

Reporting loans for borrowers affected by natural or declared disasters:

By law, credit bureaus must list any debts and late payments that are accurately reported by lenders. Credit scores are altered negatively whenever payments are not made on-time. **However, these credit score penalties can be prevented when lenders use a special disaster code.** After recent natural disasters, the credit industry has sent out information to thousands of data furnishers on ways to protect victims, reminding them that using a special disaster code when reporting credit data is an option.



Should data furnishers choose to use this option, adding the special comment code AW after a natural or declared disaster can reduce or eliminate the negative impact of missed payments on a consumer's credit score by excluding the data from score calculations. However, this code could also prevent positive credit history from being included, depending on the score model. Furthermore, data furnishers may need to research how to employ this comment code based on their loan management/Metro 2® software configuration. As soon as the special payment conditions are completed, the codes are automatically removed and the positive history will be scored as usual.

Again, it is not required, but up to individual lenders to decide to employ this special disaster code. Every lender must set their own parameters for what qualifies or constitutes a "disaster."

Lenders should consider the following:

- What is your organization's capacity to offer potential workarounds?
- How will you determine who to offer this to? (Is it applied to every person automatically? Is it by zip code? Will it be something you advertise and apply to those who respond? Is it something you offer only if a client reaches out?)
- How long will you allow this condition to stand? (An agreed upon time? A set time, such as three months? Indefinitely?)





Credit and Natural or Declared Disasters

Resources for Data Furnishers



CBA strongly encourages you to consult with your team and legal resources to ensure that your organization and staff understand the implications of any new or different workaround options that you may offer to clients, and that they are applied consistently.

The Credit Reporting Resource Guide (CRRG) provides the following guidelines for accounts affected by natural or declared disasters:

For open accounts – current accounts or delinquent accounts, there are two options:

1. Report the account status that applies to the account and the special comment code AW (affected by natural or declared disaster)
2. Report the account as a deferred account, while also using the special comment code AW (affected by natural or declared disaster)

For derogatory accounts, including collections and charge-offs:

- Continue reporting these accounts using these statuses but add the special comment code AW (Affected by natural disaster or declared disaster).

HELPFUL RESOURCES to learn more

For full reporting guidelines for accounts impacted by a natural or declared disaster, please see [FAQ 58 in the CRRG](#)

For information about offering a period of forbearance, please see [FAQ 45 in the CRRG](#)

Contact CBA's Bureau Services team for assistance in reporting your loans:
help@creditbuildersalliance.org

[or call us at 202-730-9390](tel:202-730-9390)

Visit CBA's Learning Library for more tip sheets, tools, and resources on a variety of Credit Building topics!

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