

Monitor Post-Disaster Credit Trends to Help Members in Need

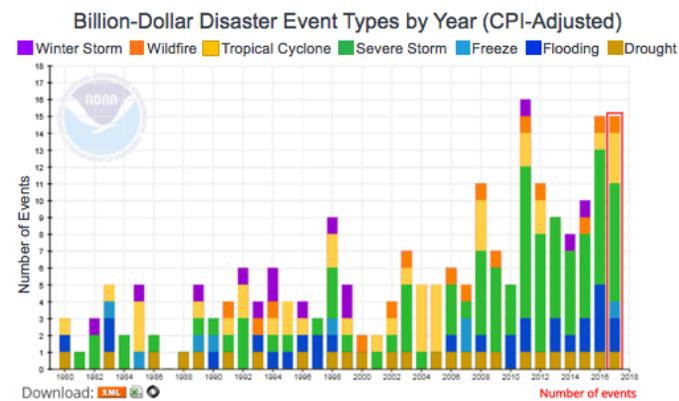
The 7.0 earthquake that devastated Anchorage last week rattled consumers, businesses and the infrastructure alike.

The governor declared a state of emergency as more than 600 aftershocks rocked the area, according to [Reuters](#). At least five credit unions closed branches due to the massive earthquake, [CU Times reported](#). Fortunately, no major injuries have been reported, but cleanup will be arduous – at the state and the personal level.

Collaboration is key to continuity. In California, the wildfires have claimed at least a dozen lives so far in 2018 and destroyed more than 1,200 homes, according to [The Los Angeles Times](#). Credit unions can be consumers' point of stability in these times of uncertainty. Some, like [Redwood CU](#), have highly coordinated plans, not only to keep the institution up and running, but also help members above and beyond the call of duty. Redwood provided affected members with 0% loans for quick cash, low-rate car loans, automatic 90-day extensions on existing loans, waived ATM and late fees, a 90-day hold on reporting to credit bureaus and grants to repair minor damages, plus a single point of contact on a specialized team operating from a single database so victims didn't have to go through their stories over and over again. Following Hurricane Katrina, credit unions in Louisiana were instrumental in getting small businesses back up and running, according to [Credit Union Journal](#).

Ser Tech is proud to sponsor the Underground Community for credit unions. [Read its white paper on Social Disaster Recovery recommendations here.](#)

Frequency of Costly Disaster Events Increases



After disasters like these, which are increasing in frequency, consumers must rebuild their lives – not just their homes. Credit unions can be there for members for the long haul by assisting them with public aid, home equity loans and lines of credit, automobile loans, student loan refinancing or forbearance while they may be out of work, debt consolidation loans, or credit cards to help them replace what was in their homes. It may only be until the

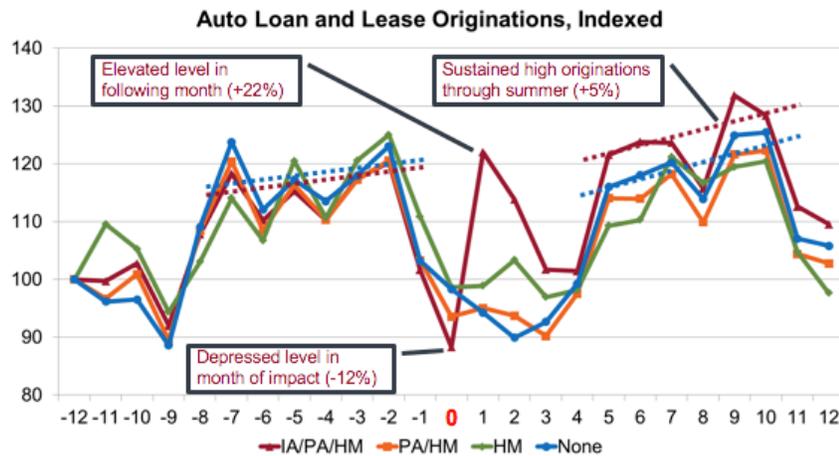
insurance money comes in, but they'll remember who was there for them immediately. Equifax'

Gunnar Blix explained during a Ser Tech webcast earlier this year that credit card delinquencies rise after a natural disaster, but it's short lived. The positive close rate on auto loans remains relatively the same before and after, Blix said, using Superstorm Sandy as an example. Most exits occurred in areas with high winds, coastal surge and a high concentration of cars. He added that

car buying surges the month after a major storm, however, the buying spree is short lived. Approximately 280,000 vehicles were affected during Sandy, two-thirds were prime, and one-third were subprime. With the right credit data, which Ser Tech can help with, credit unions can act swiftly and in a safe and sound manner to help members.

Credit Trends

Auto Originations by FEMA Designation



Source: Equifax Credit Trends, FEMA. Areas labeled "None" are without a FEMA designation but within affected states
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This situation must be handled delicately though. Credit unions mustn't and shouldn't even appear predatory. The messaging and rates must be appropriate. Members are upset they've lost so much, including photos, wedding dresses and possibly even family that can't be replaced; don't be one more thing they're upset about.