

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, lenders can work with borrowers to make arrangements to reduce or eliminate any credit score penalties.** 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 indicate that the account is affected by natural disasters. However, depending on the score model, this code could also prevent positive credit history from being included. Furthermore, data furnishers may need to research how to employ this comment code based on their loan management/Metro 2® software configuration. Data furnishers should make a business decision on how long this code is reported, as it will apply to the account (and various scoring models) until it's removed.

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:

- Report the account status that applies to the account and the special comment code **AW** (affected by natural or declared disaster).
- 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:

[FAQ 58 in the CRRG](#)

For information about offering a period of forbearance:

[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

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

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