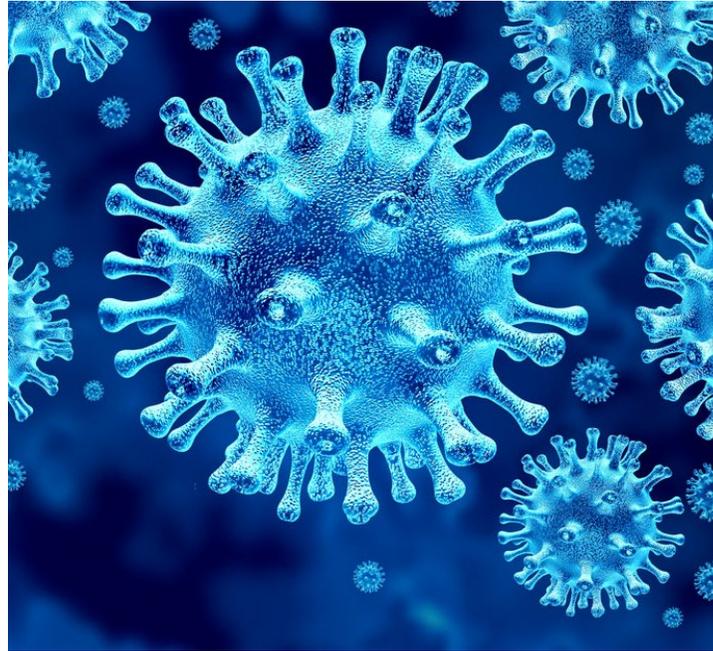
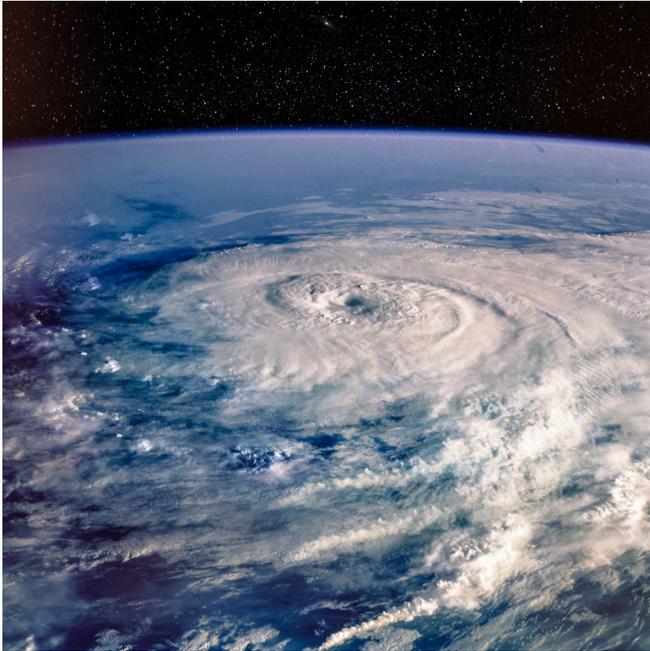




Consumers Affected by Natural or Declared Disaster

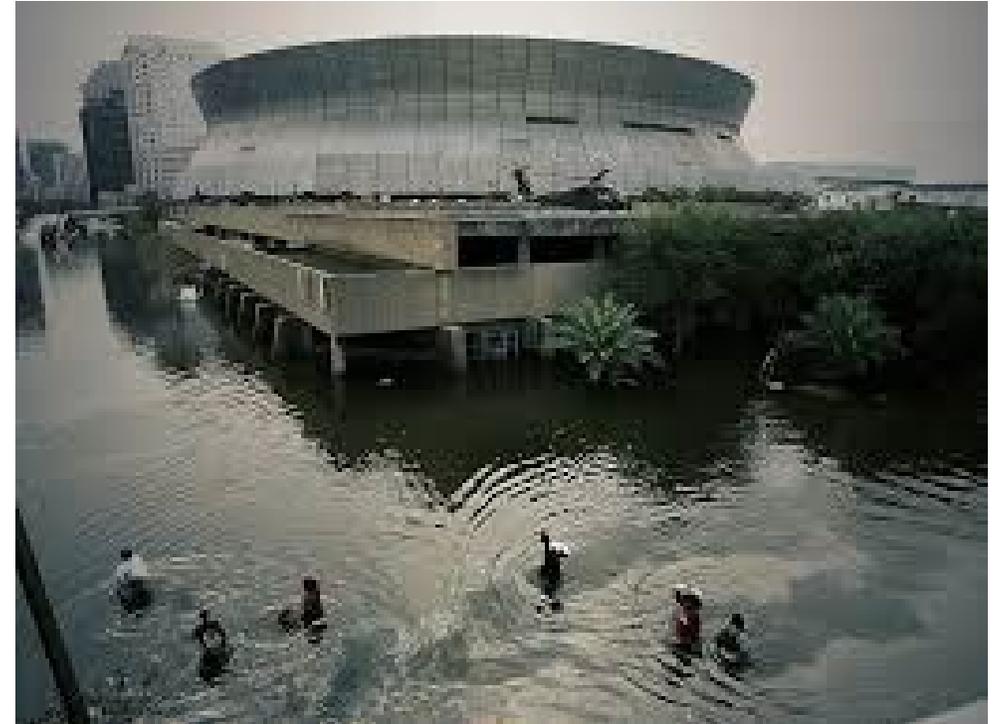
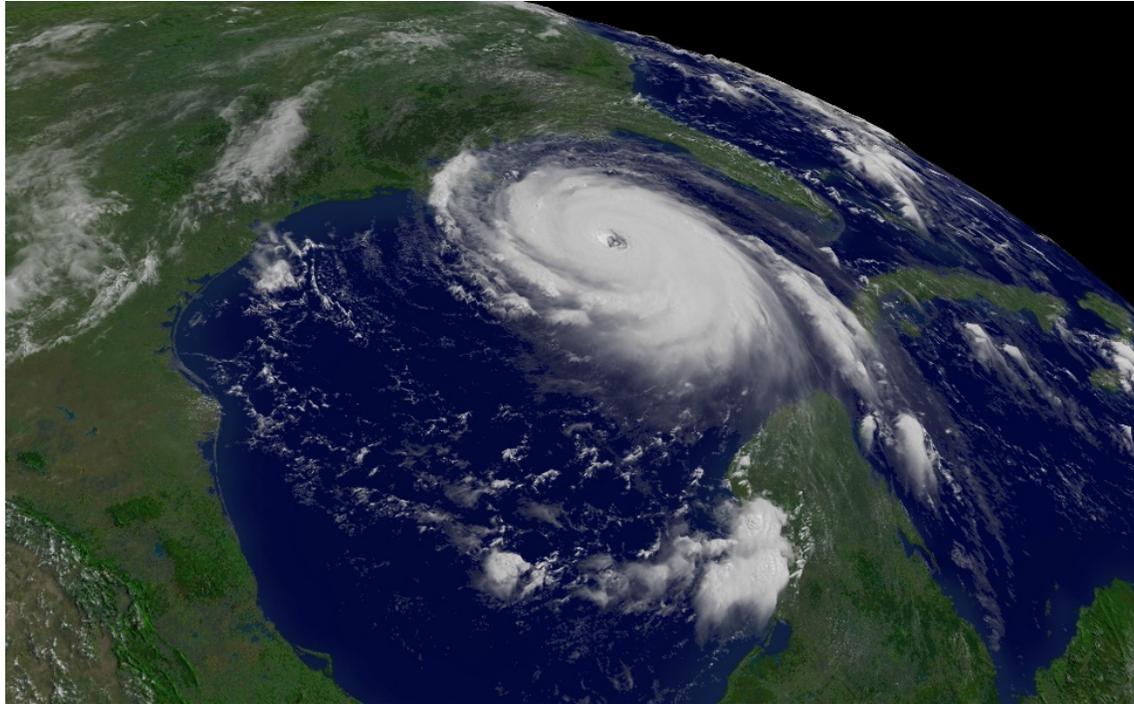


Consumers Affected by Natural Disaster or for Accounts in Forbearance for Other Reasons





Disaster Reporting: A Short History





Three Points to Remember

- We in the credit reporting industry have long had codes in place to assist consumers impacted by a natural or declared disaster or other financial hardship.
- We strongly encourage furnishers in working with their customers to take full advantage of these codes and report these codes to the credit reporting agencies (CRAs).
- The leading score modelers, VantageScore and FICO, treat these codes as neutral so there should be no negative scoring impact on consumers who are reported to the CRAs with these codes.



Data Furnisher Options

- Follow FAQ 58.
- Report account with Special Comment Code “AW”
(Affected by natural or declared disaster)

- Follow FAQ 45
- Report account with Special Comment Code “CP”
(Account in forbearance)



FAQ 58

Affected by Natural or Declared Disaster

Open Accounts and Closed Accounts

(Reported with Account Status Codes 11, 71, 78, 80, 82-84)

- **Option 1:** Report the account as deferred, along with Special Comment Code **AW** (Affected by natural or declared disaster).
 - Terms Duration = Blank
 - Terms Frequency = D (Deferred)
 - Highest Credit or Original Loan Amount = the total amount borrowed
 - Scheduled Monthly Payment Amount = zero
 - Account Status = 11 (Current account)
 - Payment History Profile = use character “D” for months when payments are deferred.
 - Current Balance = outstanding balance amount
 - Amount Past Due = zero
 - K4 Segment = report Specialized Payment Indicator “02” (Deferred payment); Deferred Payment Start Date as date the first payment will be due.



FAQ 58

Affected by Natural or Declared Disaster

Open Accounts and Closed Accounts

(Reported with Account Status Codes 11, 71, 78, 80, 82-84)

- **Option 2:** Report the Account Status that applies to the account (credit grantor's decision), along with Special Comment Code **AW** (Affected by natural or declared disaster).



FAQ 58

Affected by Natural or Declared Disaster

Derogatory Accounts

(Deed in Lieu, Collection, Foreclosure Completed, Voluntary Surrender, Repossession, Charge off, Government Claim)

- Continue reporting the derogatory status and add Special Comment Code **AW**.



FAQ 58

Affected by Natural or Declared Disaster

Debt Buyers and Collection Agencies

- Continue reporting Account Status 93 (Collection) and add Special Comment Code **AW**.
- If accounts are sold to another company or given back to the original creditor, report Account Status Code **DA** to delete the account.



FAQ 45

Account in Forbearance

During the forbearance period, if the consumer is making [reduced payments or interest-only payments](#), report as follows:

- Terms Frequency = frequency for payments due
- Terms Duration = terms of the loan, which can be changed if the terms of the loan are extended
- Scheduled Monthly Payment Amount = new payment due
- Account Status Code = appropriate code that specifies the status of the account for each month the account is in forbearance (e.g., current, 30 days delinquent, 60 days delinquent)
- Payment History Profile = appropriate code that specifies the previous reporting period's Account Status for each month the account is in forbearance; plus prior history
- Special Comment Code = CP (Account in forbearance)
- Current Balance = outstanding current balance, reflecting any payments made
- Amount Past Due = total amount that is 30 days or more past the due date, if the account is delinquent during the forbearance period



FAQ 45

Account in Forbearance

During the forbearance period, if the consumer is making [no payments](#), report as follows:

- Terms Frequency = **D** for deferred
- Terms Duration = blank fill
- Scheduled Monthly Payment Amount = zero fill
- Account Status Code = **11** (current account)
- Payment History Profile = increment with value **D** for each month the account is in forbearance; plus prior history
- Special Comment Code = **CP** (Account in forbearance)
- Current Balance = outstanding balance amount, reflecting any payments made
- Amount Past Due = **0**
- K4 Segment Specialized Payment Indicator **02** (deferred) plus Deferred Payment Start Date



FAQ 45

Account in Forbearance

If the consumer was delinquent going into the forbearance period and no payments were required, the two fields below must be considered when the consumer begins repayment:

- Account Status Code = appropriate code that specifies the status of the account when the account comes out of forbearance
- Date of First Delinquency = if the Account Status is delinquent, the original date of the first 30 day delinquency that led to the Account Status being reported, prior to forbearance



Data Furnisher Questions

- If I report using the recommended FAQ 58 or FAQ 45 guidance and report Special Comment AW or CP, how will the consumers' credit scores be affected?

The country's leading score developers, VantageScore and FICO note that forbearance and deferred payment scenarios have a neutral impact on a consumer's credit score so consumers in one of these programs, as reported to the nationwide credit bureaus, should have no negative impact as a result of Coronavirus.

FICO noted that "the placement and reporting of an account in forbearance or a deferred payment plan in and of itself does not negatively impact a FICO(r) Score." VantageScore makes clear that "[a] loan placed in a deferred payment or forbearance plan will not result in a negative impact." The same is true for a natural disaster coding: "[t]he net impact is that a consumer's VantageScore credit score will not go down, either because negative information is neutralized because of the natural disaster..."



Data Furnisher Questions

- Is it mandatory to use Special Comment “AW” or is it optional?
- Should “AW” be reported when a loan is put into forbearance by the credit grantor – and not at the request of the consumer?
- How long should we report an account with Special Comment AW?
- Do we place the Special Comment Code “AW” on every account if the consumer resides in the natural or declared disaster area? If the consumer is not experiencing hardship, is the special comment required?



Data Furnisher Questions

- If the account was already past due at the time of the natural or declared disaster, do we still report Special Comment “AW” on the account?
- What Special Comment should be reported if another comment already applies to the account? Should we report the original comment or AW?
- Can the data furnisher completely suppress reporting of the account for a certain time period?



Data Furnisher Questions

- What affect does Special Comment “AW” have on the various fields on the account?
- What is the impact of following the standard guidance? How does it help my consumers?



Three Key Takeaways

- We in the credit reporting industry have long had codes in place to assist consumers impacted by a natural or declared disaster or other financial hardship.
- We strongly encourage furnishers in working with their customers to take full advantage of these codes and report these codes to the credit reporting agencies (CRAs).
- The leading score modelers, VantageScore and FICO, treat these codes as neutral so there should be no negative scoring impact on consumers who are reported to the CRAs with these codes.



Questions?



Data Furnisher Questions

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Please take the time to complete the survey following the webinar.