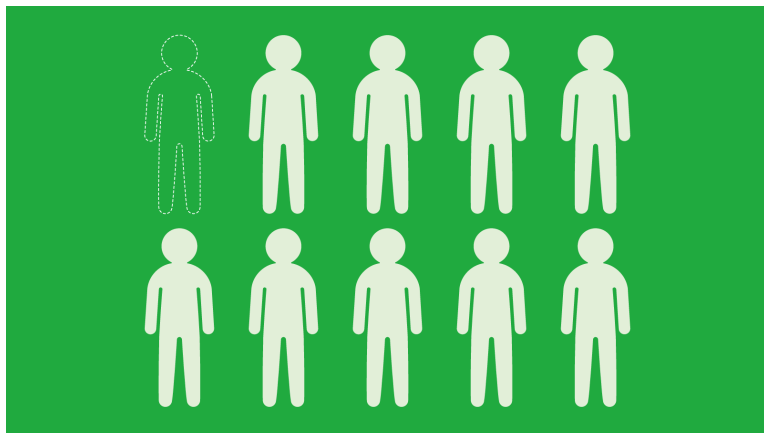
Community credit profiles

- Invisibility estimates for cities and states



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CFPB research on credit invisibility



Consumers who:

- Have no credit record (11%)
- Have a credit record that cannot be scored
 - Insufficient history (4%)
 - Stale history (4%)
- Overall, 1-in-5 U.S. adults do not have a credit score

These consumers potentially face higher costs for borrowing money and barriers to housing and employment.



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Who is credit invisible?

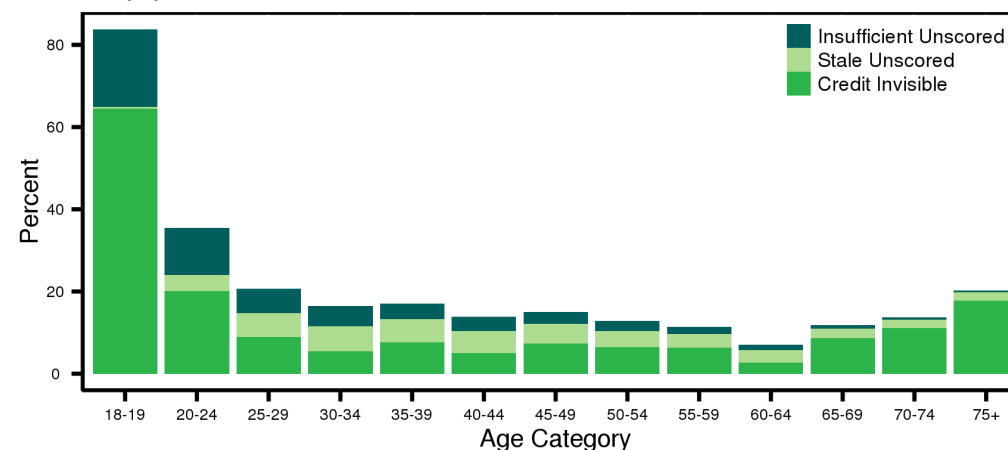
- Age
 - Sharp declines from late teens through 20s, then a plateau
- Income
 - Strong correlation between having a lower income and the likelihood of being credit invisible
- Race and ethnicity
 - Variations by race and ethnicity, with Black/African American and Hispanic/Latino individuals having the highest rates of credit invisibility



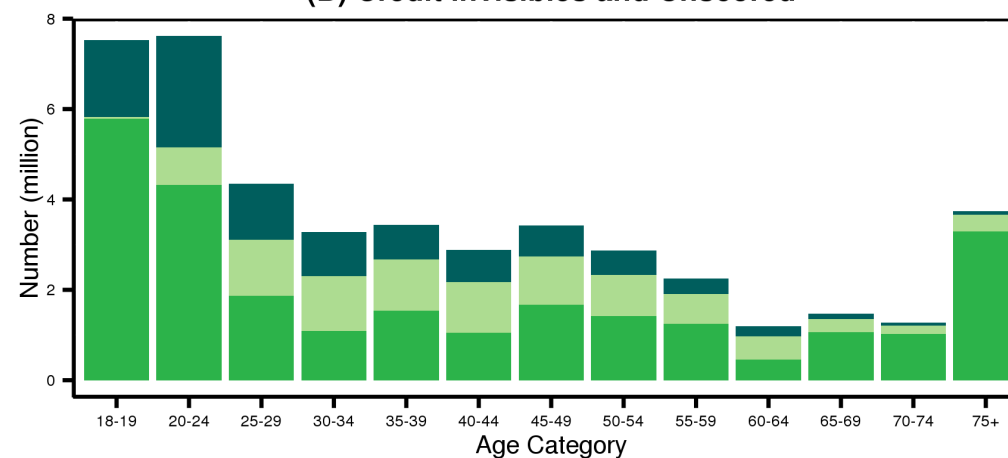
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Credit invisibility by age

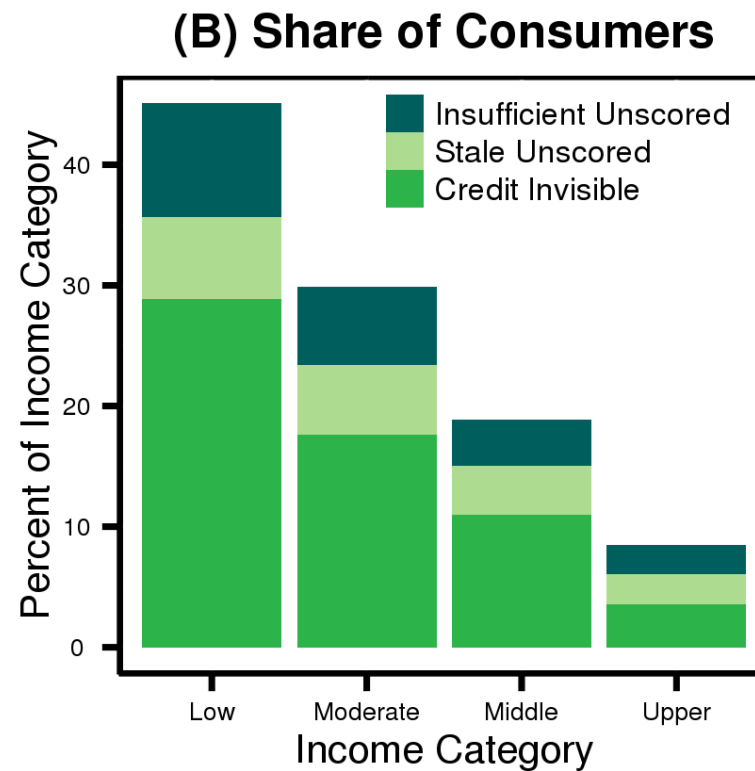
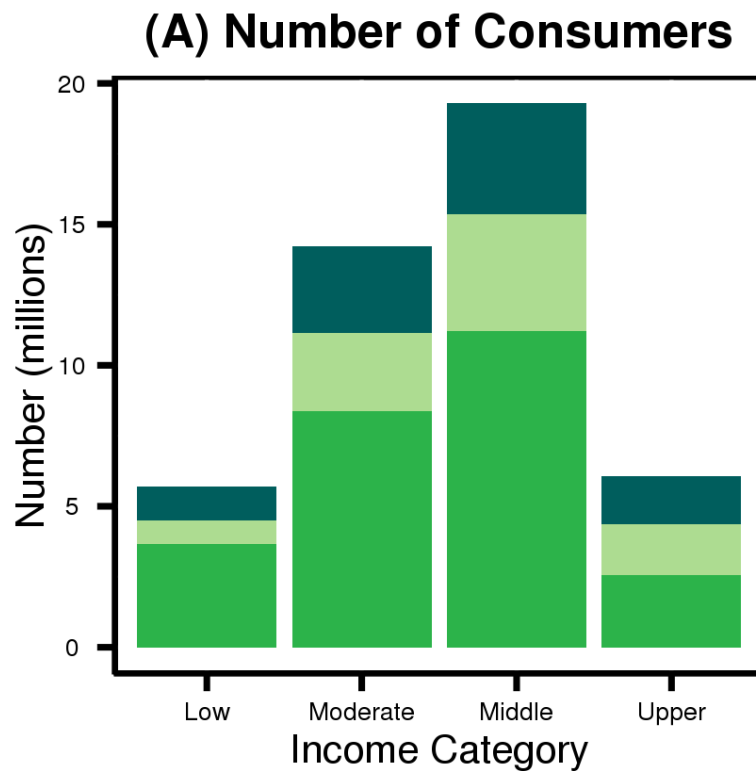
(A) Share of Consumers that are Credit Invisible or Unscored



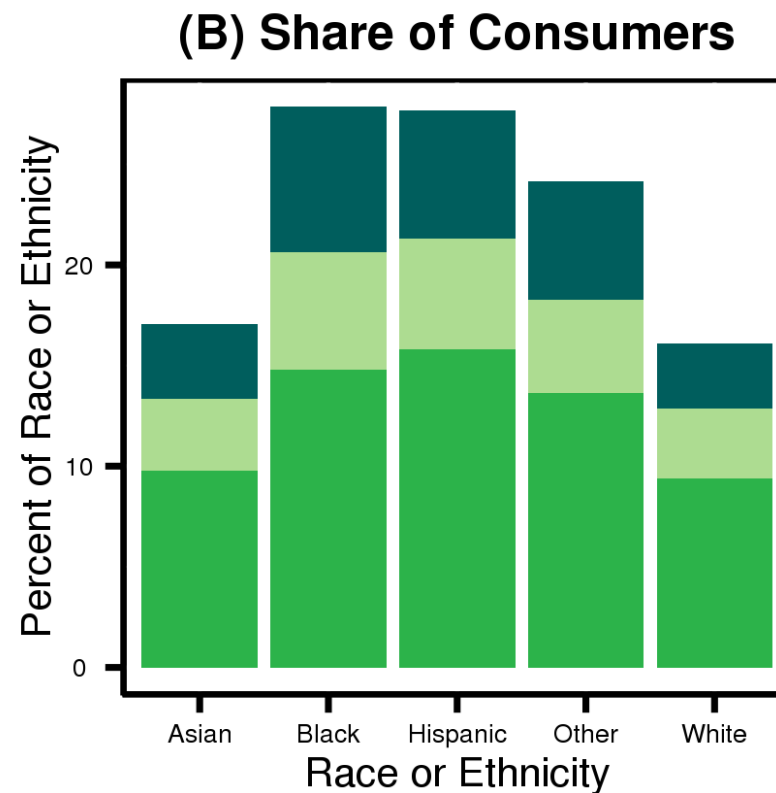
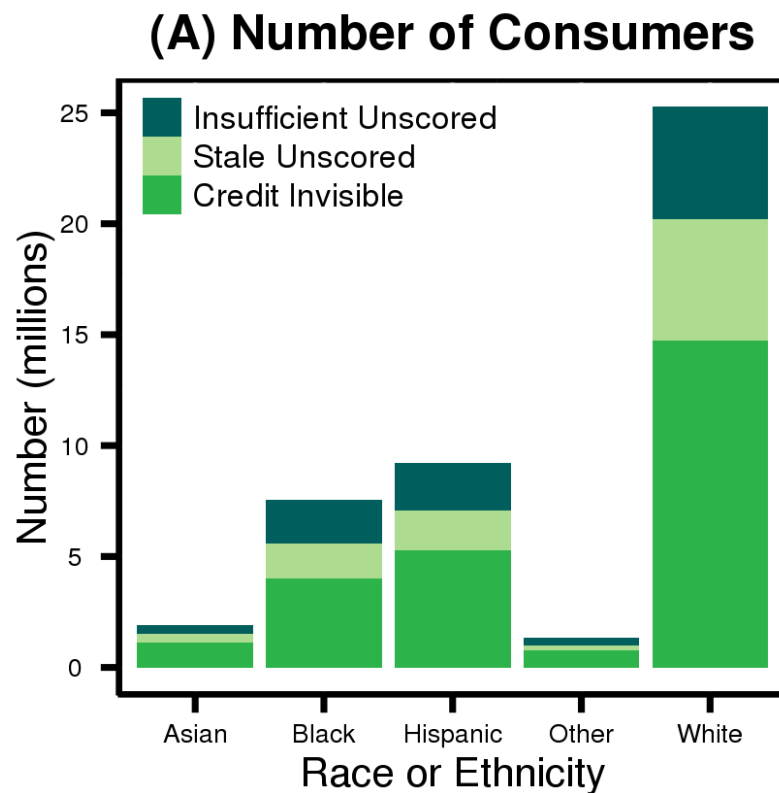
(B) Credit Invisibles and Unscored



Credit invisibility by income



Credit invisibility by race or ethnicity



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Transition to credit visibility

- Almost 80 percent of transitions out of credit invisibility occur before age 25.
- Across all age groups and income levels, credit cards trigger the creation of consumer credit records more frequently than any other product.
- Consumers in lower-income neighborhoods are more likely than consumers in higher-income neighborhoods to acquire a credit record from non-loan items, such as third-party collection accounts or public records.
- About 1-in-4 consumers first acquire their credit history from an account for which others were also responsible.
 - Co-borrowers and authorized user account status is notably less common in lower-income neighborhoods.



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Entry products by neighborhood income level

Income Level	Credit Card	Collection	Auto	Mortgage	Personal	Retail	Student	Other
Low	33.8%	21.5%	5.8%	0.6%	5.0%	13.2%	12.7%	5.6%
Moderate	35.0%	16.2%	8.1%	1.0%	5.7%	14.8%	13.5%	3.9%
Middle	35.9%	11.2%	10.1%	1.1%	5.9%	14.2%	16.6%	2.7%
Upper	44.0%	6.3%	8.5%	1.0%	3.6%	13.5%	17.7%	1.6%
Total	37.6%	12.0%	8.9%	1.0%	5.3%	14.1%	15.8%	3.0%



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Geography of credit invisibility

Key findings:

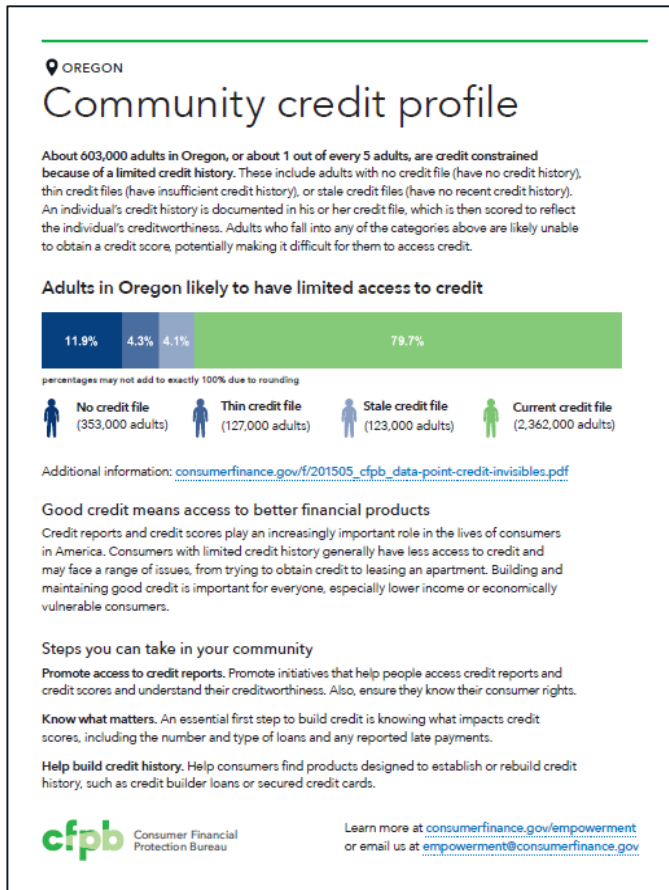
- Focusing on the incidence of credit invisibility among adults 25 and older may better identify tracts where access to traditional sources of credit is more limited.
- Credit invisibility among adults 25 and older is concentrated in rural and highly urban geographies.
- Lack of internet access appears to have a stronger relationship to credit invisibility than does the absence of a bank branch.
- Consumers in rural and low-to-moderate income areas use credit cards as entry products less often than consumers residing in other geographies.



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Community credit profiles

Example: Credit invisibility in Oregon



	Oregon	U.S. Average
No credit file	11.9%	11.0%
Thin file	4.3%	4.2%
Stale file	4.1%	4.0%
Total consumers without a credit score	20.3%	19.3%



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Expanding access to credit webpage

[← Serving economically vulnerable consumers](#)

Expanding Access to Credit

Expanding access to credit

CFPB research shows that roughly 45 million consumers may be denied access to credit because they do not have credit records that can be scored. Sometimes known as “credit invisibles,” these consumers potentially face higher costs for borrowing money and barriers to housing and employment.

Local governments and community-based organizations have opportunities to help people build positive credit histories and expand their choices in obtaining credit.

Research on credit

Community credit profiles

To better understand the scope of this issue at the local level, the CFPB took data from our research and created credit profiles for each state and for many cities across the country. The profiles provide an overview of the number of adults in each locality who are credit constrained because of a limited credit history, along with steps you can take in your community to expand access to credit by helping people to build their credit files.

States	Show +
Cities/counties	Show +

consumerfinance.gov/practitioner-resources/economically-vulnerable/expanding-credit-access/



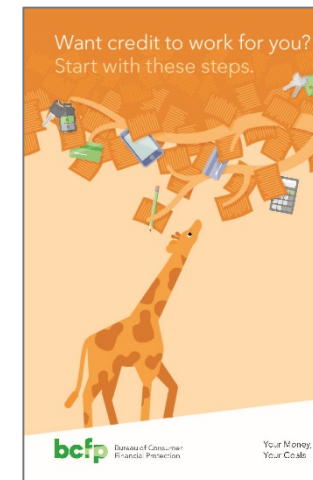
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The suite of *Your Money, Your Goals* resources

- Booklets

- Behind on bills?
 - Available in English and Spanish
- Debt getting in your way?
- Want credit to work for you?
- Building your savings?

Access electronic materials and order printed copies online:
<http://www.consumerfinance.gov/your-money-your-goals>



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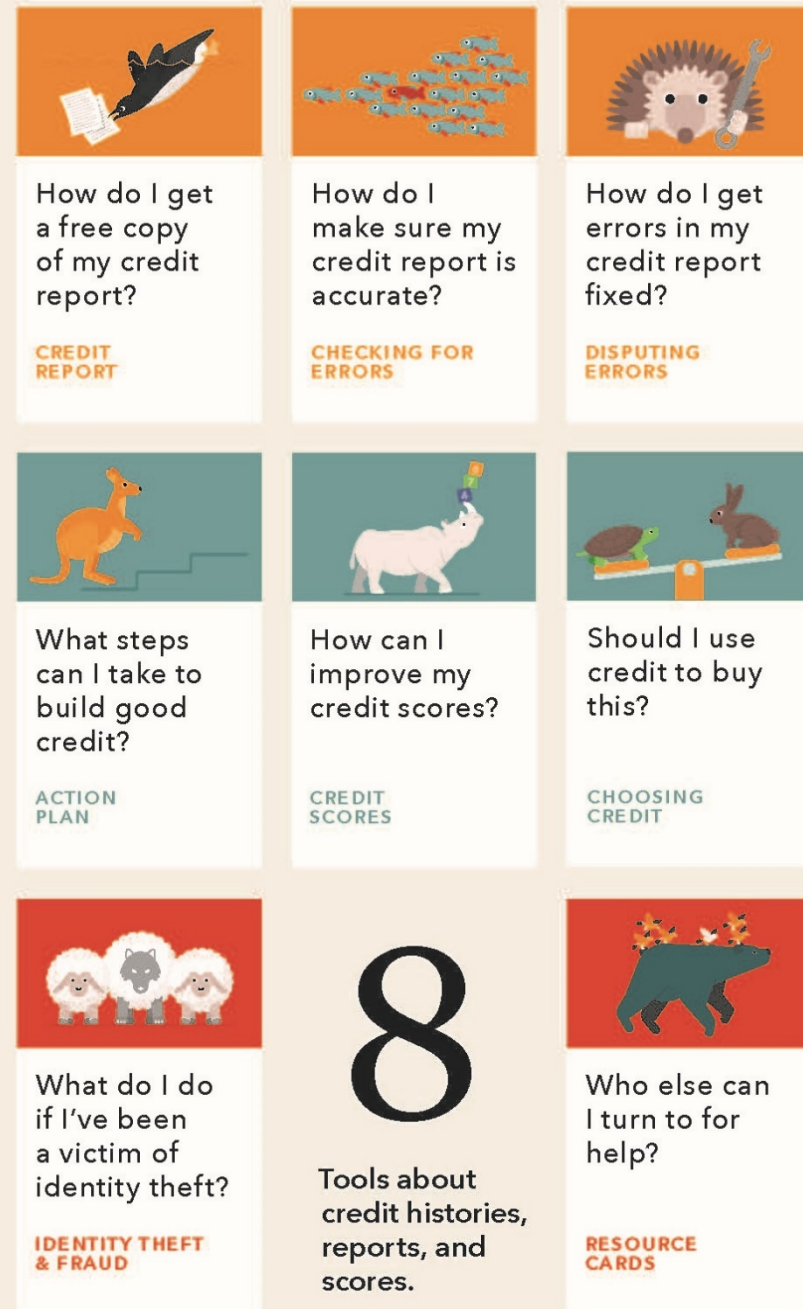
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Eight tools related to credit

- **Yellow** – taking the first steps of requesting and reviewing your credit report and getting errors corrected
- **Blue-Green** – planning for action to build credit, improve scores, or deciding when to use credit
- **Red** – can be used for immediate challenges and needs



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Credit report

- Get free copies of your credit reports
- Decide when to request your free credit reports
- Figure out what to do once you receive your reports



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CREDIT REPORT

How do I get a free copy of my credit report?



This tool will help you:

- **Get free copies** of your credit reports
- **Decide when** to request your free credit reports
- **Figure out** what to do once you receive your reports

Know the facts:

Your **credit report** is a record of some of your bill-paying history, public record information, and inquiries by lenders into your **credit history**. It does not tell you your credit scores.

Credit reports may be used by credit providers, banks, and landlords. It's important that you **get your free credit reports every 12 months** and check them for errors.

Start with one question:

When was the last time you checked your credit report?

YOUR MONEY, YOUR GOALS

Make a plan to get your credit reports for free each year.

TIP: Watch out for websites that offer free credit reports or scores. They may require you to share your personal information or try to sell you products that may not be right for you.



Request a free copy of your credit report.

Requesting your free annual credit reports will not cause your credit score to drop. AnnualCreditReport.com is the **only federally authorized central source** for free credit reports.

<input type="checkbox"/> Online	Visit AnnualCreditReport.com and follow directions to request your free credit report. See 'Be prepared' to learn about the security questions you may be asked.
<input type="checkbox"/> By mail	Download and complete form at AnnualCreditReport.com/manualRequestForm.action Mail to: Annual Credit Report Request Service P.O. Box 105281 Atlanta, GA 30348-5281 If additional information is needed to process your request, the credit reporting company will contact you by mail.
<input type="checkbox"/> By phone	Call 877-322-8228 to have a request form mailed to you.



Set a date and mark your calendar.

You have a right to get a free report from each of the three nationwide credit reporting companies once every 12 months.

<input type="checkbox"/> I'll request my reports on three dates		<input type="checkbox"/> I'll request all three reports on this date	
Staggering them can help you see if anything is changing throughout the year or if any fraud has occurred.		This is a good idea if you're buying something big soon, using credit, so you can correct any errors right away.	
DATE	COMPANY	DATE	COMPANY
	Equifax		Equifax, Experian, & TransUnion
	Experian		
	TransUnion		

Credit report tool: Be prepared



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Be prepared

What will I be asked for when I request my report?

You will be asked to provide some information to verify your identity. This includes your Social Security number and previous addresses (if you've moved in the last two years).

Also, be ready to answer a series of security questions that are meant to be hard for anyone but you to answer, such as:

- What's the amount of your monthly mortgage or car payment?
- What were your previous home addresses?

TIP: Each credit reporting company uses different security questions. If you find you can't answer one company's questions, try requesting your report from another company. You could also request your report via mail.

You can get additional **free reports** under certain circumstances. Visit cfpb.gov/askcfpb/5/ for more information.

There is more than one kind of report. Your credit report is just one of many different types of "consumer reports." Other types of consumer reports include banking history reports, background checks, and utility payment reports.

To learn more about specialty consumer reports and how to get a copy of them, visit cfpb.gov/askcfpb/1813

Follow the three steps below to make sure that the information included in your report is accurate.



Step 1: Request a free copy of your credit report



Step 2: Read and review your credit report (try the Checking for Errors tool)



Step 3: Dispute any errors that you find in your credit report (try the Disputing Errors tool)

List of specialty credit reporting companies

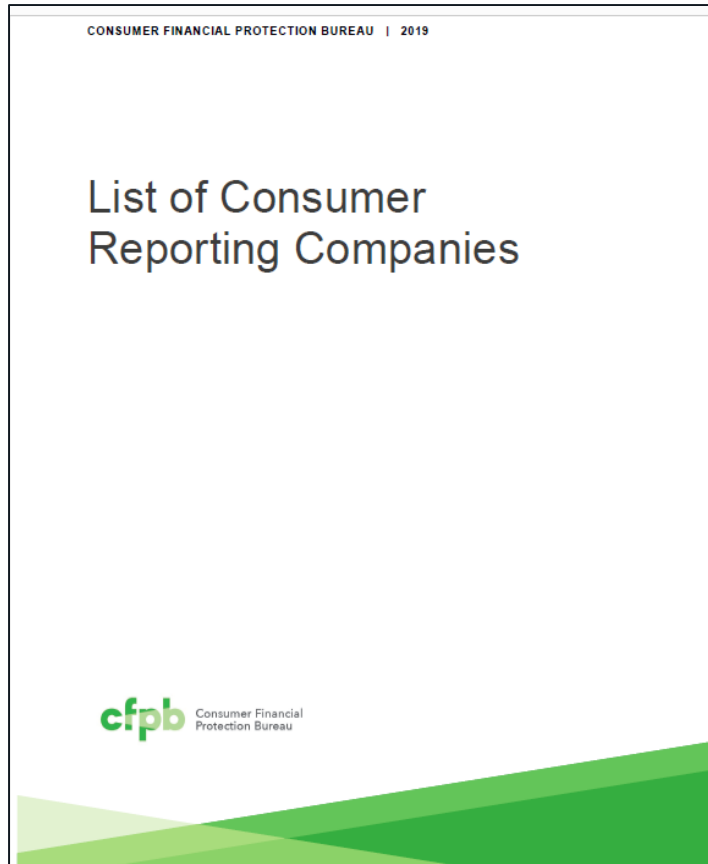


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2 LIST OF CONSUMER REPORTING COMPANIES

Checking for errors

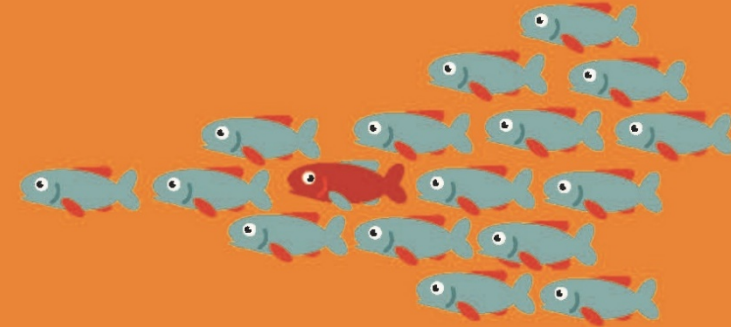
- Review the information in your credit report
- Spot errors you may want to dispute
- Identify other questions you may have



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CHECKING FOR ERRORS

How do I make sure my credit report is accurate?



This tool will help you:

- **Review** the information on your credit report
- **Spot** errors you may want to dispute and identify other questions you may have

What you'll need:

- A **copy of your credit report** (you can use the Credit Report tool to get a free copy)
- A **pen or highlighter** to mark your report

TIP: Use the Disputing Errors tool if you find incorrect info and the Identity Theft & Fraud tool if you suspect that you've been a victim of identity theft.


Start with one question:

Have you taken a closer look at what's in your credit report?

Use this **checklist** to review the information on your credit report.

- 1 Use the checklist to review the five sections of your credit report.
- 2 Highlight or circle things in your credit report that may be errors, that you don't recognize, or that you have questions about.

Is this information in your report correct?

	Header and identifying information	<ul style="list-style-type: none"><input type="checkbox"/> My name (including spelling), Social Security number, current telephone number, and current address<input type="checkbox"/> My previous addresses<input type="checkbox"/> My employment history
	Public record information	<ul style="list-style-type: none"><input type="checkbox"/> My money-related public record information (like bankruptcies, judgments, or tax liens)
	Collection agency account information	<ul style="list-style-type: none"><input type="checkbox"/> My accounts I've had in collections, if any<input type="checkbox"/> The status of each of my accounts
	Credit account information	<ul style="list-style-type: none"><input type="checkbox"/> All of the accounts in this section (they may be called trade accounts) belong to me<input type="checkbox"/> The status of each account is listed correctly<input type="checkbox"/> I'm listed accurately on accounts where I'm an authorized user, co-signer, or joint owner<input type="checkbox"/> Accounts I've closed are listed as "closed by the consumer"
	Inquiries made to your account	<ul style="list-style-type: none"><input type="checkbox"/> Are all "inquiries" or times when I've applied for credit and a lender reviewed my credit report correct? To learn more about inquiries, visit: cfpb.gov/askcfpb/1317

List questions or errors

TIP: Beware of companies promising to remove negative information from your credit report. If the information is accurate and current, no one can do this.

Checking for errors tool:

Additional resources



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Additional resources

How do banks, lenders, and credit providers use this information?

Companies that look at credit reports believe that how you've handled credit in the past is a good predictor of how you'll handle it in the future. This is why it's important to check your reports for errors and get errors you find corrected.

How long does negative information stay on your report?

In general, negative information (like late or missed payments) can remain on your report for up to seven years. However, there are some exceptions including:

- Bankruptcy (10 years)
- Civil suits and judgments, and arrest records (up to 7 years or until the statute of limitations expires)
- Criminal convictions (never removed)

To learn more about negative information on your report, visit cfpb.gov/askcfpb/314/

What do landlords and employers see when they do credit checks and background checks?

Some specialty consumer reporting agencies compile information just for landlords to help them decide who they rent to. These agencies collect information such as your name, previous addresses, amount of time at each residence, and payment history records from your past landlords.

Employment reports often include credit checks, criminal history information, civil and criminal records—such as bankruptcy filings and other court documents—and information related to your employment history.

To learn more about specialty reports, visit cfpb.gov/askcfpb/1813/

To learn more about employment records, visit cfpb.gov/askcfpb/1823/

Sample dispute letters



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Consumer Tools

Practitioner Resources

Data & Research

Policy & Compliance

[← Credit Reports and Scores](#)

Sample letters to dispute information on a credit report

If you want to dispute information on a credit report, you may need to send a dispute letter to both the institution that provided the information, called the information furnisher, as well as the credit reporting company.

- Download our [sample letter](#) and [instructions](#) to submit a dispute with an information furnisher.
- Download our [sample letter](#) and [instructions](#) to submit a dispute with a credit reporting company.



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Handouts on credit scores and reports

CHECK YOUR CREDIT REPORT AT LEAST ONCE A YEAR

The Consumer Financial Protection Bureau advises consumers to check their credit reports at least once a year.

Consumers can receive free copies of their credit reports every 12 months from AnnualCreditReport.com. This is the only authorized source under federal law that provides free credit reports from the three major national credit reporting companies - Equifax, Experian and TransUnion. Other websites that promise free credit reports may require you to sign up for "free trials" that eventually charge you or purchase other products or services you may not need.

Check your credit report to:

- Look for and fix mistakes that could hurt your ability to get credit.
 - Be sure your information is correct and up-to-date.
 - Guard against identity theft.
- Mistakes in your credit reports, or fraud caused by identity theft, can make borrowing more expensive or prevent you from getting credit.

Common mistakes in credit reports include:

- Loans and credit accounts you've never opened.
- Misspelled name, wrong Social Security number, wrong address, or phone number.
- Accounts wrongly listed as late, incorrect balances, incorrect credit limits, closed accounts listed as open, incorrect delinquency dates, or accounts listed more than once.



Display Your credit report to discover account credit sources. Your credit report is where all your credit information is recorded. In your credit report, you can see all the credit accounts you've opened, the credit limits, and the payment history. You can also see if there are any mistakes in your credit report.

Building credit from scratch

Starting out in the financial world can be confusing. And building good credit takes time. Below are some types of helpful products, as well as actions you can take to help reach your financial goals.



Finding the right products

Secured credit cards

Apply for this card as you would a traditional credit card. Once approved you deposit an amount of money - which can range from \$50 to \$300 - into a separate account. The bank holds onto this deposit and extends a credit line matching the deposit amount. Generally, you can build credit with a secured card, but be sure to ask your card issuer about reporting to the credit reporting companies. Many of these cards include a "graduation" component, so you are able to move from a secured card to a traditional credit card seamlessly after establishing a pattern of consistent payments.

Credit builder loans

Financial institutions, typically credit unions, deposit a small "loan" (often \$300-\$1000) into a locked savings account and then you pay the institution back with small-dollar payments over 6 to 24 months. These payments are reported to the credit reporting companies. Once you come to the end of the loan term, you receive the accumulated money back in total.



Retail store cards

Many gas stations, department stores or retail chains offer credit cards. These cards tend to be easier to obtain and typically offer lower credit limits. This combination makes them an option when you are looking to build up a thin or nonexistent credit record.

Actions you can take & things to know about your credit report and score

Get and read your credit report

The first and most important step in building and maintaining good credit is to know and understand what is in your credit report. You are entitled to and can request your credit report from each of the three nationwide credit reporting companies once every 12 months free of charge at annualcreditreport.com.

Learn more at consumerfinance.gov

1 of 2

Understand your credit score

Banks, credit card companies and other businesses use credit scores to estimate how likely you are to pay back money you borrow.

A higher score makes it easier to qualify for a loan or lower interest rates. Many scores range from 300-850, but different companies use different ranges.

You have many credit scores

You can have more than one score, because:

- Lenders use different scores for different products.
- There are many different credit scoring formulas.



Several variables affect your credit score:

- How many credit accounts you have
- How long you've had them
- How close to payment due dates you are
- How often you pay on time
- How often you pay late
- Other factors

How to

- Pay your bills on time, every time
- Pay your bills on time, every time
- Pay your bills on time, every time
- Pay your bills on time, every time
- Pay your bills on time, every time

Learn more

Helping youth in foster care start and maintain good credit

Why is it important for youth in foster care to check to see if they have a credit report?

Like many young people, youth transitioning out of foster care are often unfamiliar with the importance of good credit, and in some cases there may already be negative items in their files at the major credit bureaus.

A credit reporting project in California's Los Angeles County found that five percent of foster youth with credit reports had accounts reported in their names due to errors or identity theft. (This report is available at https://oag.ca.gov/sites/all/files/agweb/pdfs/privacy/foster_youth_credit_records.pdf) These errors included creditor mistakes, mixed identity, incorrect or fraudulent use of a youth's name or Social Security number on delinquent accounts. Sometimes there were more severe instances of identity theft and fraud. These young people face the added vulnerability of having their personal information passed through the hands of many people as they are moved around in the child welfare system.

Young people that have experienced identity theft may have trouble renting an apartment, getting a student loan, a mobile phone contract, or even getting a job because of a negative credit report. Youth who have experienced identity theft often lack the support and tools to correct the credit report on their own.

How do I check a credit report for a youth in foster care? (for caseworkers)

The Child and Family Services Improvement and Innovation Act of 2011 (Public Law No. 112-34) requires all state child welfare agencies to ensure that youth in foster care who are 16 and older receive a free copy of any credit reports annually and get assistance in interpreting and resolving any inaccuracies in the reports.

To comply with this law, child welfare agencies have arrangements with the three nationwide credit bureaus, Experian, Equifax, and TransUnion. Each of the credit bureaus has established an online portal that caseworkers can use to request credit reports for the youth in foster care under the care of their agency. While each credit bureau has a slightly different system, caseworkers can typically request the information on an individual youth or in batches. Batch requests will pull the reports of a large number of foster youth at the same time.

If you are a caseworker for youth in foster care, here are some steps you can take:

1. Find out if your agency already has a contract with any of the credit bureaus and if there is a designated person responsible for pulling reports. Also check to see if each caseworker must go through a training and certification processes to pull reports.
2. Review the process for obtaining the credit reports. Each credit bureau's process is slightly



4. If you can't qualify for a regular credit card, try a secured card

Many banks and credit unions offer secured credit cards. With most of these cards, your credit line starts out small. You put an amount equal to your credit limit in an account as a deposit.

As you show you can pay on time, your credit limit may grow and you may have your deposit refunded. Fees and interest rates can be high for secured cards, but using one can help you to establish a credit record.

5. If you pay with a credit card, pay your balance off every month

You'll build credit by using your credit card and paying on time, every time. Pay off your balances in full each month to avoid paying finance charges. Paying off your balance each month can also build better credit than carrying a balance. Think about signing up for text alerts and automatic payments to make sure you don't pay late or miss a payment.

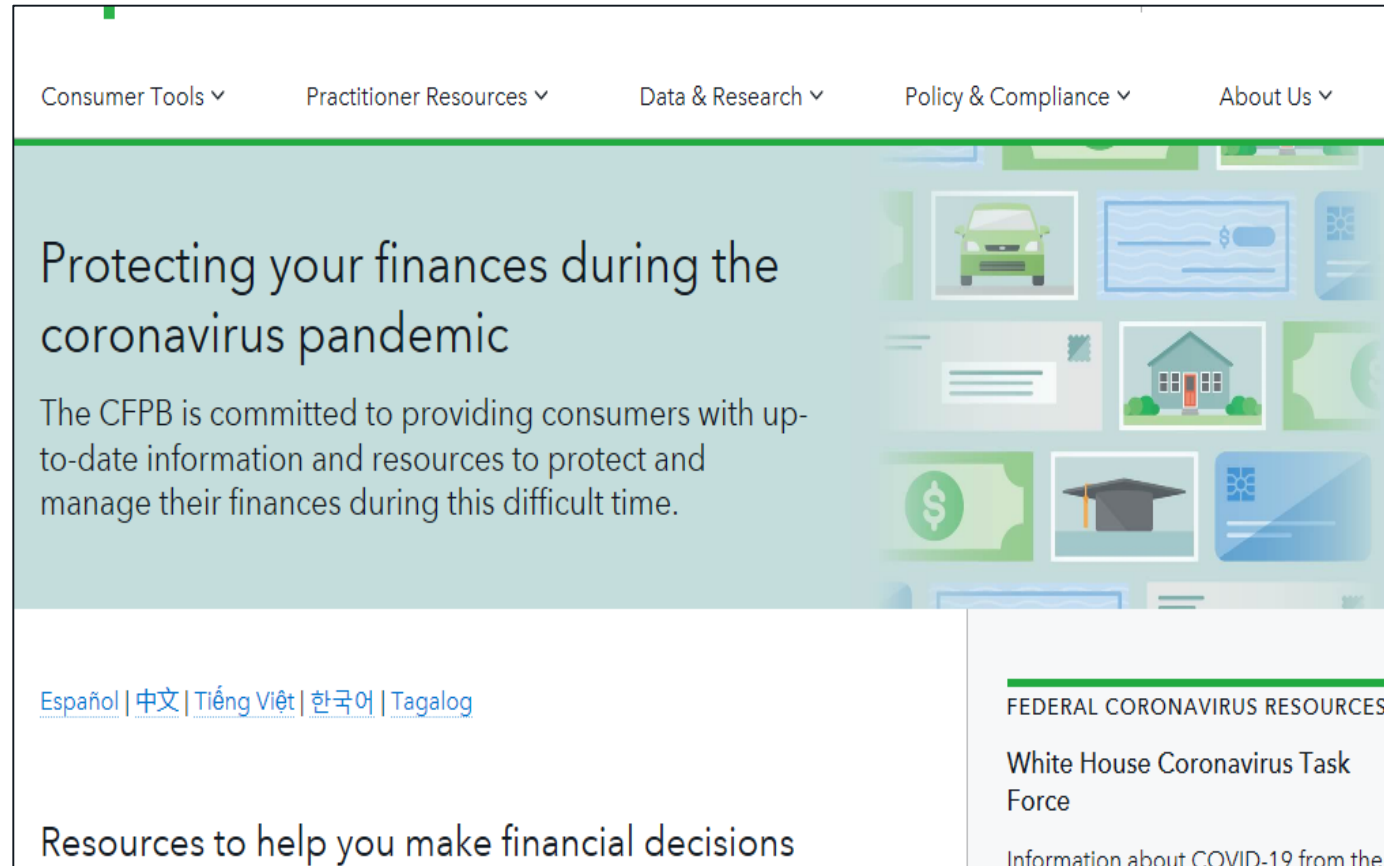
Learn more at consumerfinance.gov

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CFPB's coronavirus resource home page



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Find it at consumerfinance.gov/coronavirus/

Protecting credit during the coronavirus pandemic



Protecting your credit – steps to take

- Find the name of your lender on your statement.
- Check the lender's website to see if there are hardship or relief programs available.
- Call your lender and find out the available hardship or relief programs.
- Ask questions about the terms of the accommodation, including how it will be reported to credit reporting agencies.
- Find out what you need to do once the relief or agreement period has ended. Ask what the options are for repayment, such as repaying the amount you missed at the end of your loan.
- Confirm the agreement or relief in writing and ask the lender to confirm the agreement in writing.
- Comply with the agreement and make any payments as agreed.

Protecting your credit – steps to take (continued)

- Check your credit reports to make sure they accurately reflect the agreement with your lender. There may be some delay in the creditor updating the records with the credit reporting agencies, so you may want to check monthly to ensure your credit records reflect your agreement accurately.
- You can now request your credit reports for free weekly from each of the nationwide credit reporting agencies through April 2021 by visiting AnnualCreditReport.com.
- Dispute any errors that you find in your credit reports. If your accommodation is not accurately reflected in your credit reports, reach out to both your lender and the credit reporting agencies and dispute those errors.
- If you don't know or aren't sure about repayment, reach out to your lender before the end of the relief or agreement period to confirm next steps and what the options are to repay any missed payments.

More information on hardship programs

You can reach out to your lender or creditor and find out what options or programs are available. These programs are sometimes called "hardship" or "relief programs." These programs may allow you to enter into an agreement to:

- Defer or pause one or more payments
- Make a partial payment
- Forbear (temporarily stop paying) any delinquent amounts
- Modify a loan or contract
- Receive a suspension for federal student loan payments
- Other assistance or relief

The CARES Act calls these agreements “accommodations.”

CARES Act protections

If your lender does make an agreement or accommodation with you:

How your lenders report your account to credit reporting agencies under the CARES Act depends on whether you are current or already delinquent when this agreement is made.

- If your **account is current** and you make an agreement to make a partial payment, skip a payment, or other accommodation, then the creditor is to report to credit reporting companies that you are **current on your loan or account**.
- If your account is already delinquent and you make an agreement, then the creditor cannot report you as **more delinquent** (such as reporting you as 60 days delinquent when you started out 30 days delinquent) during the period of the agreement.
- If your account is already delinquent and you make an agreement, and you **bring your account current**, the creditor must report that you are current on your loan or account.

CARES Act protections (continued)

If your lender does NOT give you an accommodation:

- If your lender is not required to provide an accommodation and decides not to make an agreement with you, this will likely impact your credit report. If you are unable to make a payment or a minimum payment as required and you cannot obtain an accommodation, your lender likely will report that your account is now delinquent.
- Your lender may offer you or you can request that the lender place a “special comment” on your account noting that the account was affected by a national emergency as a result of the pandemic.
- You can also add a “permanent comment” to your credit file saying that you have been negatively affected by the pandemic.



Timeframe of CARES Act

The CARES Act requirement related to credit reporting applies only to agreements made between January 31, 2020 and the later of either:

- 120 days after March 27, 2020 or
- 120 days after the national emergency concerning COVID-19 ends.

Dealing with debt during the coronavirus pandemic

← Blog

Dealing with debt during the coronavirus pandemic: Tips to help ease the impact

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By [Kristin Dohn](#) - JUN 17, 2020

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Dealing with debt can be a stressful experience. As you plan for the potential economic impact of coronavirus, there are a number of steps that you can take to help manage debt in these difficult times.

Contact your lenders if you are at risk of missing payments

If you think you may fall behind on your payments for your mortgage, auto loan, credit card, student loan, or other debt, call your lender and explain your situation. Credit card

FEDERAL CORONAVIRUS RESOURCES

White House Coronavirus Task Force

Information about COVID-19 from the White House Coronavirus Task Force in conjunction with CDC, HHS, and other agency stakeholders.
[Visit coronavirus.gov](#) [🔗](#)

Centers for Disease Control and Prevention

The latest public health and safety information for United States consumers and the medical and health provider community on COVID-19.
[Visit the CDC COVID-19 page](#) [🔗](#)

USAGov

Information on what the U.S. Government is doing in response to COVID-19.





Consumer Financial
Protection Bureau

Dealing with housing issues during the coronavirus pandemic

Mortgage and housing assistance during the coronavirus national emergency

If you're concerned about how to pay your mortgage or rent due to the coronavirus national emergency, read on for information on what to do now, and what your options are for mortgage and rent payment relief.



The Consumer Financial Protection Bureau (CFPB), [Federal Housing Finance Agency \(FHFA\)](#), and [U.S. Department of Housing and Urban Development \(HUD\)](#) are working together to help homeowners and renters during the coronavirus pandemic.

Learn more about:

- [Mortgage relief options](#)
- [Protection for renters](#)
- [Avoiding scams and bad actors](#)

Need help with the basics?

Learn how to read your monthly mortgage statement or understand key mortgage terms, like mortgage forbearance. [Get started with mortgage basics](#)

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USAGov

Information on what the U.S.



Consumer Financial
Protection Bureau



Credit Protection and the CARES Act

**Webinar for LISC Network
November 17, 2020**

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Credit as Important as Ever, Despite Headlines

‘Don’t sweat your credit score right now,’ expert says amid coronavirus outbreak

Maintaining a good credit score is essential to a healthy financial lifestyle. But emergency crises, such as coronavirus, may call for shifting your financial priorities elsewhere — and this expert says that’s OK.

Updated Thu, Apr 9 2020

Personal Finance • Perspective

**Rent, mortgage, car loans, utilities and child support.
The other bills can wait.**



Early Impact of COVID-19 on Credit and Lending

- **In many cases, financial institutions and CDFIs have been responsive, flexible, and innovative to meeting consumer needs for accommodations and short-term relief**



Results of Early Intervention and the CARES Act

- **Unemployment benefits, stimulus payments, and deferments masked impact of economic hardship on credit scores, some have even benefitted from improved credit**
- **Lenders offered accommodations such as forbearance, deferments, skipped payments and waived fees**
- **Average FICO® Score reached record high of 711 in July**



The Pandemic Stretches On

- **Stimulus/PPP has been exhausted and consumers need extended or second round**
- **Delinquency rate was stable but has started to rise as accommodations end**
- **Continued accommodations are needed, but lack of clarity and guidance/legislation in place for long-term solutions**



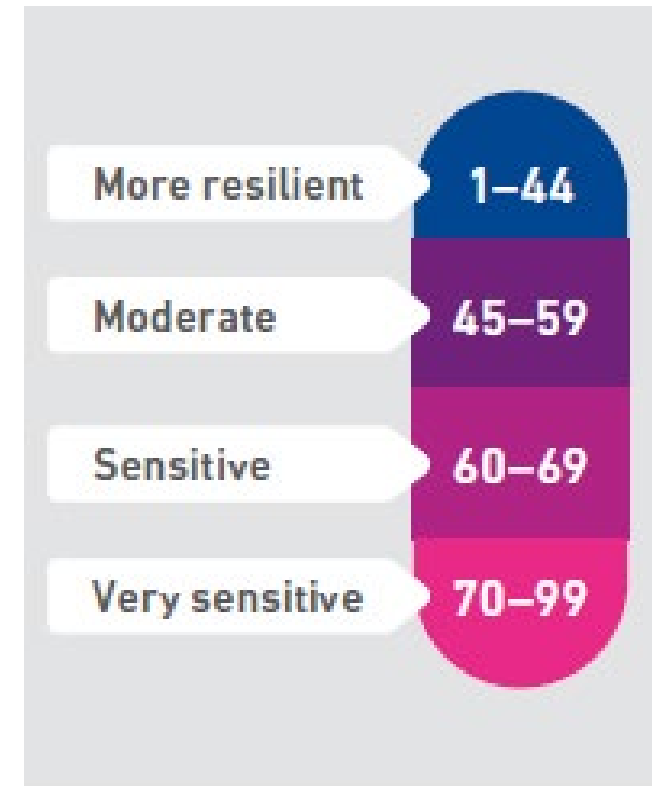
Emerging Credit Trends

- **Limited access to credit/tightening of underwriting**
- **Reduced/Reduction of credit limits**
- **Closure of inactive accounts**
- **Increase in subprime lending and scams**
- **Changes in how lenders assess risk**



Example: FICO Resilience Index

- **Help lenders identify which consumers are likely to be more resilient during an unexpected economic disruption**
 - **More experience managing credit**
 - **Lower total revolving balance**
 - **Fewer active accounts**
 - **Fewer credit inquiries**
- **Scale of 1-99 with consumers in the 1-44 range viewed as most prepared to withstand an economic shift**



Where the CARES Act Fell Short



Except for federal student loans and mortgage protections, decisions are left to the lender but must continue to comply with the FCRA and CARES Act.



Policy Considerations for Credit Reporting

- **No clear-cut solutions have yet emerged that address both consumer protection and industry realities**
- **Effective policy solutions must address**
 - **Current financial struggles for consumers and how to mitigate COVID-19 related damage**
 - **Long-term outlook that accounts for post-crisis circumstances**
 - **Logistical/functional challenges for lenders/CRA's**
 - **Maintaining the integrity of the system**



Building Resilience: Credit Coaching Considerations



Credit Phases of the Pandemic



SURVIVE

Use credit to get through a crisis



PROTECT

From unnecessary damage



RECOVER

Leverage credit to through recovery



REBUILD

Utilize credit as an asset



When COVID-19 Impacts Ability to Pay Bills

1

**Assess and
Understand Your
Situation and
Your Options**

2

**Contact
Creditors ASAP**

3


**Pull and Keep a
Credit Report**

4

**Consider Adding
a Consumer
Statement**



Ways Creditors May Work With You



**Maintain Loan
Terms but
with Flexibility**



**Forbearance/
Deferment**



**Loan
Modification**

Q: What impact do these types of accommodations have on credit scores?

A: It depends!



- **What else is on the credit report?**
- **What was the status of the account(s) in question prior to COVID-19?**
- **How is the creditor reporting the account?**
- **What credit score is being considered?**

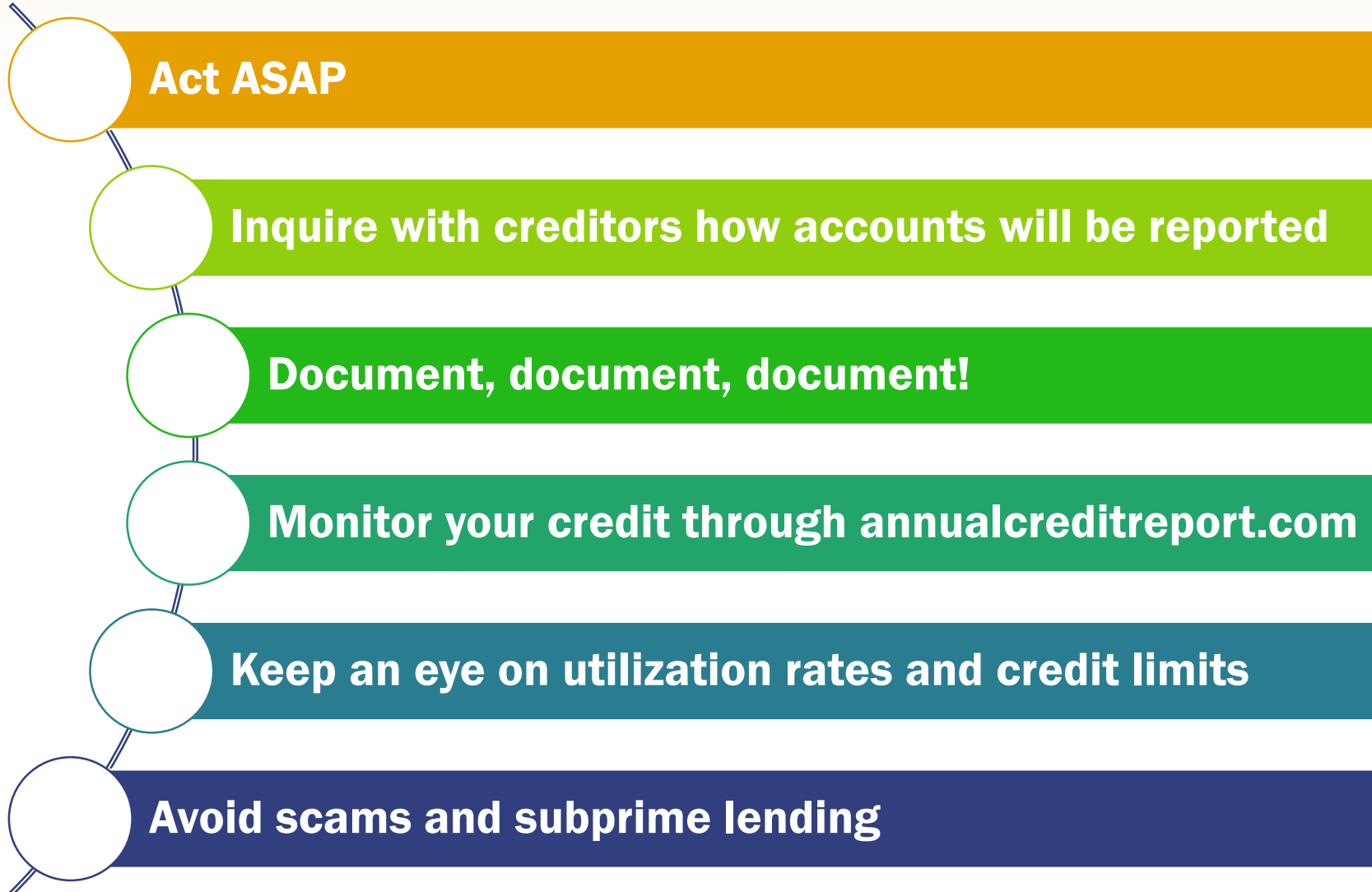
Key Scoring Factors Are Still Relevant



SOURCE: FICO



Best Practices



Options for Accessing Emergency Credit

Community based lenders may offer affordable and flexible loan products to support household resiliency during this time.

- ⑩ **NCUA Credit Union Locator:**
mapping.ncua.gov
- ⑩ **CDFI Locator:** ofn.org/cdfi-locator
- ⑩ **Change Machine's Marketplace Relief:**
<https://change-machine.org/>
- ⑩ **CBA Members:**
www.creditbuildersalliance.org/find-a-member



COVID-19 Resources



CBA support during the COVID-19 crisis

COVID-19 has created a challenging reality for many households and businesses. CBA is working hard to support our members as they continue to serve their communities in this moment of uncertainty.

Find resources here

<https://cbatraininginstitute.org/covid/>



Questions?

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Questions?

Thank you !

LISC