



**FOR IMMEDIATE RELEASE**

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**VANTAGESCORE® SOLUTIONS ISSUES STATEMENT ADVISING CONSUMERS AND LENDERS ABOUT OPTIONS AVAILABLE TO MITIGATE THE IMPACT ON CONSUMER CREDIT SCORES BY THE FINANCIAL HARDSHIPS DUE TO THE COVID-19 (CORONAVIRUS) PANDEMIC**

Stamford, CT, March 13, 2020 – [VantageScore Solutions, LLC](#), developer of the VantageScore® credit score model, issued the following statement today with regard to the impact on credit scores by financial hardships due to the COVID-19 (Coronavirus) pandemic:

*We, at VantageScore Solutions, are actively monitoring the COVID-19 (Coronavirus) pandemic as it evolves, and we express our deepest sympathy and concerns to those families and individuals who have been impacted. We also remind lenders and consumers of their options and the tools available to mitigate the impact on credit scores due to the financial hardships associated with this crisis.*

*As a first step, consumers who are having financial issues arising from this crisis should contact their lenders or servicers (i.e., the company that sends their monthly statements). Lenders may have several options for helping consumers cope with a variety of COVID-19-related financial hardships.*

*These options may include forbearance programs, such as deferred payment plans, as well as the opportunity to report the consumer's account to the credit bureaus under special natural disaster reporting codes. There are several ways in which these options could impact consumers' credit scores when calculated using VantageScore models. Please note, however, other commercially available models may deal with these situations differently.*

**Forbearance/Deferred Payment Plans**

*Consumers and lenders can pursue a loan "forbearance", which can provide assistance to cope with a temporary financial hardship. Forbearance is a period during repayment in which a borrower is permitted to temporarily postpone making regular monthly payments. The debt is not forgiven, but regular payments are suspended until a later time. The consumer may be allowed to make reduced payments, interest-only payments or no payments. For example, a deferred payment plan allows a borrower to temporarily pause making payments and restart at some specified time in the future.*

Impact on a consumer's VantageScore credit score: A loan placed in a deferred payment or forbearance plan will not result in a negative impact. Rather, the loan will continue to positively impact one's credit history and credit score, while the related balance and payment obligations under the plan will not be considered for purposes of a credit score calculation during the forbearance period. The net impact to a consumer's VantageScore credit score is "set to neutral," so the consumer's credit score is not harmed. However, any payment and delinquency history related to that loan prior to the forbearance plan would remain unchanged and therefore continue to be included in the consumer's credit score calculation.

### **Natural Disaster Coding**

The credit reporting systems and standards also allow lenders to accommodate situations where consumers' ability to meet their debt obligations are adversely affected by circumstances that are beyond their control, like a natural or "declared" disaster or, in the case of COVID-19, a public health emergency.

At the request of consumers, lenders can add a code to the consumers' accounts or "trade lines" which indicate that a customer or borrower has been "affected by a natural or declared disaster." Lenders can use this code at their discretion even in cases where a particular situation has not been designated as a natural disaster by the federal government. If a lender uses this code, a notification about the disaster or other event will appear with the trade line for the customer's account. It is up to the lender to insert the code initially and to remove the code after the event has concluded.

Impact on a consumer's VantageScore credit score: When accounts are reported with a natural disaster reporting code, information that would normally have a negative impact on a consumer's credit history is instead "set to neutral" and thus is not included when calculating the consumer's credit score. Positive information already in the file, such as the account's positive payment history, is retained.

The 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 code or because the account is completely removed.

Loan servicers with questions should connect with their credit bureau representative to understand how to report natural disaster codes on their customers' accounts to prevent their customers from being unduly penalized in these difficult times.

### **About VantageScore Solutions**

Credit scores can impact many aspects of your life, everything from whether you are able to get a loan and how much interest you will have to pay to whether you are able to rent an apartment. At VantageScore, we understand the impact of credit scores and we take that responsibility seriously.

VantageScore Solutions, LLC ([www.VantageScore.com](http://www.VantageScore.com)) is the independently managed company that owns the intellectual property rights to the VantageScore credit scoring models and is the leader in

scoring innovation. The VantageScore 4.0 model scores approximately 40 million consumers who typically are not scored by conventional models – without sacrificing predictiveness.

VantageScore credit scores are used by lenders, landlords, utility companies, telecom companies, and many others to determine creditworthiness. A recent study found that approximately 12.3 billion VantageScore credit scores were used by over 2,500 unique users, including 2,200 financial institutions and 9 out of the 10 largest banks, from July 2018 to June 2019. By using the VantageScore model, these enterprises have access to many more consumers, and in turn, consumers have greater access to mainstream credit.

While there are many credit scoring models in the industry, the “win-win” for VantageScore is its innovative, highly predictive, patent-protected, tri-bureau scoring methodology that provides lenders and consumers with more consistent credit scores across all three national credit reporting companies.

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